



Victor Group Holdings Limited

ANNUAL REPORT

For the year ended 30 June 2016

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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 2016.

Director details

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

Mr. David P Batten

Independent Chairman since 27 July 2015
 Independent Non-Executive Director
 Member of Nomination and Remuneration
 Committee and Audit Committee
 Director since December 2013

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

Other current directorships:

China Dairy Corporation
 None

Previous directorships (last 3 years):

China Dairy Corporation

Interests in shares:

None

Interest in options:

None

Mr. Bin, Zhang

Deputy Chairman
 Chief Executive Officer
 Director since December 2013

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

Other current directorships:

None

Previous directorships (last 3 years):

None

Interests in shares:

None

Interest in options

None

Mr. Liu, XinJie

Non-Executive Director

Member of Nomination and Remuneration

Committee and Audit Committee

Director since September 2013

Mr. Liu, Xinjie is currently the Finance Manager of Achieva Capital (Shanghai) Ltd. He holds a Bachelor of Science in management from Shanxi University of Science & Technology, Xi'an, the PRC. Mr. Liu possesses extensive practical experience in corporation financial management, internal controls and capital operations.

Other current directorships:

None

Previous directorships (last 3 years):

None

Interests in shares:

None

Interest in options:

None

Mr. Lam Hoifung

Executive Director

Appointed 29 January 2016

Mr. Lam Hoifung 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 directorships:

None

Previous directorships (last 3 years):

None

Interests in shares:

None

Interest in options:

None

Mr. Xiqiang Jiang

Executive Director

Member of Nomination and Remuneration

Committee and Audit Committee

Appointed 19 April 2016

Mr. Jiang is the CFO and Executive director of the Group. He has accumulated vast experience working in both China and Australia in the energy, financial markets and accounting industries. He holds a Master of commerce degree from the University of Sydney and a Bachelor of Commerce degree from the University of Melbourne which will help in his offering Victor Group Holdings a wide and varied portfolio of management skills and abilities.

Other current directorships:

None

Previous directorships (last 3 years):

None

Interests in shares:

None

Interest in options:

None

Mr. Greg C Forrester

Independent Non-Executive Director

Appointed 27 July 2015

Pass away on 11 April 2016

Mr. Greg C Forrester is an experienced company Director. Starting out as Floor Manager of the Sydney Futures Exchange, he has been responsible for trading activities and surveillance. Since then, he has moved on to recruitment, funds management and financial markets.

Other current directorships:

None

Previous directorships (last 3 years):

None

Interests in shares:

None

Interest in options:

None

Mr. Wayne V Reid
OBE

Independent Chairman

Independent Non-Executive Director

Member of Nomination and Remuneration

Director from September 2013

Resigned 27 July 2015

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

Other current directorships:

None

Previous directorships (last 3 years):

Sunbridge Group Limited

Interests in shares:

None

Interest in options:

None

Mr. Frederick C Kempson

Independent Non-Executive Director

Member of Nomination and Remuneration

Committee and Audit Committee

Director from January 2014

Resigned 27 July 2015

Mr. Kempson is Managing Director of Kempson Capital Pty Limited (corporate consulting for domestic and international corporations and high net worth individuals) since 2001

Chairman – Simple Trade Pty Ltd – since 2007

Chairman Advisory Board – Forte Wealth Limited since 2013

Director – Ocean Spray Group Inc since 2008

Mr. Kempson is an active entrepreneur and has broad experience in corporate advisory.

Other current directorships:

Alternate director Hot Rock Limited.

Previous directorships (last 3 years):

None

Interests in shares:

None

Interest in options:

None

Company secretary

Mr. Richard Hill resigned as company secretary on 27 July 2015. Mr. David Paul Batten was appointed as the new company secretary on 27 July 2015 and he will utilize his expertise and experience to fulfil the responsibility of this role.

Change of officeholders

On 11 April 2016, Mr. Greg C Forrester passed away after a brief battle with an aggressive heredity strain of Motor Neuron Disease aged only 47. He was greatly valued by the company and it was with great sadness that we said goodbye to him.

On 27 July 2015, Mr. Wayne V Reid (Independent Chairman) and Mr. Fred C Kempson (Non-Executive Director) resigned to pursue other activities. The Company would like to sincerely thank Wayne and Fred for their service and contributions to the Company.

Committee Membership

	Audit and Risk Committee	Remuneration and nomination committee
Xiqiang Jiang	Chair	Chair
David P Batten	Secretary	Secretary
Xinjie Liu	Member	Member

On 27 July 2015, the following changes were made to the membership of Audit and risk Committee:

- Wayne V Reid resigned from the Audit and Risk Committee and Remuneration and Nomination Committee;
- Fred C Kempson resigned from Audit and Risk Committee and Remuneration and Nomination Committee;
- Greg C Forrester was appointed to the Audit and Risk Committee and serves as Chairman of the Committee;
- David P Batten stepped down as the Chairman of the Audit and Risk Committee and takes the role of Secretary of the Audit and Risk Committee and Remuneration and Nomination Committee; and
- Xinjie Liu was appointed as the member of the Audit and Risk Committee.

On 25 September 2015, Xiqiang Jiang was appointed as the member of Remuneration and Nomination Committee.

On 29 April 2016, the following changes have been made to the membership of Audit and risk Committee:

- Greg C Forrester passed away and no longer chair the committee
- Xiqiang Jiang was appointed to the Committee and serves as Chairman

On 29 April 2016, the following changes have been made to the membership of Remuneration and nomination committee:

- a. Greg C Forrester passed away and no longer chair the committee
- b. Xiqiang Jiang was appointed to the Committee and serves as Chairman
- c. Xinjie Liu was appointed as the member of the Committee

Principal activities

During the year, the principal activities of entities within the Group were to conduct Enterprise Management Training Programs. Its consultation and advisory services are offered to entrepreneurs to help them improve the management and strategic planning of their companies.

To take advantage of all aspects of modern digitalised business applications, the Group are moving into the online stream of consulting management. After the distributed cloud computing data centre acquisition, Yiya 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.

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

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 2016. It should be noted that the Group's financial reporting year is from 1 July 2015 through 30 June 2016.

The Victor Group realized an after tax profit of \$28,508 for the reporting financial year. Revenues from training courses decreased sharply. This decrease has largely resulted from the following factors:

- To bring in more potential clients, the core and major training course was offered for free.
- The traditional training course cannot satisfy customer demands. As China opens up its financial markets further, the entrepreneurs more focused on fund raising instead of consulting service.

The Company's cash and cash equivalents reserves decreased to \$562,594 as a result of the data center acquisition (\$3.03 million) and decrease in revenue.

