VICTOR GROUP HOLDINGS LIMITED

FINANCIAL STATEMENTS

For the year ended 30 June 2019

ABN 21 165 378 834

Registered Address
Level 26, 1 Bligh Street
SYDNEY NSW 2000
Australia

VICTOR GROUP
Enterprise Management

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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 2019.

Director details

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

Mr. William Hu

Non-Executive Chairman

Chairman of Remuneration and Nomination Committee

Chairman of Audit and Risk Committee

Director appointed 1 March 2017

Mr. William Hu holds a Bachelor of Commerce degree. Mr. Hu is a fellow member of CPA Australia (FCPA) and a fellow of Governance Institution of Australia (FGIA). Mr. Hu brings a wealth of experience in corporate accounting, taxation and finance, as well as experience in mergers and acquisitions in Australia.

Other current listed entity directorships:

Non-Executive Chairman - Dynasty Resources Limited (ASX : DMA)

Previous listed entity directorships (last 3 years):

None

Interest in shares:

None

Interest in options:

None

Mr. Hoifung (Alvin) Lam

Executive Director

Member of Audit and Risk Committee

Member of Remuneration and Nomination Committee

Chief Executive Officer since 9 October 2017

Director appointed 29 January 2016

Mr. Lam is an Executive Director of the Group and he takes charge of the program that embeds the traditional consulting service in the cloud-computing platform. Mr. Lam is an active entrepreneur with extensive experience in the industrial and IT companies. His professional career has been focused on applying statistics, operations research and big data analytics to solve diverse real company problems.

Other current listed entity directorships:

None

Previous listed entity directorships (last 3 years):

None

Interest in shares:

None

Interest in options:

None

Mr. Aik Siang (Alex) Goh

Non-Executive Director

Member of Audit and Risk Committee

Member of Remuneration and Nomination Committee

Director appointed 6 March 2017

Mr. Goh is a seasoned senior executive with enriched experience in globalisation business, corporate management and start-up across IT and internet industry. Mr. Goh was the founding partner and President of 360Cloud, a start-up project funded by Qihu 360 (NYSE:QIHU). Mr. Goh graduated from University of Melbourne, holds a Bachelor of Commerce and undergrad in Computer Engineering. Mr. Goh also holds a Master degree in Management with MGSM, Macquarie University of Sydney.

Other current listed entity directorships:

None

Previous listed entity directorships (last 3 years):

None

Interest in shares:

None

Interest in options:

None

Company secretary

Mr Andrew David Bristow was appointed as the Company Secretary on 2 June 2017. Mr Bristow is a solicitor with over 30 years' experience in corporate and commercial law and he will utilize his expertise and experience to fulfil the responsibility of this role.

Committee Membership

	Audit and Risk Committee	Remuneration and nomination committee
William Hu	Chair	Chair
Alex Goh	Secretary	Secretary
Hoifung Lam	Member	Member

There have been no changes to the membership of the Committees.

Principal activities

VIG continues to be committed to delivering and developing EdTech-based services with innovative solutions with the aim of becoming one of China's best builders and operator of smart education platforms and extending the knowledge and where applicable, applications to the Australian educational environment.

VIG has developed own people internally through investment in learning and development and brought in new talent in critical areas such as digital, data and analytics, sales and product innovation. VIG has developed several operating models, with consolidated shared services like sales operations, marketing, people and culture, technology and finance into national functions and implemented national processes and systems to drive efficiency and effectiveness.

To take advantage of all aspects of modern digitalised business applications, the Group integrated digital technologies and resources into its services and initiated online business lines. The Group is developing its education technology business via Yunjiao (Zhangjiakou) Technologies *(subsidiary of the Group)*, which specializes in developing and operating smart education programs for tier 4 and 5 cities in China. Its innovative education cloud platforms create an open ecosystem that brings together the best-in-class resources and applications from strategic partners such as education service and e-learning content providers and offers a wide range of solutions that cover the key user scenarios and one-stop learning services for educational institutions, students and parents.

Review of operations and financial results

Commentary on Full Year Results

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 2019. It should be noted that the Group's financial reporting year is from 1 July 2018 through 30 June 2019.

Financial Position

For the year ended 30 June 2019 the Victor Group has realised an after-tax profit of $104,569 for the reporting financial year. The Company's cash and cash equivalents reserves increased to $1,374,909 (2018: $498,822). The net assets of the consolidated group have decreased by $359,591 from $11,098,872 as at 30 June 2018 to $10,739,281 as at 30 June 2019.

Significant Changes in the State of Affairs

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

Dividends

No dividends have been paid or provided by the group during or subsequent to the financial year.

Events arising since the end of the reporting period

There are no 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.

Likely developments, business strategies and prospects

The Victor Group continues to maintain education cloud platforms that connect with online learning spaces and intelligent terminals to provide users with various support functions for teaching, learning, research, administration and social interactions. The focus continues to be on the integration of information technologies and learning.

For these purposes, the Group intends to pursue the following strategies:

Incorporate the current consulting training course with IT information management consulting services

Due to the fast development of information technology, people now are able to receive financial and management consulting services in a more convenient and easier way which makes the offline consulting services no longer able to meet the client's demand. In May 2016, the Group completed the acquisition of the distributed cloud computing data server which allows the Group to deliver information management consulting services to clients.

After the completion of the acquisition, Jiangsu Wenhan Information Technology Co., Limited (a wholly-owned subsidiary incorporated in the People's Republic of China (PRC)) has commenced the use of that data centre to operate and provide Infrastructure as a Service (IaaS) to the Company and other peer consulting firms. Now, the top managers are leading the company toward another breakthrough in its business model---build and operate (B+O) cloud-based education platforms.

Set up Cloud-distribution platform step by step

The consulting-services provided via internet is more suitable to senior management and executive officers with tight and busy schedules in that the access is easier and more flexible. Also, the online service is more versatile for the users to customize their own consulting services through the cloud-platform.

Cloud Based Education

Education Cloud Platforms are digital educational resources sharing vehicles enabled by cloud computing and other technologies. They connect with online learning spaces and intelligent terminals to provide users with various support functions for teaching, learning, research, administration and social interactions, thereby facilitating full and deep integration of information technologies and learning.

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 and Risk Committee		Remuneration and Nomination Committee	
	A	**B**	**A**	**B**	**A**	**B**
William Hu	5	5	1	1	1	1
Alex Goh	5	5	1	1	1	1
Hoi Fung Lam	5	5	1	1	1	1

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 the 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:

a) Principles used to determine the nature and amount of remuneration

b) Details of remuneration

c) Service agreements

d) Share-based remuneration

e) Other information

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 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 executive team. The remuneration structure that has been adopted by the Group consists of fixed remuneration being an 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.

In addition to the fixed remuneration being an annual salary, 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 consultants have been engaged by the Company during the year.

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. Any bonuses paid will not be linked to the Group's share price movement. During year ended 30 June 2019, Hoifung (Alvin) Lam (executive director and chief executive officer of the Group) received a discretionary bonus of $15,866 (2018: $nil).

