

Appendix 4C

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

Name of entity

Victor Group Holdings Limited

ABN

21 165 378 834

Quarter ended ("current quarter")

30 Jun 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9	10,852
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	-	(9,826)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(88)	(94)
(f) administration and corporate costs	(60)	(288)
1.3 Dividends received (see note 3)		
1.4 Interest received		6
1.5 Interest and other costs of finance paid		(1)
1.6 Income taxes paid		(24)
1.7 Government grants and tax incentives		1
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(139)	626
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)	-	(2,004)
2.6	Net cash from / (used in) investing activities	-	(2,004)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities	-	1,580
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	-	197
3.6	Repayment of borrowings	-	(1,382)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	-	395

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	534	1,375
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(139)	626
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(2,004)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	395
4.5	Effect of movement in exchange rates on cash held	2	5
4.6	Cash and cash equivalents at end of period	397	397

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	397	397
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	397	397

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	10
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	139
8.2	Cash and cash equivalents at quarter end (item 4.6)	397
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	397
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.86
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
	8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	
	8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer:	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

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

Date: .30/07/2020.....

Authorised by: ..By the board.....
(Name of body or officer authorising release – see note 4)

Notes

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

APPENDIX 4C AND REPORT ON QUARTERLY ACTIVITIES

Sydney, Australia, 31st July 2020: Victor Group Holdings (ASX:VIG) (“VIG” or “the Company”), releases its cash flow report for the June 2020 quarter (Appendix 4C) and provides an update on the key areas of activity during the quarter ended 30 June 2020.

Principal Activities

VIG and its controlled entities (the “Group”) provides IaaS services and technical consulting devices to customers, building and operating Education Cloud Platforms which bring together best-in-class resources and applications from strategic partners such as education service and e-learning content providers and offering a wide range of e-learning solutions for educational institutions, students and parents.

In the quarter ended 31 March 2020, VIG raised \$1.58 million in capital via a share placement and appointed a new CEO to start the local operations in Australia. The Company has since built its local team and started the promotion of its e-learning platforms in Australia. The Company is also looking for the acquisition opportunities of local educational organizations which will have a synergistic effect with our existing e-learning business and better serve the overseas and local students or trainees.

Key areas of activity during the quarter:

- IaaS service in PRC – VIG operates its IaaS service in PRC through its subsidiaries, Yiya & Wenhan. During the quarter, the Covid-19 pandemic impacted the world’s major economies. Fortunately, the Chinese economy has gradually recovered from April 2020 after the restrictions on business activities and inter-state travel bans were lifted. Wenhan entered into a number of new projects in May and June, which invoiced AUD \$2 million in sales during this quarter. However, the turnover of the accounts receivable was getting slower due to the impact of Covid-19. Many customers faced the shortage of cash flow, which affected our accounts. The Company suspended the purchases from April 2020 to protect the cash flow. The Company believes the cash flow shortage will recover from July following the economic restart in China.
- Local E-learning and cloud education platform – VIG has already started the marketing of its online courses and achieved the first Australian sales in June, however the repeated Covid-19 outbreaks in Melbourne is making it difficult for the Company to promote its services. The Company is investigating ways of interacting with local online education platforms.

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

Activities	Revenue \$A'000	Expenditure \$A'000
Day to Day Operation & Administration		(148)
IaaS Services	2,000	(1400)
Online Education platform	9	-

As the Company has suspended the purchase of IaaS devices, it has supplied customers using existing inventory and outsourcing labor for the new projects. The Company has actively promoted its online education business during this quarter. The Company anticipates improved cash flow later this year as economic activity increases in both the Chinese and local economies.

Comment on Appendix 4C Cash Flow Report

As we estimated in the last activity report, the turnover of our subsidiaries' trade debtors became slower, which resulted in a substantial decrease in our cash receipt in this quarter. The Group has taken actions to protect our cash flows, such as suspension of purchases and reductions of existing inventory. The Company anticipates cash flows from the IaaS business will be recover from July as new sales are achieved and as economic activity increases in both the Chinese and local economies.

Related Party Payments

The June 2020 report includes \$9,600 director's fee paid to the chairman of the Board.

ENDS

For further information, please contact:

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The release of this announcement was authorised by Andrew Bristow, Company Secretary.

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