Financial Position

For the year ended 30 June 2016 sales revenue has decreased by \$5,633,856 and net profit after tax has decreased by \$3,067,283 respectively on the prior year.

The net assets of the consolidated group have decreased by \$498,968 from \$9,696,551 on 30 June 2015 to \$9,197,583 on 30 June 2016. This decrease has largely resulted from the following factors:

- Lower net profit. \$28,508 profits after tax attributable to members;

- \$527,476 of decrease in foreign exchange loss reserve.

Significant Changes in the State of Affairs

During the year ended 30 June 2016, a series of wholly owned subsidiaries of the group were incorporated for the purposes of pursuing the opportunity to acquire the cloud-computing platform.

The new entities are:

- Synergy One Holding Limited (Cayman)
- Pride Green Limited (BVI)
- True Prosper Group Limited (BVI)
- Great Prospect Corporation Limited (Hong Kong)
- Yiya Investment Management (Shanghai) Co., Limited (PRC)
- Jiangsu Wenhan Information Technology Co., Limited (PRC)

The group structure as at 30 June 2016 is as follows:



Due to the sharp sales decrease in traditional business, the Group seeks to make changes by taking advantage of its existing client resources and combining it with the modern digitalised business applications. Yiya (a wholly-owned subsidiary incorporated in PRC) completed the acquisition of one data centre in May 2016, which is already operating and providing Infrastructure as a Service (IaaS) to the Company and other peer consulting firms.

No other changes in the state of affairs

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 other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either,

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

- The entity's state of affairs in future financial years.

Likely developments, business strategies and prospects

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

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

Thanks 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 clients' demand. To stay competitive and adapt to the changes, the Group aims to combine its extensive strategy expertise with the advanced IT technology in such a way that the existing clientele of the Enterprise Management Consulting Services and new clients could understand the connections among drivers of business, technology requirements, and emerging business needs in a more efficient and effective manner. In May 2016, the Group has completed the acquisition of the distributed cloud computing data centre and this will allow the Group to deliver information management consulting services to clients.

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. The Group understands one acquisition of the data centre in Baoying will not be sufficient for its vast and diverse client base and The Group needs more cloud platforms to build a network to satisfy different information consulting demands across the country.

In the next year, the Group plans to build another two or three cloud-distribution platforms in the booming cities where the major client groups were served during the past years.

Infrastructure as a service

Infrastructure as a Service (IaaS) is a fundamental service model of cloud computing. The initial IaaS framework setup requires significant amount of investment but it will benefit the Group in long run in several ways. First, IaaS is the base for providing 24hr non-stop online course training. A high speed and stable platform with all data securely stored is the key to success in online course business and this will be based upon a reliable IaaS framework. Having our own infrastructure can further increase the reliability in that it will reduce the reliance on 3rd party and place more control on the data security, system management and monitoring in our own hand. Second, not only can we teach client, via the course, how the combination of comprehensive solutions and powerful IT technologies based upon IaaS would lead to a better business performance, we could also use ourselves as an example to show how it creates a cost effective and easily scalable IT solutions for an enterprise and working in own IaaS environment could just make the teaching and ongoing assistance easier and more efficient. Lastly, leasing the IaaS could reduce the sole reliance on management consulting revenue stream. The additional

income from leasing IaaS and providing cloud service could diversify the business risk and make the company P&L less sensitive to the environment change and business cycle change of the management consulting industry in China.

The material business risk

The material business risks faced by the group that are likely to have effects on the financial prospects of the group, and how the group manages these risks include:

Resources transformation issue – offline clients to online clients

The Group's strategic plan is to introduce the cloud-distribution platform to its existing clients but it is likely that only a small percentage of current client base willing to try the IT management consulting and hence it is expected that it might take time for more customers to accept the modern digitalized business applications.

Future capital requirements

Additional capital may be required by the Group to acquire new data centre in next year and there is no guarantee such capital will be made available on call. If using equity financing, the existing shareholdings will be diluted, and if using debt financing, not only will the cost and the cash budget go up but also might contain restrictions on Group's financing and operating activities. If the Group is unable to raise additional capital as needed, the Group, in extreme case, might be forced to sell its operation units or liquidate assets, which will significantly affect Group's financial health and state of solvency.

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
David P Batten	4	4	2	2	2	2
Bin, Zhang	4	3	-	-	-	-
Greg C Forrester	3	3	2	2	2	2
Liu, XinJie	4	4	2	2	-	-
Hoi Fung Lam	2	2	-	-	-	-
Xiqiang Jiang	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 framework that is market competitive and complementary to the reward strategy of the Group.

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

The remuneration structure that has been adopted by the Group consists 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.

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.

Short term incentive (STI)

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

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

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

b. Details of remuneration

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

Director and other Key Management Personnel Remuneration for the year ended at 30 June 2016

	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																		
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
David P Batten - Chairman and Independent Non-executive Director (Appointed 4 December 2013)	45,000	17,500	-	-	-	-	4,275	1,648	-	-	-	-	-	-	49,275	19,148	0%	0%
Bin, Zhang - Deputy Chairman and CEO (Appointed 11 September 2013)	170,891	203,080	-	979	-	124,573	-	-	-	-	-	-	-	-	170,891	328,632	0%	0%
Liu, Xin Jie - Non-Executive Director (Appointed 11 September 2013)	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12,000	-	0%	0%
Lam, Hoifung - Executive Director (Appointed 29 January 2016)	13,119	-	-	-	-	-	-	-	-	-	-	-	-	-	13,119	-	0%	0%
Xiqiang Jiang - Non-Executive Director and CFO (Appointed 19 April 2016)	28,000	-	-	-	-	-	2,660	-	-	-	-	-	-	-	30,660	-	0%	0%
Greg C Forrester (Passed away 11 April 2016)	18,000	-	-	-	-	-	1,710	-	-	-	-	-	-	-	19,710	-	0%	0%
Wayne V Reid (Resigned 27 July 2015)	4,584	68,750	-	-	-	-	435	5,156	-	-	-	-	-	-	5,019	73,906	0%	0%
Frederick C Kempson (Resigned 27 July 2015)	3,750	56,250	-	-	-	-	356	4,219	-	-	-	-	-	-	4,106	60,469	0%	0%