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following measures in respect of the current financial year and the previous five financial years:

Item	2019	2018	2017	2016	2015	2014
Basic EPS (cents)	0.02	0.15	0.16	0.01	0.60	1.83
Dividends (cents per share)	-	-	-	-	-	0.48
Net profit / (loss) ($'000)	105	777	838	29	3,096	4,004
Share price at 30 June ($)	0.030	0.030	0.039	0.100	0.200	0.225

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 2019

	Short term employee benefits						Post-employment benefits		Long-term benefits		Termination benefits		Share-based payments		Total ($)		% of remuneration that is performance based	
	Cash salary and fees ($)		Cash bonus ($)		Non-monetary benefits ($)		Superannuation ($)		Long-term bonus ($)		Termination payments ($)		Options ($)					
Directors																		
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**20187**	**2019**	**2018**	**2019**	**2018**
Hoifung (Alvin) Lam - Executive Director (Appointed 29 January 2016) (1)	114,291	146,519	15,866	-	-	-	-	-	-	-	-	-	-	-	130,157	146,519	0%	0%
William Hu – Non-Executive Chairman (Appointed 1 March 2017)	26,400	26,400	-	-	-	-	-	-	-	-	-	-	-	-	26,400	26,400	0%	0%
Aik Siang (Alex) Goh – Non-Executive Director (Appointed 6 March 2017)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	0%
Other key management personnel																		
Andrew Bristow – Company Secretary of VIG (Appointed 2 June 2017)	42,000	42,000	-	-	-	-	-	-	-	-	-	-	-	-	42,000	42,000	0%	0%
Bo Wang – Chief Financial Officer of VIG (Appointed 1 March 2017)	12,000	12,000	-	-	-	-	1,140	1,140	-	-	-	-	-	-	13,140	13,140	0%	0%
Total	**194,691**	**226,919**	**15,866**	**-**	**-**	**-**	**1,140**	**1,140**	**-**	**-**	**-**	**-**	**-**	**-**	**221,697**	**228,059**		

(1) Cash bonus received by Hoifung (Alvin) Lam is a discretionary bonus and it is not performance-based.

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
Executive directors			
Hoifung (Alvin) Lam	114,291 (RMB 547,633)	3 years	1 month

d. Share-based remuneration

Options

There are no options issued by the Victor Group to Directors and Key Management Personnel.

e. Other Information

Shareholdings

Number of Shares held by Key Management Personnel

30 June 19	Opening Balance	Received as Compensation	Options Exercised	Net Change Other	Closing Balance
Directors					
Hoifung (Alvin) Lam	-	-	-	-	-
Alex Goh	-	-	-	-	-
William Hu	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Other KMPs					
Andrew Bristow	-	-	-	-	-
Bo Wang	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

Transactions/Balance at end of year with directors and other key management personnel information

	2019	2018
Consolidated Group	**$**	**$**
Advances received from Shanghai Hongyue Investment Management Limited(1)	-	277,838
Repayment of amount due to Shanghai Hongyue Investment Management Limited(1)	-	608,429
Advances received from Daybreak Corporations Limited(2)	332,755	428,300
Advances received from Beijing Laxum Hezhong Technology Co., Limited(3)	1,147,850	-

(1) Shanghai Hongyue Investment Management Limited are entities related to Xin Jie Liu (Director resigned 5 March 2017). Transactions relate to related party loans to the Group during the year. The resignation of Xin Jie Liu rendered Shanghai Hongyue Investment Management Limited no longer a related party to the Group.

(2) Daybreak Corporation Limited holds 76.99% share interest of the Group. The amount $339,898 has been advanced from Daybreak Corporation Limited.

(3) Beijing Laxum Hezhong Technology Limited holds 40% share interest in Zhangjiakou Zhitou Yunjiao Information Technology Co., Limited (subsidiary of the Group). The transaction is related to amounts received from Beijing Laxum in relation to the Public Private Partnership project to provide cloud education services in Zhangjiakou city, the People's Republic of China.

	Payable to related party	
	2019	**2018**
	$	**$**
Achieva Capital Management Limited(1)	2,005	1,893
Achieva Capital Investment Limited(1)	4,120	3,889
Hoi Fung (Alvin) Lam(2)	20,636	20,293
Daybreak Corporation Limited(3)	780,182	439,999
Beijing Laxum Hezhong Technology Co., Limited(4)	513,956	-
Shanghai Dingzhong Share Investment Capital Partnership (Limited Partnership)(5)	217,770	240,095

(1) Achieva Capital Investment Limited holds 10.56% share interest of the Group. Achieva Capital Management Limited is the ultimate parent of Achieva Capital Investment Limited.

(2) Hoifung (Alvin) Lam is the executive director and chief executive officer of the Group.

(3) Daybreak Corporation Limited holds 76.99% share interest of the Group.

(4) Beijing Laxum Hezhong Technology Limited holds 40% share interest in Zhangjiakou Zhitou Yunjiao Information Technology Co., Limited (subsidiary of the Group).

(5) Hoifung (Alvin) Lam is a key management personnel in Shanghai Dingzhong Share Investment Capital Partnership (Limited Partnership).

Voting and comments made at the Company's 2018 Annual General Meeting

Victor Group Holdings Limited received 100% of 'yes' votes on its remuneration report for the financial year ended 30 June 2018. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of audited remuneration report

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 the People's Republic 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 wilful 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 Audit Pty Ltd ("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 14 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.

____

William Hu

Independent Chairman
Dated the 30th day of September 2019

Level 3, 170 Frome Street
Adelaide SA 5000

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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 audit of Victor Group Holdings Limited for the year ended 30 June 2019, 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

D Chau
Partner – Audit & Assurance

Adelaide, 30 September 2019

Corporate Governance Statement

The Victor Group Board is committed to the implementation and maintenance of good corporate governance practices. This Statement sets out the extent to which the Victor Group Board has followed the best practice recommendations set by the ASX Corporate Governance Council (the Principles and Recommendations) during the twelve month period ending 30 June 2019.

This Statement is accurate and up to date as at 30 September 2019. The disclosures in this Statement respond to the ASX Corporate Governance Council's Third edition of its Corporate Governance Principles and Recommendations.

This statement and corporate governance policy which includes below are posted on The Group's website: http://www.sinovictor.com/corporate.html.

- Board Charter
- Board Performance Evaluation Policy
- Code of Conduct
- Audit Committee Charter
- Remuneration and Nomination Committee Charter
- Security Trading Policy
- Continuous Disclosure Policy
- Shareholder Communications Policy
- Risk Management Policy
- Diversity Policy

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Jun-19 $	Jun-18 $
Operating revenue	2	9,021,032	6,123,437
Cost of sales	3	(8,002,720)	(2,965,346)
Gross profit		**1,018,312**	**3,158,091**
Other income	2	139,030	42,543
General and administrative expenses	3	(615,171)	(1,187,429)
Finance gain / (costs)		(2,011)	(14,001)
Profit before income tax from continuing operations		**540,160**	**1,999,204**
Income tax expense	4	(237,335)	(635,934)
Profit from continuing operation		**302,825**	**1,363,270**
Loss from discontinued operations	29	**(198,256)**	**(586,127)**
Profit for the Year		**104,569**	**777,143**
Other Comprehensive Income for the Year, Net of Tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain differences arising on the translation of foreign operations		53,960	636,973
Foreign exchange translation reserve released upon disposal of subsidiaries	30	(498,825)	-
Total Comprehensive Income for the year		**(340,296)**	**1,414,116**
Total Comprehensive Income attributable to the:			
Owners of the Parent		(333,017)	1,416,172
Non-controlling interest		(7,279)	(2,056)
Total Comprehensive Income for the year		**(340,296)**	**1,414,116**
Profit/(Loss) Attributable to			
Owners of the Parent		121,150	777,722
Non-controlling interest		(16,581)	(579)
Total Profit/(Loss) for the Year		**104,569**	**777,143**

These financial statements should be read in conjunction with accompanying notes.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