	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 (\$)						
Other key management personnel																		
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Zhang, yixia - General Manager of Shanghai Kesheng (Appointed 1 July 2015)	31,795	-	-	-	-	-	-	-	-	-	-	-	-	-	31,795	-	0%	0%
Xia, Yuedong - Chief Operating Officer of Shanghai Kesheng (Appointed 1 August 2013)	51,829	41,546	-	1,957	-	-	-	-	-	-	-	-	-	-	51,829	43,503	0%	0%
Duan, Lijun - Director of Business Development of Shanghai Kesheng (Appointed 1 January 2016)	41,283	-	-	-	-	-	-	-	-	-	-	-	-	-	41,283	-	0%	0%
Dong, Lei – Department Manager of Shanghai Kesheng (Appointed 1 October 2013)	15,848	14,767	-	391	-	-	-	-	-	-	-	-	-	-	15,848	15,158	0%	0%
Liu, Jinping – Financial Manager of Shanghai Kesheng (Appointed 1 November 2014)	30,465	16,265	-	1,370	-	-	-	-	-	-	-	-	-	-	30,465	17,635	0%	0%
Wang, Shuai (Resigned 31 December 2015)	18,672	31,677	-	1,370	-	-	-	-	-	-	-	-	-	-	18,672	33,047	0%	0%
Richard L S Hill (Resigned 27 July 2015)	5,000	73,048	-	-	-	-	238	5,058	-	-	-	-	-	-	5,238	78,106	0%	0%
Total	490,236	522,883	-	6,067	-	124,573	9,674	16,081	-	-	-	-	-	-	499,910	669,604		

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			
Bin, Zhang ⁽¹⁾	140,160	3 years	1 month
Lam, Hoifung ⁽²⁾	128,160	3 years	1 month
Xiqiang Jiang ⁽³⁾	48,000	-	1 month
Other key management personnel			
Zhang, yixia	19,224	2 years	1 month
Xia, Yuedong	41,546	2 years	1 month
Duan, Lijun	25,632	2 years	1 month
Dong, Lei	14,767	2 years	1 month
Liu, Jinping	16,265	2 years	1 month

(1) Fixed salary for Bin Zhang has been adjusted during the year which consists of PRC salary (\$128,160) and director fee (\$12,000)

(2) Only 2 Month of salary was paid to Lam, Hoifung during the year.

(3) The term of agreement Xiqiang Jiang is not fixed. He is entitled to \$24,000 per annum for his CFO role in the Group and \$24,000 per annum for his Director Role. He was appointed as CFO on 27 July 2015 and appointed as executive director on 19 April 2016.

c. Share-based remuneration

Options

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

d. Shareholdings

Number of Shares held by Key Management Personnel

30-Jun-16	Opening Balance	Received as Compensation	Options Exercised	Net Change Other	Closing Balance
Directors					
David P Batten ⁽¹⁾	-	-	-	-	-
Bin, Zhang ⁽²⁾	400,000,000	-	-	(400,000,000)	-
Liu, Xin Jie ⁽³⁾	480,000,000	-	-	-	480,000,000
Lam, Hoifung ⁽⁴⁾	-	-	-	400,000,000	400,000,000
Xiqiang Jiang ⁽⁸⁾	-	-	-	-	-
Greg C Forrester ⁽⁵⁾	-	-	-	-	-
Wayne V Reid ⁽⁶⁾	-	-	-	-	-
Frederick C Kempson ⁽⁷⁾	-	-	-	-	-
Total	-	-	-	-	-
Executives					
Xiqiang Jiang ⁽⁸⁾	-	-	-	-	-
Zhang, yixia ⁽⁹⁾	-	-	-	-	-
Xia, Yuedong	-	-	-	-	-
Duan, Lijun ⁽¹⁰⁾	-	-	-	-	-
Dong, Lei	-	-	-	-	-
Liu, Jinping	-	-	-	-	-
Total	880,000,000	-	-	-	880,000,000

(1) Appointed as the Chairman on 27 July 2015

(2) Former director of major shareholder of the Group, Daybreak Corporation (holds 76.99% share interest of the Group), and resigned on 9 September 2015.

(3) Director of major shareholder of the Group, Daybreak Corporation Limited (holds 76.99% share interest of the Group) and Achieva Capital Holdings Limited (holds 15.40% share interest of the Group)

(4) Director of major shareholder of the Group, Daybreak Corporation (holds 76.99% share interest of the Group)

(5) Passed away on 11 April 2016

(6) Resigned on 27 July 2015

(7) Resigned on 27 July 2015

(8) Appointed on 27 July 2015 as CFO, Appointed on 19 April 2016 as directors

(9) Appointed on 1 July 2015

(10) Appointed on 1 January 2016

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

Consolidated Group	2016	2015
	\$	\$
Expenses paid on behalf of the Group by Director Simon Zhang Bin	7,520	62,129
Repayment of amount due to Director Simon Zhang Bin	961	99,948
Advances received from Director Simon Zhang Bin	50,099	-
Advances received from Achieva Capital Management Limited, an entity related to Director Liu, Xinjie	1,947	-
Advances received from Achieva Capital Investment Limited, an entity related to Director Liu, Xinjie	4,000	-
Advances received from Shanghai Hongyue Capital Management Limited, an entity related to Director Liu, Xinjie	34,192	-
Repayment of amount due to Achieva Capital Holdings(Hong Kong) Limited, shareholder an entity related to Director Liu, Xinjie		136,877
Provision of financial consulting services by Achieva Capital Management (Shanghai) Limited, an entity related to Director Liu, Xinjie	-	4,261
Provision of financial consulting services by Achieva Fund Management (Shanghai) Limited, an entity related to Director Liu, Xinjie	-	25,441
Provision of financial consulting services by Achieva High-tech Investment Management(Shanghai) Limited, an entity related to Director Liu, Xinjie	-	3,523
	Receivable from related party	Payable to related party
	2016	2015
	\$	\$
Related party payable - Achieva Capital Management Limited (An entity related to Director Liu, Xinjie)	-	-
Related party payable - Achieva Capital Investment Limited (An entity related to Director Liu, Xinjie)	-	-
Related party payable - Shanghai Hongyue Capital Management Limited (An entity related to Director Liu, Xinjie)	-	-
Related party payable-Simon Zhang	-	-

Other information**Hedging of securities**

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

End of audited remuneration report***Environmental legislation***

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

Indemnities given and insurance premiums paid to auditors and officers

During the year, Victor Group paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors. The new directors appointed after the end of financial year are also covered by the policy.

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

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

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

Non-audit services

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

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

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and
- The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the

auditor own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

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

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* is included on page 20 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,



David P Batten

Independent Chairman

Dated the 30th day of September 2016

Level 1,
67 Greenhill Rd
Wayville SA 5034

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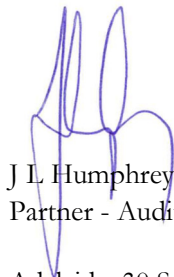
**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF VICTOR GROUP HOLDINGS LIMITED**

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 2016, 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



J L Humphrey
Partner - Audit & Assurance

Adelaide, 30 September 2016

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Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Victor Group Holdings Limited and its Controlled Entities ('the Group') have adopted the third edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The Group's Corporate Governance Statement for the financial year ending 30 June 2016 is dated as at 30 September 2016 and was approved by the Board on 30 September 2016. The Corporate Governance Statement is available on Victor Group's website at <http://www.sinovictor.com/corporate.html>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Jun-16 \$	Jun-15 \$
Operating Revenue	2	4,846,345	10,480,201
Cost of sales		(2,957,776)	(4,263,280)
Gross profit		1,888,569	6,216,921
Non-operating Revenue	2	756,193	257,450
Administrative expenses	3	(2,358,848)	(1,884,501)
Finance (costs) / gains	3	14,844	27,576
Profit/ (Loss) before income tax		300,758	4,617,446
Income tax expense	4	(272,250)	(1,521,655)
Profit for the Year		28,508	3,095,791
Other Comprehensive Income for the Year, Net of Tax			
<i>Items that may be reclassified subsequently to profit or loss;</i>			
Foreign currency gain / (loss) on translation of foreign operations		(527,476)	1,312,436
Total Comprehensive Income for the Year		(498,968)	4,408,227
Attributable to Members			
Earnings per share (on profit attributable to ordinary equity holders)			
		Cents	Cents
Basic earnings per share (cents per share)	14	0.01	0.60
Diluted earnings per share (cents per share)	14	0.01	0.60

These financial statements should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	Jun-16 \$	Jun-15 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	562,594	4,242,023
Trade and other receivables	8	1,592,077	2,377,755
Other assets	9	2,057,892	727,814
TOTAL CURRENT ASSETS		4,212,563	7,347,592
NON-CURRENT ASSETS			
Property, plant and equipment	10	4,081,388	2,874,550
Intangible assets	11	1,857,122	21,261
TOTAL NON-CURRENT ASSETS		5,938,510	2,895,811
TOTAL ASSETS		10,151,073	10,243,403
CURRENT LIABILITIES			
Trade and other payables	12	704,101	266,789
Income tax payable		249,389	280,063
TOTAL CURRENT LIABILITIES		953,490	546,852
TOTAL LIABILITIES		953,490	546,852
NET ASSETS		9,197,583	9,696,551
EQUITY			
Issued capital	13	3,914,446	3,914,446
Foreign exchange translation reserve	16	648,777	1,176,253
Statutory reserve	16	132,081	132,081
Retained earnings		4,502,279	4,473,771
TOTAL EQUITY		9,197,583	9,696,551

These financial statements should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2016

	Issued Capital	Retained Earnings	Foreign Exchange Translation Reserve	Statutory Reserve	Total
	\$	\$	\$		\$
Balance at 1 July 2014	3,914,446	4,003,949	(136,183)	-	7,782,212
Profit after income tax expense for the year	-	3,095,791	-	-	3,095,791
Other comprehensive income	-	-	1,312,436	-	1,312,436
Total comprehensive income for the year	-	3,095,791	1,312,436	-	4,408,227
Transactions with owners in their capacity as owners					
Recognition of PRC statutory reserve	-	(132,081)	-	132,081	-
Dividend paid	-	(2,493,888)	-	-	(2,493,888)
Balance at 30 June 2015	3,914,446	4,473,771	1,176,253	132,081	9,696,551
Balance at 1 July 2015	3,914,446	4,473,771	1,176,253	132,081	9,696,551
Profit after income tax expense for the year	-	28,508	-	-	28,508
Other comprehensive income	-	-	(527,476)	-	(527,476)
Total comprehensive income for the year	-	28,508	(527,476)	-	(498,968)
Balance at 30 June 2016	3,914,446	4,502,279	648,777	132,081	9,197,583

These financial statements should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOW
FOR YEAR ENDED 30 JUNE 2016

	Note	Jun-16	Jun-15
CASH FLOWS FROM OPERATING ACTIVITIES		\$	\$
Receipts from customers		5,976,582	9,797,880
Payments to suppliers and employees		(6,648,505)	(6,790,351)
Interest received		11,551	61,666
Finance costs		(2,748)	(1,946)
Income tax paid		(292,891)	(2,014,809)
Government subsidy received		744,642	195,784
Total operating cash flow	20	(211,369)	1,248,224
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(946,531)	(87,738)
Purchase of intangible assets		(1,958,288)	(12,030)
Deposit paid for land and building acquisition		(642,936)	(2,290,800)
Total investing cash flow		(3,547,755)	(2,390,568)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of related party loans		-	(170,141)
Loan from related party		113,525	-
Dividend payment		(291)	(2,492,107)
Total financing cash flow		113,234	(2,662,248)
Net increase (decrease) in cash held		(3,645,890)	(3,804,592)
Cash at beginning of financial year		4,242,023	7,138,333
Effect of exchange rates on cash Holdings in foreign currencies		(33,539)	908,282
Cash at end of financial year	7	562,594	4,242,023

These financial statements should be read in conjunction with accompanying notes

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

Victor Group Holdings Limited was incorporated on 11 September 2013 and listed on the Australian Securities Exchange ("ASX") on 9 May 2014 and is a company limited by shares, incorporated and domiciled in Australia.

Nature of operations

Victor Group Holdings Limited and subsidiaries' ('the Group') principal activities include enterprise management consulting and Infrastructure as a Service (IaaS).

The Group assist the entrepreneurs/management to better manage their company and provide advisory services in relation to most aspects of running a business (e.g. political, financial, legal, technological, behavioral etc.). Its operating model focuses on carrying out large-scale seminars and specific enterprise management consulting courses. Its current business involves providing Enterprise Management Consulting Services (EMCS) which include marketing management training and consulting courses that are currently delivered offline and face to face. Due to the decrease in traditional business and to take advantage of all aspects of modern digitalised business applications, the Victor Group expanded its existing business to various economic development zones in China through internet after the data center acquisition in June 2016.

After the completion of the acquisition, Yiya (a wholly-owned subsidiary incorporated in 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.

IaaS is a form of cloud computing that provides virtualised computing resources over the Internet. In an IaaS model, a third-party provider hosts hardware, software, servers, storage and other infrastructure components on behalf of its users. IaaS providers also host users' applications and handle tasks including system maintenance, backup and resiliency planning.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

a. Principles of Consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 30 June 2016. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are fully consolidated from the date on which control is transferred to the parent. All subsidiaries have a reporting date of 30 June.

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

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

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

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

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**b. Income Tax**

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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 realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. Property, Plant and Equipment

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

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 profit or loss during the financial period in which they are incurred.

d. Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Cloud-distribution platform	10%
Buildings and lands	5%
Office equipment	20%
Motor vehicles	20%

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

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

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss.

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

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**f. Segment reporting**

In the prior year, The Board had considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and has concluded at this time that there are no separately identifiable segments.