Earnings/(loss) per share (on loss attributable to ordinary equity holders)		**Cents**	**Cents**
Basic earnings/(loss) per share (cents per share)			
Earnings from continuing operations		0.06	0.26
Loss from discontinued operations		(0.04)	(0.11)
Total	14	**0.02**	**0.15**
Diluted earnings/(loss) per share (cents per share)			
Earnings from continuing operations		0.06	0.26
Loss from discontinued operations		(0.04)	(0.11)
Total	14	**0.02**	**0.15**

These financial statements should be read in conjunction with accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITON

AS AT 30 JUNE 2019

ASSETS	Note	Jun-19 $	Jun-18 $
CURRENT ASSETS			
Cash and cash equivalents	7	1,374,909	498,822
Trade and other receivables	8	10,528,109	9,500,913
Inventory	9	6,019,919	9,945,159
Other assets		169	40,961
TOTAL CURRENT ASSETS		**17,923,106**	**19,985,855**
NON-CURRENT ASSETS			
Non-current receivables		25,946	-
Property, plant and equipment	10	627,530	3,634,355
Intangible assets	11	3,884,623	3,804,239
Investment in associate	27	48,584	48,584
TOTAL NON-CURRENT ASSETS		**4,586,683**	**7,487,178**
TOTAL ASSETS		**22,509,789**	**27,473,033**
CURRENT LIABILITIES			
Trade and other payables	12	10,168,330	15,432,764
Contract liabilities	2	1,399,650	-
Income tax payable		202,528	941,397
TOTAL CURRENT LIABILITIES		**11,770,508**	**16,374,161**
TOTAL LIABILITIES		**11,770,508**	**16,374,161**
NET ASSETS		**10,739,281**	**11,098,872**
EQUITY			
Issued capital	13	3,914,446	3,914,446
Foreign exchange translation reserve	16	368,886	821,293
Statutory reserves	16	411,219	472,152
Retained earnings		5,957,431	5,778,124
TOTAL EQUITY ATTRIBUTABLE TO MEMBERS		**10,651,982**	**10,986,015**
Non-controlling interests	28	87,299	112,857
TOTAL EQUITY		**10,739,281**	**11,098,872**

These financial statements should be read in conjunction with accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30 JUNE 2019

	Issued Capital	Retained Earnings	Foreign Exchange Translation Reserve	Statutory Reserve	Non-controlling interest	Total
	$	$	$	$	$	$
Balance at 1 July 2017	**3,914,446**	**5,184,579**	**182,844**	**287,975**	**-**	**9,569,844**
Profit for the year	-	777,722	-	-	(579)	777,143
Non-controlling interests on consolidation of new subsidiary	-	-	-	-	114,912	114,912
Other comprehensive income	-	-	638,449	-	(1,476)	636,973
Total comprehensive income for the year	**-**	**777,722**	**638,449**	**-**	**112,857**	**1,529,028**
Transactions with owners in their capacity as owners						
Transfer to Statutory Reserves	-	(184,177)	-	184,177	-	-
Balance at 30 June 2018	**3,914,446**	**5,778,124**	**821,293**	**472,152**	**112,857**	**11,098,872**
Balance at 1 July 2018	**3,914,446**	**5,778,124**	**821,293**	**472,152**	**112,857**	**11,098,872**
Profit for the year	-	121,150	-	-	(16,581)	104,569
Exchange differences arising in the translation of foreign operations	-	-	44,658	-	9,302	53,960
Realised upon disposal of subsidiaries	-	-	(498,825)	-	-	(498,825)
Total comprehensive income for the year	**-**	**121,150**	**(454,167)**	**-**	**(7,279)**	**(340,296)**
Transactions with owners in their capacity as owners						
Reclassification of statutory reserve upon disposal of subsidiaries	-	132,081	-	(132,081)	-	-
Acquisition of partial interests in a subsidiary	-	(2,776)	1,760	-	(18,279)	(19,295)
Transfer to Statutory Reserves	-	(71,148)	-	71,148	-	-
Balance at 30 June 2019	**3,914,446**	**5,957,431**	**368,886**	**411,219**	**87,299**	**10,739,281**

These financial statements should be read in conjunction with accompanying notes.

VICTOR GROUP
Enterprise Management

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR YEAR ENDED 30 JUNE 2019

	Note	Jun-19	Jun-18
CASH FLOWS FROM OPERATING ACTIVITIES		**$**	**$**
Receipts from customers		6,249,080	2,719,328
Receipts from government grant		136,274	40,789
Payments to suppliers and employees		(6,305,835)	(5,416,498)
Interest received		5,203	1,754
Finance costs paid		(2,011)	(22,754)
Income tax paid		(742,666)	(424,692)
Total operating cash flows	20	**(659,955)**	**(3,102,073)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(1,103)
Purchase of intangible assets		(531,569)	(2,171)
Capital contributions received from non-controlling Interests		17,161	113,436
Total investing cash flows		**(514,408)**	**110,162**
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances (to)/from related party	24	332,755	(341,153)
Borrowings from non-related parties		1,673,960	3,384,630
Net cash outflow on disposal of subsidiaries		(4,611)	-
Total financing cash flows		**2,002,104**	**3,043,477**
Net increase/ (decrease) in cash held		827,741	51,566
Cash at beginning of financial year		498,822	354,951
Effect of exchange rates on cash holdings in foreign currencies		48,346	92,305
Cash at end of financial year	7	**1,374,909**	**498,822**

These financial statements should be read in conjunction with accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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').

Victor Group Holdings Limited 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 by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied. All amounts are presented Australian dollar (AUD) which is the group's functional and presentational currency, unless otherwise noted.

Significant accounting polices

a) Change in accounting policies

AASB *15 Revenue from Contracts with Customers* and AASB 9 Financial *Instruments* became effective for periods beginning on or after 1 January 2018. Changes to the Group's accounting policies arising from these standards are summarised below:

(i) AASB 15 *Revenue from Contracts with Customers*

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. The new Standard has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated.

Revenue arises mainly from consulting services, IT services, and Infrastructure-as-a-Service ("IaaS") and Platform-as-a-Service ("PaaS") solutions. Management have determined that the initial application of AASB 15 did not have a significant impact on the Group's revenue recognition.

(ii) AASB 9 *Financial instruments*

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement*. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

For trade receivables under AASB 15, the Group applies a simplified approach of recognising lifetime expected credit losses as these items do not have a significant financing component.

When adopting AASB 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

There is no cumulative effect of the initial application of AASB 9 at 1 July 2018 in accordance with the transition requirements based on the assessment by the Group.

Reconciliation of financial instruments on adoption of AASB 9

The table below shows the classification of each class of financial asset and financial liability under AASB 139 and AASB 9 as at 30 June 2019:

	AASB 139 classification	**AASB 9 classification**	**AASB 139 carrying amount**	**AASB 9 carrying amount**
Financial assets				
Trade and other receivables	Loans and Receivables	Amortised cost	9,255,854	9,255,854
Financial liabilities				
Trade and other payables	Amortised cost	Amortised cost	10,168,330	10,168,330

b) Principle of consolidation

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is expose to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The controlled entity is 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 unrealised 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.

c) 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.

d) 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.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, 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.