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

As at 30 June 2016, the Group has two (2) operating segments: training and consulting service and Infrastructure as a Service. In identifying its operating segments, management generally follows the Group's service lines, which represent the main products and services provided by the Group.

The activities undertaken by the consulting segment includes the sale, cost and expense of management consulting service. Infrastructure as a Service (IaaS) includes system maintenance, backup, resiliency and computing resources services over internet.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under AASB 8 are the same as those used in its financial statements, except that:

- post-employment benefit expenses
- expenses relating to share-based payments
- research costs relating to new business activities; and
- revenue, costs and fair value gains from investment property

are not included in arriving at the operating profit of the operating segments. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. In the financial periods under review, this primarily applies to the Group's headquarters.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**g. Financial Instruments***Recognition and Initial Measurement*

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

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

Effective interest rate method

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

De-recognition

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

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

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

2) Loans and receivables

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3) *Held to maturity investments***

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

4) *Available-for-sale financial assets*

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

5) *Financial Liabilities*

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

6) *Fair value*

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

7) *Impairment of financial assets*

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**h. 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 profit or loss.

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.

i. 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 high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

j. Provisions

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

k. 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**l. Revenue and Other Income**

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

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

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

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).

m. Borrowing Costs

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

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Goods and Services Tax (GST) and Value Added Tax (VAT)

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**o. 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.

p. Comparative Figures

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

q. Critical Accounting Estimates and Judgments

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

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

r. 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.

s. Intangibles assets

Trademarks, software and copyrights are recognised at cost of acquisition. Trademarks, software and copyrights have a finite life and are carried at cost less any accumulated amortization and any impairment losses, and amortised over their useful life of 10 years.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**t. Foreign Currency Transactions and Balances***Functional and presentation currency*

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

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

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

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

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

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 other comprehensive income. These differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
u. New and amended standards adopted by the Group

In the current year, there are no new and/or revised Standards and Interpretations adopted in these Financial Statements affecting presentation or disclosure and the reported result or financial position.

v. Accounting Standards issued but not yet effective and not being adopted early by the Group

At the date of authorisation of the Financial Statements, a number of Standards and Interpretations were on issue but not yet effective. In the Directors' opinion, the following Standard on issue but not yet effective are most likely to impact the amounts reported by the Group in future financial periods:

Standard / Interpretation	Effective for annual periods beginning on or after	Expected to be initially applied in the financial year ending
- AASB 9 Financial Instruments, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2014-1 Amendments to Australian Accounting Standards (Part E- Financial Instruments), AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014).	1 January 2018	30 June 2019
- AASB 16 'Leases'	1 January 2019	30 June 2020
- AASB 2014-4 'Amendments to Australian Accounting Standards-Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
- AASB 2015-1 'Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
- AASB 2015-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
- AASB 2016-1 'Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
- AASB 2016-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

Based on the Group's preliminary assessment, above standards are not expected to have material impact on the transaction and balances recognized in the financial statements when they are adopted.

NOTE 2: REVENUES

	Consolidated Group	
	Jun-16	Jun-15
	\$	\$
Operating activities		
Provision of training and consulting services	4,434,315	10,480,201
Infrastructure as a Service – data centre	412,030	-
Total Revenue	4,846,345	10,480,201
Non-operating revenue		
Government grant	744,642	195,784
Interest revenue	11,551	61,666
Total	756,193	257,405

The Group's exposure to customer concentration risk relates to its dependence on major customers. 100% of operating revenue is derived from 5 customers for the current financial year. (June 2015: 100% from 3 customers)

NOTE 3: FINANCE AND ADMINISTRATIVE EXPENSES

	Consolidated Group	
	Jun-16	Jun-15
	\$	\$
Administrative expenses:		
Salary expenses	666,331	744,949
Consulting expense	76,334	128,553
Travelling expense	76,975	87,811
Rental expense	66,106	25,340
Depreciation and amortisation expense	167,537	73,828
Meeting expense ⁽¹⁾	421,120	145,280
Advertising expense	129,325	50,798
Other operating expenses	755,120	627,942
Total administrative expense	2,358,848	1,884,501
Finance costs/ (gain):		
Bank charges	2,748	1,946
Foreign exchange loss (gain)	(17,592)	(29,522)
Total finance income	14,844	27,576

(1) The increase in Meeting expenses is mainly due to the free course provided during the year.

NOTE 4: INCOME TAX EXPENSE

	Consolidated Group	
	Jun-16	Jun-15
	\$	\$
The components of tax expense comprise:		
Current tax	272,250	1,521,655
Current tax expense	272,250	1,521,655
Reconciliation of tax expense		
Profit before income tax	300,758	4,617,446
Prima facie tax payable on profit before income tax at rate of 30%	90,227	1,385,234
Adjustments for entities not taxed at 30%	(33,895)	(230,872)
Tax effect of non-deductible expenses	215,918	367,293
Total income tax expense	272,250	1,521,655
The applicable weighted average effective tax rate	91%	33%

The effective tax rate disclosed 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 entity in the PRC.

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

As at 30 June 2016, Victor Group Limited (parent entity) had an estimated available tax loss at approximately \$1,147,097 (2015: \$ 737,634). Tax losses in the parent entity have not been recognized as it is likely they will not be utilized due to the parent entity's holding nature of operation. Tax losses in other subsidies outside of China are not presented as they are unlikely to be realized due to the nature of the entity being holding company.

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-16	Jun-15
	\$	\$
Audit services:		
-Auditing or reviewing the financial report	130,000	115,000
Other services:		
-Tax Consulting	6,000	-
-Australian tax return	2,800	2,800
Total auditors' remuneration	138,800	117,800

NOTE 6: DIVIDEND DECLARED

Since the year end and the Directors have not declared final dividend

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	Jun-16	Jun-15
	\$	\$
Cash on hand	921	1,197
Cash at bank	561,673	4,240,826
Total Cash and cash equivalents	562,594	4,242,023

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	Jun-16	Jun-15
	\$	\$
Current		
Trade receivables	1,118,510	2,377,755
Related party receivables	473,567	-
Total current trade and other receivables	1,592,077	2,377,755

NOTE 8: TRADE AND OTHER RECEIVABLES (CONTINUED)

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 7 and 90 days depending on the services provided.

The age of trade receivables is as follows:

	Consolidated Group	
	Jun-16	Jun-15
	\$	\$
7-30 days	568,182	297,182
31-60 days	301,682	239,950
61-90 days	248,646	290,028
90 -180 days	-	1,550,595
Total trade receivables	1,118,510	2,377,755

All trade receivable balances have been subsequently collected as at 30 September 2016.

NOTE 9: OTHER ASSETS

	Consolidated Group	
	Jun-16	Jun-15
	\$	\$
Current		
Prepayment for training costs and venue hire	2,057,892	716,564
Prepaid director salary	-	11,250 ⁽¹⁾
Total other assets	2,057,892	727,814

(1) Director's salary \$11,250 from July 2015 through September 2015 was prepaid in June 2015.

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	Jun-16	Jun-15
	\$	\$
Office equipment		
At cost	1,012,505	133,864
Accumulated depreciation	(69,808)	(34,535)
Total office equipment	942,697	99,329
Motor vehicles		
At cost	285,187	290,858
Accumulated depreciation	(130,374)	(81,237)
Total motor vehicles	154,813	209,621
Deposit paid for property acquisition		
At cost	3,035,022	2,565,600
Accumulated depreciation	(51,144)	-
Total deposit paid for property acquisition	2,983,878	2,565,600
Total Property, Plant and Equipment		
At cost	4,332,714	2,990,322
Accumulated depreciation	(251,326)	(115,772)
Total Property, Plant and Equipment	4,081,388	2,874,550

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	Consolidated Total
	\$	\$	\$	\$
Balance at 1 July 2015	99,329	209,621	2,565,600	2,874,550
Addition	935,851	10,680	642,936	1,589,467
Depreciation charges	(39,241)	(56,564)	(54,028)	(149,833)
Net exchange differences	(53,242)	(8,924)	(170,630)	(232,796)
Balance at 30 June 2016	942,697	154,813	2,983,878	4,081,388

	Office equipment	Motor vehicles	Buildings	Consolidated Total
Balance at 1 July 2014	50,911	183,868	-	234,779
Addition	55,991	31,748	2,565,600	2,653,339
Depreciation charges	(22,995)	(49,077)	-	(72,072)
Net exchange differences	15,422	43,082	-	58,504
Balance at 30 June 2015	99,329	209,621	2,565,600	2,874,550

NOTE 11: INTANGIBLE ASSETS

	Software \$	Trade Mark \$	Copyrights \$	Total \$
Gross carrying amount				
Balance at 1 July 2015	9,936	11,994	2,138	24,068
Addition, separately acquired	1,956,622	1,666	-	1,958,288
Net exchange differences	(104,966)	(739)	(116)	(105,821)
Balance at 30 June 2016	1,861,592	12,921	2,022	1,876,535
Amortisation and impairment				
Balance at 1 July 2015	(818)	(1,935)	(54)	(2,807)
Amortisation	(16,205)	(1,285)	(213)	(17,703)
Net exchange differences	909	174	14	1,097
Balance at 30 June 2016	(16,114)	(3,046)	(253)	(19,413)
Carrying amount 30 June 2016	1,845,478	9,875	1,769	1,857,122
	Software \$	Trade Mark \$	Copyrights \$	Total \$
Gross carrying amount				
Balance at 1 July 2014	-	8,789	-	8,789
Addition, separately acquired	9,095	979	1,956	12,030
Net exchange differences	841	2,226	182	3,249
Balance at 30 June 2015	9,936	11,994	2,138	24,068
Amortisation and impairment				
Balance at 1 July 2014	-	(714)	-	(714)
Amortisation	(749)	(958)	(49)	(1,756)
Net exchange differences	(69)	(263)	(5)	(337)
Balance at 30 June 2015	(818)	(1,935)	(54)	(2,807)
Carrying amount 30 June 2015	9,118	10,059	2,084	21,261

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

NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated Group	
	Jun-16	Jun-15
	\$	\$
Current		
Trade payables	249,711	190,760
Accrued expenses	147,969	34,557
Other payables (employee)	31,569	1,212
Payable to Related Party	93,406	-
Payable to Non-related Party	166,439	-
Dividend Payable	1,393	1,781
Other tax payable	13,614	38,479
Total trade and other payables	704,101	266,789

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-16	Jun-15	Jun-16	Jun-15
	Shares	Shares	\$	\$
Shares issued and fully paid:				
beginning of the year	519,560,000	519,560,000	3,914,446	3,914,446
share 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.

NOTE 14: EARNINGS PER SHARE (CONTINUED)

	Consolidated Group	
	Jun-16	Jun-15
	\$	\$
Net profit attributable to ordinary equity holders of the parent	28,508	3,095,791
Weighted average number of ordinary shares for basic earnings per share	519,560,000	519,560,000
Adjustments for calculation for diluted earnings per share	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	519,560,000	519,560,000
Basic earnings per share	0.01cents	0.60cents
Diluted earnings per share	0.01cents	0.60cents

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 includes 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:

	2016	2015
	\$	\$
Total equity	9,197,583	9,696,551
Cash and cash equivalents	562,594	4,242,023
Capital	9,760,177	13,938,574
Total equity	9,197,583	9,696,551
Overall financing	9,197,583	9,696,551
Capital-to-overall financing ratio	106%	144%

NOTE 16: FOREIGN EXCHANGE TRANSLATION RESERVE

	Consolidated Group	
	Jun-16	Jun-15
	\$	\$
Statutory reserve ¹	132,081	132,081
Foreign translation reserve ²	648,777	1,176,253
	<u>780,858</u>	<u>1,308,334</u>

1. Pursuant to the current People's Republic of China Company Law, the Company is required to transfer 10% of its profit after taxation to a statutory reserve until the surplus reserve balance reaches minimal 50% of the registered capital. For the purposes of calculating the transfer to this reserve, the profit after taxation shall be the amount determined under the People's Republic of China accounting standards. The transfer to this reserve must be made before the distribution of dividends to the shareholders.

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

NOTE 17: COMMITMENTS

Operating Commitments

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

	Consolidated	
Group	June 2016	June 2015
	\$	\$
Payable-minimum lease payments		
Not later than 12 months	<u>72,792</u>	<u>64,080</u>
	<u>72,792</u>	<u>64,080</u>

A lease agreement has been signed with non-related party, Shanghai Victor Investment Management for the rental of office premises; current period office rental expense is RMB360,000 (AUD72,792) per annum.

Other Commitments

The consolidated group has no other commitment at 30 June 2016

NOTE 18: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The consolidated group has no contingent liabilities or contingent assets at 30 June 2016.

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.

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; and
- Infrastructure as a Service

The group operates predominately in one geographical area, being the People's Republic of China.