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 capitalised 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%
Building	5%
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.

e) 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 capitalised 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.

f) Financial Instruments

Policy applicable for the year ended 30 June 2019

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, the Group classifies its trade and other receivables as financial assets at amortised cost upon initial recognition.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

AASB 9's new forward-looking impairment model applies to Group's investments at amortised cost and debt instruments at FVTOCI. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

Trade and other receivables and contract assets

The Group assesses on a forward looking bass the expected credit losses ("ECL") associated with its trade and other receivables carried at amortised cost and contract assets as recognised and measured under AASB 15 (Note 1(k)).

The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 26 details how the Group determines whether there has been a significant increase in credit risk.

The Group adopted a "three-stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

- The receivables with low credit risk on initial recognition is classified in 'Stage 1" and has its credit risk continuously monitored by the Group;
- If a significant increase in credit risk since initial recognition is identified, the receivables is moved to 'Stage 2' but is not yet deemed to be credit impaired;
- If the receivables is credit-impaired, the financial instrument is then moved to 'Stage 3".

Receivables in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that result from default events possible within the next 12 months. Instruments in Stage 2 or 3 have their ECL measured based on ECL on a lifetime basis.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Policy applicable for the year ended 30 June 2018

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 a liabilities assumed, is recognized in profit or loss.

Classification and Subsequent Measurement

1) 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.

2) Financial Liabilities

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

3) 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.

4) 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 profit or loss.

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.

g) 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.

h) 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.

i) Provisions

Provisions are recognised 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.

j) 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.

k) Revenue and Other Income

Policy applicable for the year ended 30 June 2019

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The total transaction price for a contract is allocated amongst its various performance obligations based on their relative stand-alone selling prices.

The Group recognises contract assets when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed from ECL in accordance with the policy set out in Note 1(f) and are reclassified to trade receivables when the right to the consideration has become unconditional.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

Consulting services and IT services

The Group generally recognises service revenue over time. When the Group's promise requires actual delivery of specified services, the Group recognises the service revenue based on a percentage-of-completion method or straight-line basis, whichever provides a more faithful depiction of the transfer of services. For a service of standing ready to provide goods or services, the Group recognises the service revenue on a straight-line basis during the service period.

Sale of IT products

Revenue from the sale of IT products for a fixed fee is recognised when (or as) the Group transfers control of the assets to the customer. The control is normally transferred at the point in time when the customers takes undisputed delivery of the IT products.

The sale of IT products may be bundled with a range of IT services (such as installation services, software upgrades, technical supports and warranty) as IT solutions.

In order to assess whether IT product(s) and IT service(s) in an IT solution contract are distinct and therefore give rise to separate performance obligations, the Group considers the following criteria:

- the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer; and
- the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

For stand-alone sales of IT products that are neither customised by the Group nor subject to significant integration services, control transfers at the point in time when the customer takes undisputed delivery of the goods.

When such items are either customised or sold together with significant integration services, the goods and services represent a single combined performance obligation over which control is considered to transfer over time. This is because the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue for these performance obligations is recognised over time as the customisation or integration work is performed using the input method on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation.

The sales arrangements may contain an assurance-type warranties, which promises the customer that the delivered IT products are as specified in the contract. Such warranties is accounted for in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Asset. If a warrant provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the promised service-type warranty is a separate performance obligation and the revenue is recognised over the service period.

Policy applicable for the year ended 30 June 2018

Revenue arises from the sale of goods and the rendering of services. 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.

Revenue from the provision of training courses is recognised 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.

Revenue from the provision of infrastructure as a service, technical consulting services and cloud education is recognised as services are provided to the customer as this is when 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. Revenue not yet invoiced at year end is disclosed as accrued revenue.

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.

Grant revenue is recognised upon receipt from the government.

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

l) 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 recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

m) Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised 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 recognised 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.

n) 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.

o) Comparative Figures

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

p) 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 recognised in the period in which the estimate is revised of 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.

q) Intangibles assets

Software is amortised over the expected useful life of the software. These lives range from 3 to 10 years.

r) 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 recognised 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 recognised in equity; otherwise the exchange difference is recognised 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 recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

s) Inventory

Inventories held for the purposes of sale during the ordinary course of business are recorded at cost or, when no longer required or obsolete, are valued at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

t) Profit or loss from discontinued operations

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with a view to resale

Profit or loss from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the statement of profit or loss and other comprehensive income.

u) Accounting Standards issued but not yet effective and not being adopted early by the Group

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The Group assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 16 Leases

AASB 16 will replace AASB 117 Leases. Interest expense will be recognised in profit or loss using the effective interest rate method, and the right of use asset will be depreciated. Lessor accounting would largely remain unchanged. The standard is effective for annual reporting periods beginning on or after 1 January 2019. The Group will first apply AASB 16 in the financial year beginning 1 July 2019. Based on the Company’s assessment, the new standard is not expected to have a significant impact on the financial statements when it is first adopted in the financial year ending 30 June 2020.

NOTE 2: REVENUES

	Consolidated Group	
	Jun-19	Jun-18
	$	$
Operating activities		
Provision of training and consulting services	938,528	-
IaaS and PaaS solutions	7,451,883	5,027,217
Cloud Education[1]	630,612	161,011
Gain on sale of intangible (software)	-	935,209
Total Operating Revenue[2]	**9,021,032**	**6,123,437**
Other income		
Government grant	136,274	40,789
Other revenue	-	1,754
Interest revenue	2,756	-
Total	**139,030**	**42,543**

(1) The cloud education revenue relates to Zhangjiakou Zhitou Yunjiao Information Technology Co., Limited *(subsidiary of the Group)* providing software implementation services in Zhangjiakou, Hebei, the People's Republic of China.

(2) The Group's exposure to customer concentration risk relates to its dependence on major customers. 75% of operating revenue is derived from 1 customer for the current financial year (2018: 70% from 2 customers).

All of the Group's operating revenues amounting to $9,021,032 is recognised over time during the year.

Revenue relates to performance obligation that are unsatisfied as at 30 June 2019 amounting to $1,399,650 (2018: nil) are expected to be recognised during the year ended 30 June 2020 after the provision of services.

NOTE 3: EXPENSES

	Consolidated Group	
	Jun-19	Jun-18
	$	$
Cost of sales - inventory	7,372,107	2,965,346
Employee benefits	352,206	251,000
Depreciation and amortization expense	585,332	611,872
Other operating expenses	308,246	324,557
Total	**8,617,891**	**4,152,775**

NOTE 3: EXPENSES (CONTINUED)

	Consolidated Group	
	Jun-19	**Jun-18**
	$	**$**
Employee benefits expense:		
Salaries and wages	351,066	542,248
Superannuation	1,140	1,140
Total employee benefits expense:	**352,206**	**543,388**
Finance costs/ (gain):		
Bank charges	2,011	2,183
Foreign exchange loss (gain)	-	11,818
Total finance cost	**2,011**	**14,001**

NOTE 4: INCOME TAX EXPENSE

	Consolidated Group	
	Jun-19	**Jun-18**
	$	**$**
The components of tax expense comprise:		
Current tax	237,335	635,934
Current tax expense	**237,335**	**635,934**
Reconciliation of tax expense		
Profit before income tax from continuing operations	540,160	1,999,204
Prima facie tax payable on profit before income tax at rate of 30%	162,048	599,761
Differences in taxation in foreign subsidiaries	(42,660)	(164,333)
Foreign tax losses not recognised	23,207	100,763
Losses in the parent entity not recognised	94,740	99,743
Total income tax expense	**237,335**	**635,934**
The applicable weighted average effective tax rate are as follows:	**44%**	**32%**

The effective tax rate is distorted by losses made by holdings companies within the Group which are unable to be utilised to offset tax profits generated by the main operating entities in the People's Republic of China.