Basis of accounting for purposes of reporting by operating segments:

Accounting policies adopted

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.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives majority economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

NOTE 19: SEGMENT REPORTING (CONTINUED)
Corporate items

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

Segment information for the reporting period is as follows:

	Training	Data Centre	Corporate	Total
	\$	\$	\$	\$
Segment revenue	4,434,315	412,030	-	4,846,345
Segment cost of sales	(2,745,161)	(212,615)	-	(2,957,777)
Government Support	744,642	-	-	744,642
Interest revenue	6,614	241	4,697	11,551
Segment salary expense	(593,735)	(48,854)	(117,291)	(759,881)
Segment depreciation and amortisation	(145,096)	(22,440)	-	(167,537)
Advertising expense	(129,325)	-	-	(129,325)
Segment meeting expense	(421,120)	-	-	(421,120)
Segment other expenses	(529,392)	(23,750)	(312,999)	(866,141)
Segment income tax expense	(272,250)	-	-	(272,250)
Segment operating results	349,491	104,611	(425,594)	28,508

	Training	Data Centre	Corporate	Total
	\$	\$	\$	\$
Segment assets	6,221,470	3,575,366	354,237	10,151,073
Segment liabilities	373,866	432,719	146,905	953,490

Following the completion of the data centre acquisition in the current financial year, an additional segment has been established and reviewed by the chief operating decision maker (the Board) in allocating resources. There was only one segment in the prior year.

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

Customer	Revenue	%
Customer A	1,583,763	33%
Customer B	1,477,621	30%
Customer C	1,372,931	28%
Total	4,434,315	91%

NOTE 20: CASH FLOW INFORMATION

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

	Consolidated Group	
	Jun-16	Jun-15
	\$	\$
Profit after income tax	28,508	3,095,791
Depreciation/amortisation	167,537	73,828
Foreign exchange	(156,515)	101,201
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade receivables	1,259,245	(1,013,795)
(Increase)/decrease in prepayments	(1,330,078)	(685,995)
(Increase)/decrease in other receivables	(473,567)	9,630
Increase/ (decrease) in trade and other payables	324,175	(30,390)
Increase/ (decrease) in income taxes payable	(30,674)	(302,046)
Cash flows from operations	(211,369)	1,248,224

NOTE 21: CONTROLLED ENTITIES

Controlled entities consolidated	Country of Incorporation	Percentage owned (%) ⁽¹⁾	
		Jun-16	Jun-15
Subsidiary of Victor Group Holdings Limited			
Hong Kong Victor International Enterprise Management Co., Limited ⁽³⁾	Hong Kong	100%	100%
Kesheng Management Consulting (Shanghai) Co., Limited ⁽⁴⁾	China	100%	100%
Qisheng Management Consulting (Shanghai) Co., Limited	China	100%	100%
Synergy One Holdings Limited ⁽⁵⁾	Cayman	100%	-
Pride Green Limited ⁽⁶⁾	BVI	100%	-
True Prosper Group Limited ⁽⁶⁾	BVI	100%	-
Great Prospect Corporation Limited ⁽⁷⁾	Hong Kong	100%	-
Yiya Investment Management (shanghai) Co., Limited ⁽⁸⁾	China	100%	-
Jiangsu Wenhan Information Technology Co., Limited ⁽⁹⁾	China	100%	-

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

(2) During the year ended 30 June 2016, a series of wholly owned subsidiaries of the group were incorporated for the purposes of pursuing the opportunity to acquire the cloud-computing platform.

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

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

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

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

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

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

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

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:

	2016	2015
	\$	\$
Short term benefits	490,236	653,523
Post-employment benefit	9,674	16,081
	499,910	669,604

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 24: Related Party Transactions.

NOTE 23: SUBSEQUENT EVENTS

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

NOTE 24: RELATED PARTY TRANSACTIONS

The following comprises transactions with related parties:

Consolidated Group	2016 \$	2015 \$
Expenses paid on behalf of the Group by Director Simon Zhang Bin	7,520	62,129
Repayment of amount due to Director Simon Zhang Bin ⁽¹⁾	961	99,948
Advances received from Director Simon Zhang Bin ⁽¹⁾	50,099	-
Advances received from Achieva Capital Management Limited, an entity related to Director Liu, Xinjie	1,947	-
Advances received from Achieva Capital Investment Limited, an entity related to Director Liu, Xinjie	4,000	-
Advances received from Shanghai Hongyue Capital Management Limited, an entity related to Director Liu, Xinjie	34,192	-
Repayment of amount due to Achieva Capital Holdings(Hong Kong) Limited, shareholder an entity related to Director Liu, Xinjie		136,877
Provision of financial consulting services by Achieva Capital Management (Shanghai) Limited, an entity related to Director Liu, Xinjie	-	4,261
Provision of financial consulting services by Achieva Fund Management (Shanghai) Limited, an entity related to Director Liu, Xinjie	-	25,441
Provision of financial consulting services by Achieva High-tech Investment Management(Shanghai) Limited, an entity related to Director Liu, Xinjie	-	3,523

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

DAYBREAK CORPORATION LIMITED (Daybreak) is a company incorporated in Hong Kong holds 76.99% share interest of the Group. Mr. Liu Xinjie (director) and Mr. Lam Hoifung (director) are the directors of Daybreak. Mr. Zhang Bing (director) was the director of Daybreak between June 2013 and resigned on 9 October 2015.

NOTE 24: RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Receivable from related party		Payable to related party	
	2016	2015	2016	2015
	\$	\$	\$	\$
Related party payable - Achieva Capital Management Limited (An entity related to Director Liu, Xinjie)	-	-	1,911	-
Related party payable - Achieva Capital Investment Limited (An entity related to Director Liu, Xinjie)	-	-	3,926	-
Related party payable - Shanghai Hongyue Capital Management Limited (An entity related to Director Liu, Xinjie)	-	-	32,352	-
Related party payable-Simon Zhang	-	-	55,381	-

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

Key management personnel

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

NOTE 25: OPERATING LEASES

The Group leases an office and production building under an operating lease. The future minimum lease payments are as follows:

	Minimum lease payments due			
	Within 1 year	1-5 years	After 5 years	Total
	\$	\$	\$	\$
30 June 2016	72,792	-	-	72,792
30 June 2015	76,968	-	-	76,968

Lease expense during the period amounted to \$72,792 (2015: \$76,968) representing the minimum lease payments.

NOTE 26: 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 2016		
Financial assets		
Trade and other receivables	1,592,077	1,592,077
Cash and cash equivalents	562,594	562,594
Totals	2,154,671	2,154,671
	Other liabilities carried at amortised cost \$	Total \$
30 June 2016		
Financial liabilities		
Trade and other payables	704,101	610,695
Totals	704,101	610,695
	Financial assets at amortised cost \$	Total \$
30 June 2015		
Financial assets		
Trade and other receivables	2,377,755	2,377,755
Cash and cash equivalents	4,242,023	4,242,023
Totals	6,619,778	6,619,778
	Other liabilities carried at amortised cost \$	Total \$
30 June 2015		
Financial liabilities		
Trade and other payables	266,789	266,789
Totals	266,789	266,789

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

NOTE 27: FINANCIAL INSTRUMENT RISKS

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

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

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

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

Specific risks

- Market risk
- Credit risk
- Liquidity risk

Financial instruments used

The principal categories of financial instrument used by the Company,

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

Objectives, policies and processes

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

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

a. Foreign currency risk

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

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.

NOTE 27: 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 2016 and 30 June 2015.

c. Liquidity risk analysis

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

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

d. Interest rate risk

The Group's exposure to interest rate risk relates principally to its short term deposits placed with financial institutions. For further details on interest rate risk, please refer to Note 27 (g).

e. Customer concentration risk

The Group's exposure to customer concentration risk relates to its dependence on major customers. 100% of operating revenue is derived from 5 customers for the current financial year. (June 2015: 100%)

NOTE 27: FINANCIAL INSTRUMENT RISKS (CONTINUED)
f. Financial instrument composition and maturity analysis

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

	Weighted Average Effective Interest Rate		Interest Bearing Maturing within 1 Year		Non-interest Bearing Maturing within 1 Year		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	%	%	\$	\$	\$	\$	\$	\$
Financial Assets:								
- Cash and Cash equivalents	0.30%	0.35%	561,673	4,240,826	-	-	561,673	4,240,826
- Short term deposit			-	-	-	-	-	-
- Trade and other receivables			-	-	1,592,077	2,377,755	1,592,077	2,377,755
Total Financial Assets			561,673	4,240,826	1,592,077	2,377,755	2,153,750	6,618,581
Financial Liabilities:								
- Trade and other payables			-	-	704,101	266,789	704,101	266,789
Total Financial Liabilities			-	-	704,101	266,789	704,101	266,789
Net Financial Assets			561,673	4,240,826	887,976	2,110,966	1,449,649	6,351,792

NOTE 27: FINANCIAL INSTRUMENT RISKS (CONTINUED)
g. Interest rate sensitivity analysis

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

Interest rate sensitivity

The Group's exposure to interest rate risks relates principally to short term deposits placed with financial institutions.

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

	Profit for the year		Equity	
	\$		\$	
	5%	-5%	5%	-5%
30-Jun-15	742	(742)	742	(742)
30-Jun-16	84	(84)	84	(84)

NOTE 28: FAIR VALUE MEASUREMENT

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

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

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2016 and 30 June 2015:

The group does not hold any financial assets or liabilities carried at fair value as at 30 June 2016. All financial assets and liabilities are carried at amortised cost. The carrying amounts of current receivables and payables are assumed to approximate their fair value due to their short-term nature. The fair value of financial liabilities approximates the carrying amount as the impact of discounting is not significant.

NOTE 29: 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.

	2016	2015
	\$	\$
ASSETS		
CURRENT ASSETS	364,072	224,538
NON-CURRENT ASSETS	66,981	560,327
TOTAL ASSETS	431,053	784,865
CURRENT LIABILITIES	157,592	101,942
TOTAL LIABILITIES	157,592	101,942
NET ASSETS	273,461	682,923
EQUITY		
Issued capital	3,914,446	3,914,446
Accumulated losses	(3,640,985)	(3,231,523)
TOTAL EQUITY	273,461	682,923
FINANCIAL PERFORMANCE		
Loss for the year	(409,462)	(608,471)
Total Comprehensive Income for the year	(409,462)	(608,471)

The Parent entity has no contingent liabilities or contingent assets at 30 June 2016.

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

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
People's Republic of China

Website

www.sinovictor.com

Telephone:

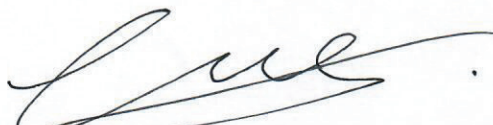
+61 2 8226 8786

Directors' declaration

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

1. the financial statements and notes, as set out on pages 22 to 61, 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 2016 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:



Director

Lam Hoifung

Dated the 30th day of September 2015

Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
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Adelaide SA 5001

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

Report on the financial report

We have audited the accompanying financial report of Victor Group Holdings Limited (the “Company”), which comprises the statement of financial position as at 30 June 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors’ declaration of the company the consolidated entity comprising the Company and the entities it controlled at the year’s end or from time to time during the financial year.

Directors’ responsibility for the financial report

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

Auditor’s responsibility

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

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

Grant Thornton Audit Pty Ltd ACN 130 913 594
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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's opinion

In our opinion:

- a the financial report of Victor Group Holdings Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of their performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

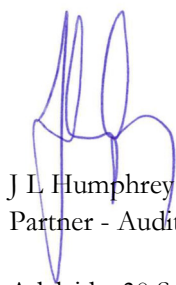
We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Victor Group Holdings Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner - Audit & Assurance

Adelaide, 30 September 2016

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 31 August 2016.

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	80,000,000

Voting Rights

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

Distribution of equity security holders

Holdings	Ordinary shares	
	Shares	Options
1 - 1,000	668	-
1,001 - 5,000	5,000	-
5,001 - 10,000	2,960,000	-
10,001 - 100,000	757,417	-
100,001 and over	515,836,915	-
	519,560,000	-

	Ordinary Shares	% of issued
Twenty largest shareholders	Number Held	shares
DAYBREAK CORPORATION LIMITED	400,000,000	76.988
ACHIEVA CAPITAL HOLDINGS LTD	80,000,000	15.398
A3 INTERNATIONAL INVESTMENTS	20,000,000	3.849
TOP PROSPER INVESTMENT LIMITED	8,957,250	1.724
VANTAGE PATH HOLDINGS LIMITED	3,749,764	0.722
MAIN GAIN DEVELOPMENTS LIMITED	2,610,500	0.502
JILCY PTY LTD	200,000	0.038
PERSHING AUSTRALIA NOMINEES	169,400	0.033
ABN AMRO CLEARING SYDNEY	150,001	0.029
MS SUFAN DONG	100,000	0.019
MR XIANG WANG	75,000	0.014
MS SHUANGXIN LI	60,000	0.012
MR BO SHEN	55,000	0.011
MR RUIJUN MIAO	35,000	0.007
CX & J PTY LTD	33,683	0.006
MS JINGLI WANG	30,000	0.006
MIN ZHANG	25,000	0.005
MR JIM BUTCHER	24,000	0.005
MR ZHIGUO HUANG	20,000	0.004
MS JIHONG CUI	20,000	0.004
Totals for Top 20	516,314,598	99.375
Total Issued Capital	519,560,000	100

Unissued equity securities

There are no Options issued by the Company.

Securities exchange

The Company is listed on the Australian Securities Exchange