The Company is subject to the tax law of Australia and its operating subsidiaries are separately subject to income law of Hong Kong and the People's Republic of China.

As at 30 June 2019, Victor Group Limited (parent entity) had an estimated available tax loss of approximately $2,139,173 (2018: $1,802,254). Tax losses in the parent entity have not been recognised as it is likely they will not be utilised due to the parent entity being a holding company in nature. Tax losses in other subsidiaries outside of China are not presented as they are unlikely to be realized due to the nature of those entities being holding companies.

NOTE 5: AUDITORS' REMUNERATION

During the financial year the following fees were paid or payable for service provided by Grant Thornton, the auditor of the Company, its network firms and unrelated firms:

	Consolidated Group	
	Jun-19	Jun-18
	$	$
Remuneration of the auditor of the parent entity for:		
- Auditing or reviewing the financial report	131,500	144,500
Total audit services	131,500	144,500
Non-audit services:		
- Taxation services	3,000	2,800
Total non-audit services	3,000	2,800
Total auditor's remuneration	**134,500**	**147,300**

NOTE 6: DIVIDEND DECLARED

During the year and since the year end, the Directors have not declared final dividend. (2018: nil)

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	Jun-19	Jun-18
	$	$
Cash on hand	-	2,300
Cash at bank	1,374,909	496,522
Total Cash and cash equivalents	**1,374,909**	**498,822**

Cash at bank and on hand balances as at 30 June 2019 includes Chinese Renminbi denominated equivalent balances of $1,372,041 (RMB 6,615,816) (2018: $481,265 (RMB 1,748,210)) which are held with financial institutions in the People's Republic of China in current accounts.

The Renminbi is not freely convertible into foreign currencies. Under the People's Republic of China (PRC) 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.

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	Jun-19	**Jun-18**
	$	**$**
Current		
Trade receivables [1]	8,632,521	5,576,587
VAT/GST receivable	1,272,255	1,970,499
Other receivables	623,333	1,953,827
Total current trade and other receivables	**10,528,109**	**9,500,913**

(1) The balance includes revenue related to services delivered but not yet invoiced to the customer.

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.

Credit terms offered by the Group range between 60 and 90 days depending on the services provided.

An analysis of unimpaired trade receivables that are past due is given in credit risk analysis in Note 26.

NOTE 9: INVENTORY

Inventories are stated at the lower of cost and net realisable value. Cost is based on the purchase prices. No provision and write-down was recognised during the year (2018: nil).

	Consolidated Group	
	Jun-19	**Jun-18**
	$	**$**
IT products	6,019,919	9,945,159

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	Jun -19	**Jun-18**
	$	**$**
Office equipment		
At cost	887,426	1,022,376
Accumulated depreciation	(259,896)	(290,058)
Total office equipment	**627,530**	**732,318**
Motor vehicles		
At cost	-	287,649
Accumulated depreciation	-	(240,483)
Total motor vehicles	**-**	**47,166**
Buildings		
At cost	-	3,061,214
Accumulated depreciation	-	(206,343)
Total Buildings	**-**	**2,854,871**
Total Property, Plant and Equipment		
At cost	887,426	4,371,239
Accumulated depreciation	(259,896)	(736,884)
Total Property, Plant and Equipment	**627,530**	**3,634,355**

NOTE 10: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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:

	Consolidated Group			
	Office equipment	**Motor vehicles**	**Buildings**	**Total**
	$	**$**	**$**	**$**
Balance at 1 July 2018	**732,318**	**47,166**	**2,854,871**	**3,634,355**
Additions	-	-	-	-
Depreciation charges	(94,146)	(17,536)	(31,802)	(143,484)
Disposal of subsidiaries (Refer to Note 30)	(22,085)	(28,386)	(2,726,471)	(2,776,942)
Net exchange differences	11,445	(1,244)	(96,598)	(86,397)
Balance at 30 June 2019	**627,532**	**-**	**-**	**627,532**

	Office equipment	**Motor vehicles**	**Buildings**	**Total**
	$	**$**	**$**	**$**
Balance at 1 July 2017	**791,644**	**95,534**	**2,760,020**	**3,647,198**
Additions	1,103	-	-	1,103
Depreciation charges	(106,903)	(52,868)	(75,296)	(235,067)
Net exchange differences	46,474	4,500	170,147	221,121
Balance at 30 June 2018	**732,318**	**47,166**	**2,854,871**	**3,634,355**

NOTE 11: INTANGIBLE ASSETS

	Consolidated Group			
	Software	Trade Mark	Copyrights	Total
	$	$	$	$
Gross carrying amount				
Balance at 1 July 2018	**4,596,540**	**13,033**	**2,040**	**4,611,613**
Additions, separately acquired	531,569	-	-	531,569
Disposal of subsidiaries (Refer to Note 30)	(9,155)	(12,588)	(1,970)	(23,713)
Net exchange differences	73,799	(445)	(70)	73,284
Balance at 30 June 2019	**5,192,753**	**-**	**-**	**5,192,753**
Amortisation and impairment				
Balance at 1 July 2018	**(801,026)**	**(5,604)**	**(744)**	**(807,374)**
Amortisation	(500,778)	(504)	(117)	(501,399)
Amortisation write-back upon disposal of subsidiaries (Refer to Note 30)	3,879	5,907	833	10,619
Net exchange differences	(10,205)	201	28	(9,976)
Balance at 30 June 2019	**(1,308,130)**	**-**	**-**	**(1,308,130)**
Carrying amount 30 June 2019	**3,884,623**	**-**	**-**	**3,884,623**

	Software	Trade Mark	Copyrights	Total
Gross carrying amount	$	$	$	$
Balance at 1 July 2017	**5,146,464**	**12,267**	**1,920**	**5,160,651**
Additions, separately acquired	2,171	-	-	2,171
Disposal	(849,799)	-	-	(849,799)
Net exchange differences	297,704	766	120	298,590
Balance at 30 June 2018	**4,596,540**	**13,033**	**2,040**	**4,611,613**
Amortisation and impairment				
Balance at 1 July 2017	**(369,377)**	**(4,121)**	**(432)**	**(373,930)**
Amortisation	(532,153)	(1,193)	(277)	(533,623)
Depreciation written back	134,551	-	-	134,551
Net exchange differences	(34,047)	(290)	(35)	(34,372)
Balance at 30 June 2018	**(801,026)**	**(5,604)**	**(744)**	**(807,374)**
Carrying amount 30 June 2018	**3,795,514**	**7,429**	**1,296**	**3,804,239**

All intangible assets 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 intangible assets over their estimated useful lives, which have been determined to be 10 years.

NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated Group	
	Jun-19	**Jun-18**
	$	**$**
Current		
Trade payables	6,825,438	14,015,683
Employee payables	13,725	41,854
Payable to Related Party(1)	1,538,669	514,780
Other payables	1,787,210	853,711
Dividend Payable	1,393	1,393
Other tax payable	1,895	5,343
Total trade and other payables	**10,168,330**	**15,432,764**

(1) Payable to related party consists of advances from related entities. Refer Note 24.

NOTE 13: ISSUED CAPITAL

The share capital of the Group consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the Group.

	Jun-19 Shares	**Jun-18 Shares**	**Jun-19 $**	**Jun-18 $**
Shares issued and fully paid:				
Beginning of the year	519,560,000	519,560,000	3,914,446	3,914,446
Shares issue	-	-	-	-
Total contributed equity at 30 June	**519,560,000**	**519,560,000**	**3,914,446**	**3,914,446**

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.

	Consolidated Group	
	Jun-19	**Jun-18**
	$	**$**
Net profit attributable to ordinary equity holders of the parent (continuing operations)	302,825	1,363,270
Net loss attributable to ordinary equity holders of the parent (discontinued operations)	(198,256)	(586,127)
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**

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.

The group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

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.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	Jun-19	Jun-18
	$	$
Total liabilities	11,770,508	16,374,161
Less: Cash and cash equivalents	(1,374,909)	(498,822)
Net liabilities / (Net cash and cash equivalent)	**10,395,599**	**15,875,339**
Total equity	10,739,281	11,098,872
Net liabilities / (Net cash and cash equivalents) to equity ratio	**97%**	**143%**

NOTE 16: RESERVES

	Consolidated Group	
	Jun-19	Jun-18
	$	$
Statutory reserve	411,219	472,152
Foreign translation reserve	368,886	821,293
	780,105	**1,293,445**

Statutory reserve

Pursuant to the current People's Republic of China Company Law, the Company is required to transfer 10% of its profit after taxation to statutory reserve until the surplus reserve balance reaches minimal 50% of the registered capital.

For the purpose 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.

Foreign currency translation reserve

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

NOTE 17: COMMITMENTS

Operating Commitments

The consolidated group has no operating commitments at 30 June 2019 (2018: nil).

Other Commitments

The consolidated group has no other commitments at 30 June 2019 (2018: nil).

NOTE 18: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The consolidated group has no contingent liabilities or contingent assets at 30 June 2019 (2018: nil).

NOTE 19: SEGMENT REPORTING

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis. There have been no changes from prior period in the measurement methods used to determine operating segments and reported profit and loss.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment; and
- the type or class of customer for the products or services.

Types of products and services by segment

Segments as determined by the Directors and Management are as follows:

- management training consulting services;
- Infrastructure as a Service/Platform as a Service solutions; and
- Cloud Education

The group operates predominately in one geographical area, being the People's Republic of China where sales revenues are generated and non-current assets are located.

NOTE 19: SEGMENT REPORTING (CONTINUED)

Basis of accounting for purposes of reporting by operating segments:

Unless stated otherwise, all amounts reported to the Directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

The Group's assets and liabilities area not specifically allocated across operation segments.

Segment information for the 2019 and 2018 reporting period is as follows:

2019	**Consulting**	**IaaS and PaaS solutions**	**Cloud Education**	**Total**
	$	**$**	**$**	**$**
Segment revenue	307,916	8,082,504	630,612	9,021,032
Segment cost of sales	-	(7,372,108)	(630,612)	(8,002,720)
	307,916	710,395	-	1,018,312
Reconciling items				
Other revenue				139,030
Salary expense				(236,558)
Depreciation and amortisation				(96,767)
Other expenses				(283,857)
Profit before income tax from continuing operations				**540,160**

2018	**Consulting**	**IaaS and PaaS solutions**	**Cloud Education**	**Total**
	$	**$**	**$**	**$**
Segment revenue	-	5,027,217	161,011	5,188,228
Segment cost of sales	-	(2,965,237)	(109)	(2,965,346)
	-	2,061,980	160,902	2,222,882
Reconciling items				
Other revenue				977,752
Salary expense				(174,721)
Depreciation and amortisation				(611,872)
Other expenses				(414,837)
Profit before income tax from continuing operations				**1,999,204**

External customers with revenue greater than 10% of the total revenue:

	Jun-19		**Jun-18**	
Customer (Segment)	**$**	**%**	**$**	**%**
Customer A (IaaS and PaaS Solutions)	6,772,098	75	3,025,292	49
Customer B (IaaS and PaaS Solutions)	-	-	1,300,534	21
Total	**6,772,098**	**75**	**4,325,826**	**70%**

NOTE 20: CASH FLOW INFORMATION

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

	Consolidated Group	
	Jun-19	**Jun-18**
	$	**$**
Profit after income tax	104,569	777,143
Depreciation and amortisation expenses	585,332	768,690
Gain on sale of intangible assets	-	(935,209)
Foreign exchange effect	26,403	62,826
Gain on disposal of subsidiaries	(498,825)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade receivables	(3,081,880)	(2,831,473)
(Increase)/decrease in prepayments	22,417	1,418,138
(Increase)/decrease in other receivables	357,469	644
(Increase)/decrease in inventory	3,925,240	(9,945,159)
Increase/ (decrease) in trade and other payables	(2,105,644)	7,328,198
Increase/ (decrease) in income taxes payable	4,964	254,129
Cash flows from operations	**(659,955)**	**(3,102,073)**

NOTE 21: CONTROLLED ENTITIES

Controlled entities consolidated	**Country of Incorporation**	**Percentage owned (%)**	
Subsidiaries of Victor Group Holdings Limited		**Jun-19**	**Jun-18**
Hong Kong Victor International Enterprise Management Co., Limited(2)	Hong Kong	-	100%
Kesheng Management Consulting (Shanghai) Co., Limited	China	-	100%
Qisheng Management Consulting (Shanghai) Co., Limited	China	-	100%
Synergy One Holdings Limited(3)	Cayman	100%	100%
Pride Green Limited(4)	BVI	-	100%
True Prosper Group Limited(4)	BVI	100%	100%
Great Prospect Corporation Limited(5)	Hong Kong	100%	100%
Yiya Investment Management (Shanghai) Co., Limited(6)	China	100%	100%
Jiangsu Wenhan Information Technology Co., Limited(7)	China	100%	100%
Concord Orient Limited(3)	BVI	100%	100%
Tech Source Limited(8)	Hong Kong	100%	100%
Yunjiao (ZJK) Technology Co., Ltd(9)	China	100%	100%
Zhangjiakou Zhitou Yunjiao Information Technology Co., Ltd(9)	China	51%	40%

NOTE 21: CONTROLLED ENTITIES (CONTINUED)

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

(2) Victor Group Holding Limited is the parent entity of Hong Kong Victor International Enterprise Management Co., Limited, which is the intermediate parent entity of Kesheng Management Consulting (Shanghai) Co., Limited and Qisheng Management Consulting (Shanghai) Co., Limited. Hong Kong Victor International Enterprise Management Co., Limited has been disposed during the year ended 30 June 2019.

(3) Victor Group Holding Limited is the parent entity of Synergy One Holdings Limited, and Concord Orient Limited.

(4) Synergy One Holdings Limited is the intermediate parent entity of Pride Green Limited and True Prosper Group Limited. Pride Green Limited has been deregistered during the year rendering this company no longer a subsidiary of the group.

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

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

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

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

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

(10) Zhangjiakou Zhitou Yunjiao Information Technology Co., Limited was incorporated on 30 September 2017 with a registered capital of RMB6 million. Yunjiao (ZJK) Technology Co., Limited holds 51% (2018: 40%) interest in this entity. During the year in May 2019, an additional 11% was acquired from the other shareholders for consideration of RMB110,000 ($22,000)

NOTE 22: KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2019	2018
	$	$
Short term benefits	210,557	226,919
Post-employment benefit	1,140	1,140
	211,697	**228,059**

Other key management personnel transactions

Refer to Note 24 for details of other transactions with key management personnel.

NOTE 23: SUBSEQUENT EVENTS

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

NOTE 24: RELATED PARTY TRANSACTIONS

The following comprises transactions with related parties:

Consolidated Group	2019 $	2018 $
Advances received from Shanghai Hongyue Investment Management Limited(1)	-	227,838
Repayment of amount due to Shanghai Hongyue Investment Management Limited(1)	-	608,429
Advances received from Daybreak Corporations Limited(2)	332,755	428,300
Advances received from Beijing Laxum Hezhong Technology Co., Limited(3)	1,147,850	-

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 favourable than those available to other parties unless otherwise stated.

(1) Shanghai Hongyue Investment Management Limited are entities related to Xin Jie Liu (Director resigned 5 March 2017). Transactions relate to related party loans to the Group during prior year. The resignation of Xin Jie Liu rendered Shanghai Hongyue Investment Management Limited no longer a related party to the Group.

(2) Daybreak Corporations Limited holds 76.99% share interest of the Group. The amount $339,898 has been advanced from Daybreak Corporation Limited.

(3) Beijing Laxum Hezhong Technology Limited holds 40% share interest in Zhangjiakou Zhitou Yunjiao Information Technology Co., Limited (subsidiary of the Group). The transaction is related to amounts received from Beijing Laxum in relation to the Public Private Partnership project to provide cloud education services in Zhangjiakou city, the People's Republic of China.

NOTE 24: RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Payable to related party	
	2019	**2018**
	$	**$**
Achieva Capital Management Limited(1)	2,005	1,893
Achieva Capital Investment Limited(1)	4,120	3,889
Hoi Fung (Alvin) Lam(2)	20,636	20,293
Daybreak Corporation Limited(3)	780,182	439,999
Beijing Laxum Hezhong Technology Co., Limited(4)	513,956	-
Shanghai Dingzhong Share Investment Capital Partnership (Limited Partnership)(5)	217,770	240,095

(1) Achieva Capital Investment Limited holds 10.56% share interest of the Group. Achieva Capital Management Limited is the ultimate parent of Achieva Capital Investment Limited.

(2) Hoifung (Alvin) Lam is the executive director and chief executive officer of the Group.

(3) Daybreak Corporations Limited holds 76.99% share interest of the Group.

(4) Beijing Laxum Hezhong Technology Co., Limited holds 40% share interest in Zhangjiakou Zhitou Yunjiao Information Technology Co., Limited (subsidiary of the Group).

(5) Hoifung (Alvin) Lam is a key management personnel in Shanghai Dingzhong Share Investment Capital Partnership (Limited Partnership).

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.

NOTE 25: FINANCIAL ASSETS AND LIABILITIES

a. Categories of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Financial assets at amortised cost $	Total $
30 June 2019		
Financial assets		
Trade and other receivables	9,255,854	9,255,854
Cash and cash equivalents	1,374,909	1,374,909
Totals	**10,630,763**	**10,630,763**

	Other liabilities carried at amortised cost $	Total $
30 June 2019		
Financial liabilities		
Trade and other payables	10,168,330	10,168,330
Totals	**10,168,330**	**10,168,330**

	Financial assets at amortised cost $	Total $
30 June 2018		
Financial assets		
Trade and other receivables	7,530,414	7,530,414
Cash and cash equivalents	498,822	498,822
Totals	**8,029,236**	**8,029,236**

	Other liabilities carried at amortised cost $	Total $
30 June 2018		
Financial liabilities		
Trade and other payables	15,432,764	15,432,764
Totals	**15,432,764**	**15,432,764**

The carrying amount of the financial assets and liabilities is considered a reasonable approximation of fair value.

NOTE 26: FINANCIAL INSTRUMENT RISKS

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

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

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

The Group 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,

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

Objectives, policies and processes

Risk managements are carried out by the Group'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.

b. Credit risk analysis

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

The management 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 Group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers.

The Group applies the AASB 9 general approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables and contract assets as detailed in Note 1(f).

The expected loss rates are based on historical payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the People's Republic of China in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade and other receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 2 years past due.

The aging of the gross carrying amount and the expected credit loss of trade receivables is as follows:

	Current	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**More than 120 days past due**	**Total**
30 June 2019	**$**	**$**	**$**	**$**	**$**	**$**
Gross carrying amount	8,428,203	-	-	-	204,318	8,632,521
Expected credit loss	-	-	-	-	-	-

No loss allowance or write-offs has been recognised in relation to other receivables of $623,333 (2018: $1,953,827).

There are no material amounts of receivables held as collateral or held as security at 30 June 2019 and 30 June 2018.

NOTE 26: FINANCIAL INSTRUMENT RISKS (CONTINUED)

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 2019 and 30 June 2018.

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. The Group's financial instruments do not have significant exposure to interest rate risk.

e. Customer concentration risk

The Group's exposure to customer concentration risk relates to its dependence on major customers. 75% of operating revenue is derived from 1 customer for the current financial year. (June 2018: 70% from 2 customers).

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

NOTE 26: FINANCIAL INSTRUMENT RISKS (CONTINUED)

	Weighted Average Effective Interest Rate		Interest Bearing Maturing within 1 Year		Non-interest Bearing Maturing within 1 Year		Non-interest Bearing Maturing within 1 - 5 years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	%	%	$	$	$	$	$	$	$	$
Financial Assets:										
- Cash and Cash equivalents	0.30%	0.30%	1,374,909	496,522	-	2,300	-	-	1,374,909	498,822
- Trade and other receivables	-	-	-	-	9,255,854	7,530,414	25,946	-	9,281,800	7,530,414
Total Financial Assets			**1,374,909**	**496,522**	**9,255,854**	**7,532,714**	**25,946**	**-**	**10,656,709**	**8,029,236**
Financial Liabilities:										
- Trade and other payables	-	-	-	-	10,168,330	15,432,764	-	-	10,168,330	15,432,764
Total Financial Liabilities			**-**	**-**	**10,168,330**	**15,432,764**	**-**	**-**	**10,168,330**	**15,432,764**
Net Financial Assets/(Liabilities)			**1,374,909**	**496,522**	**(912,476)**	**(7,900,050)**	**25,946**	**-**	**488,379**	**(7,403,528)**

NOTE 27: INVESTMENT IN ASSOCIATE

	Jun-19	Jun-18
	$	$
Henan Huifeng Fund Management Co., Ltd	48,584	48,584
Taizhou Zhongke Zhiyun Investment Management Co., Ltd. [1]	-	-
	48,584	**48,584**

	Percentage interest	Percentage interest
Henan Huifeng Fund Management Co., Ltd	25%	25%
Taizhou Zhongke Zhiyun Investment Management Co., Ltd.	30%	30%

(1) Taizhou Zhongke Zhiyun Investment Management Co., Ltd was incorporated on 26 Sep 2017 with registered capital of RMB 10 million. The registered capital hasn't been paid up and is only due before September 2037.

Summarised aggregated financial information of the Group's share in these associates:

	30 June 2019	30 June 2018
Financial Performance	$	$
Revenue	-	-
Total comprehensive income/(loss)	-	-

NOTE 28: NON-CONTROLLING INTERESTS

	Jun-19	Jun-18
	$	$
Balance at the beginning of the year	112,857	-
Acquisition of additional interests	(18,279)	-
Share of movement in net assets	(7,279)	112,857
Balance at the end of the year	**87,299**	**112,857**

Non-controlling interests relate to the 49% (2018: 60%) interest in Zhangjiakou Zhitou Yunjiao Technology Co., Limited held by other third parties. During the year in May 2019, an additional 11% was acquired from the other shareholders by Yunjiao (ZJK) Technology Co., Limited (wholly owned subsidiary of the Group) for consideration of RMB110,000 ($22,000).

Refer to Note 21 for details on the Group's controlled entities.

NOTE 29: DISCONTINUED OPERATIONS

The disposal of Hong Kong Victor International Enterprise Management Co; Limited (HKV) and its subsidiaries (the "HKV Group") was completed on 17 December 2018 and the financial performance of the HKV Group is reported in the financial statements for the year ended 30 June 2019 as a discontinued operation. The financial performance and cash flow information set out below reflect the operations of HKV Group for the period to the date of disposal.

	From 1 July 2018 to 17 December 2018	**From 1 July 2017 to 30 June 2018**
	$	**$**
Revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Non-operating revenue	-	-
Salary expenses	(126,722)	(368,667)
Depreciation and amortisation expense	(59,230)	(156,818)
Other expense	(16,685)	(60,642)
Loss before income tax	**(202,637)**	**(586,127)**
Income tax expense	-	-
Loss after income tax	**(202,637)**	**(586,127)**
Gain on disposal of subsidiaries	498,825	-
Withholding tax for dividend declared by disposed subsidiaries	(494,444)	-
Loss after income tax from discontinued operation	**(198,256)**	**(586,127)**
Net cash flow used in operating activities	(143,407)	(429,306)
Net cash flow used in investing activities	-	-
Net cash flow generated from financing activities	-	-
Net decrease in cash and cash equivalents from discontinued operations	**(143,407)**	**(429,306)**

NOTE: 30 DISPOSAL OF SUBSIDIARIES

Summary regarding the Disposal (Refer to Note 29) completed during the year ended 30 June 2019 is as follows:

	Jun-19
	$
Consideration receivable:	
Cash	357,629
Total disposal consideration	357,629
Carrying amount of net assets sold	(357,629)
Gain on disposal before reclassification of foreign exchange translation reserve	-
Release of foreign exchange translation reserve	498,825
Gain on disposal	498,825

NOTE 31: PARENT ENTITY INFORMATION

The following information relates to the parent entity, Victor Group Limited. The information presented has been prepared using accounting policies that are consistent with those presented in Note 1, other than investment in subsidiaries which are recorded at cost, less provision for impairment.

	Jun-19	**Jun-18**
	$	**$**
CURRENT ASSETS	7,088,703	43,662
NON-CURRENT ASSETS	70,010	67,312
TOTAL ASSETS	**7,158,713**	**110,974**
CURRENT LIABILITIES	(924,382)	(617,027)
TOTAL LIABILITIES	**(924,382)**	**(617,027)**
NET ASSETS / (LIABILITIES)	**6,234,331**	**(506,053)**
EQUITY		
Issued capital	3,914,446	3,914,446
Accumulated gain / (losses)	2,319,885	(4,420,499)
TOTAL EQUITY / (DEFICIT)	**6,234,331**	**(506,053)**
FINANCIAL PERFORMANCE		
Profit / (Loss) for the year	6,740,384	(332,476)
Total Comprehensive Income for the year	**6,740,384**	**(332,476)**

The Parent entity has no contingent liabilities or contingent assets at 30 June 2019 (2018: nil).
The Parent entity has no capital commitments at 30 June 2019 (2018: nil).
Victor Group Holdings Limited (parent entity) was incorporated on the 11th September, 2013.

NOTE 32: COMPANY DETAILS

Registered Office
Level 26, 1 Bligh Street,
Sydney, New South Wales, 2000

Principal Place of Business
Room Y223, 868 ChangPing Road,
JingAn District, Shanghai, 200041
The People's Republic of China

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 16 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 2019 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:

____

William Hu

Independent Chairman

Dated the 30th day of September 2019

Level 3, 170 Frome Street
Adelaide SA 5000

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

Independent Auditor's Report

To the Members of Victor Group Holdings Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Victor Group Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a Giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition – Notes 1 & 2	
During the year ended 30 June 2019, the Group recognised operating revenues of $9,021,032. The Group's revenue arises from consulting services, infrastructure as a service ("IaaS"), platform as a service ("PaaS") and cloud education. Revenue was recognised during the year in which the services are rendered or control of goods are transferred to the customer according to the Group's accounting policy in Note 1(k). Revenue recognition of IaaS and PaaS solutions involves management judgements, including whether a contract contains multiple performance obligations which are accounted for separately, allocation of the transaction price to performance obligations when multiple performance obligations have been identified, and whether these obligations are satisfied over time or at a point in time. Revenue recognised during the year is material to the Group's operations, and the Group focuses on revenues as a key performance measure. Revenue is considered by management as a key driver for the Group. This area is a key audit matter due to the significance of individual transactions, management judgements on revenue recognition of IaaS and PaaS solutions and the size of total revenue with pervasive impact on the Group's financial statements.	Our procedures included, amongst others: • Documenting the processes and assessing internal controls for design effectiveness relating to revenue processing and recognition; • Reviewing the revenue recognition policy to assess compliance with AASB 15 *Revenue from Contracts with Customers*; • Assessing the appropriateness of management judgements on revenue recognition of IaaS and PaaS solutions; • Performing analytical procedures to understand the movements and trends in revenue for comparison against audit expectations; • Reviewing a sample of sales revenue transactions to supporting documentation; • Testing a sample of revenue transactions recognised just before and after year-end to assess whether they were recorded in the correct period; and • Assessing the adequacy of the related disclosures within the financial statements.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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* and for 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.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Victor Group Holdings Limited, for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

D Chau
Partner – Audit & Assurance

Adelaide, 30 September 2019

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 26 September 2019.

Substantial Shareholders

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

Shareholder	Number of Shares
DAYBREAK CORPORATION LIMITED	400,000,000
ACHIEVA CAPITAL HOLDINGS LTD	54,850,000

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

	Ordinary shares			Options
Holdings	**Holders**	**Shares**	**%**	
1 - 1,000	5	1,147	0.00	-
1,001 - 5,000	1	2,000	0.00	-
5,001 - 10,000	286	2,860,000	0.55	-
10,001 - 100,000	36	955,034	0.18	-
100,001 and over	10	515,741,819	99.27	-
	338	**519,560,000**	**100.00**	-

Twenty largest shareholders	Ordinary Shares Number Held	% of issued shares
DAYBREAK CORPORATION LIMITED	400,000,000	76.988%
ACHIEVA CAPITAL HOLDINGS LTD	54,850,000	10.557%
BEST FAITH DEVELOPMENTS	25,000,000	4.812%
VANTAGE PATH HOLDINGS LIMITED	20,000,000	3.849%
TOP PROSPER INVESTMENT LIMITED	8,987,250	1.730%
VANTAGE PATH HOLDINGS LIMITED	3,749,764	0.722%
MAIN GAIN DEVELOPMENTS LIMITED	2,613,500	0.503%
JILCY PTY LTD	200,000	0.038%
BRACTON CONSULTING	171,905	0.033%
CITICORP NOMINEES PTY LIMITED	169,400	0.033%
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%
MS DONGLIAN LI	50,000	0.010%
MR GUOJIAO DONG	50,000	0.010%
MS ZHIYUE FENG	50,000	0.010%
RUSLA PTY LTD	35,300	0.007%
MR RUIJUN MIAO	35,000	0.007%
MR PAUL WILLIAM JOHN JAMES	30,000	0.006%
MS JINGLI WANG	30,000	0.006%
Total Securities of Top 20 Holdings	516,312,119	99.377%
Total of Securities	**519,560,000**	**100.00%**

Unissued equity securities

There are no Options issued by the Company.

Securities exchange

The Company is listed on the Australian Securities Exchange.