

## Appendix 4C

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

**Name of entity**

Victor Group Holdings Limited

**ABN**

21 165 378 834

**Quarter ended ("current quarter")**

31/12/2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,441	3,635
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(4,099)	(4,554)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(14)	(22)
(f) administration and corporate costs	(2)	(121)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (BAS and Withholding tax paid)	-	(1)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(673)</b>	<b>(1,061)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (Loan to subsidiaries)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	50	157
3.6	Repayment of borrowings	(28)	(28)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>22</b>	<b>129</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	904	1180
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(673)	(1,061)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	22	129
4.5	Effect of movement in exchange rates on cash held	33	38
4.6	<b>Cash and cash equivalents at end of period</b>	<b>286</b>	<b>286</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	286	286
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>286</b>	<b>286</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(3)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(673)
8.2	Cash and cash equivalents at quarter end (item 4.6)	286
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	286
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	0.42
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: The negative net operating cash flow during this quarter was due to a one-off large amount of inventory purchase, hence the Company anticipates a positive net operating cash flow in the next quarter.		
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Major Shareholder of the Company has reconfirmed its commitment of support to the Company. This ensures that should it be required, to advance funds to Victor Group Holdings Limited's nominated bank accounts either in People's Republic of China, Australia or other jurisdictions so that the Company can meet its debts as and when they fall due.		

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

The Company's new stock purchases are periodical. As a result, this has impacted the operating cash flow of the Company in some quarters. The Company will manage its stock purchases more prudently to match its cash inflow.

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## Compliance statement

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

Date: .....31<sup>st</sup> Dec 2021.....

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

## Notes

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

## APPENDIX 4C AND REPORT ON QUARTERLY ACTIVITIES

Sydney, Australia, 31<sup>st</sup> December 2021: Victor Group Holdings (ASX:VIG) (“VIG” or “the Company”), releases its cash flow report for the December 2021 quarter (Appendix 4C) and provides an update on the key areas of activity during the quarter ended 31 December 2021.

### Principal Activities

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

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

### Key areas of activity during the quarter:

- SaaS & PaaS service in PRC – VIG operates its cloud services and software development in PRC through its subsidiary, Shenghan. During the quarter, Shenghan collected \$1.36 million in trade receivables. The sales of existing software inventory are still the main objective for the company to achieve. \$2.54 million cash was paid to purchase new software inventory, which made the company recorded negative operating cash flow. The new inventory purchase is to support the upcoming PPP projects. And the purchase was paid in cash instead of credit accounts due to the larger discount given by the supplier. The cash and cash equivalents position of Shenghan decreased at the end of this quarter due to the new purchase as well. The Group believes the cash flow of the SaaS & PaaS business will turn to positive in the next quarter as the inventory backlog will be less.
- E-learning and cloud education – Shenghan still contributed most of the revenue and cash inflow of the E-learning business during the quarter. The company achieved \$2.08 million cash sale during the quarter and paid \$1.56 million trade payables. The cash flow from E-learning and cloud education increased significantly during the quarter. The new policy and regulation of K12 education provides the company more opportunities to promote its E-learning contents and cloud education platform. The management believes there will be further development in these areas, as the PRC government aims to reduce the burden on students.

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

Activities	Revenue \$A'000	Expenditure \$A'000
Day to Day Operation & Administration	-	(15)
SaaS & PaaS Services	1,355	(2,540)
E-learning & Online Education platform	2,086	(1,599)

- The Company continue to explore acquisition opportunities of businesses in Australian education industry which will have a synergistic effect with VIG's existing e-learning business and have the potential to further strengthen the Company's offerings through better serving overseas and local students and trainees who use VIG's cloud education. One of the key goals of the Company is to increase the e-learning content provided to increase VIG's brand, value, and reputation in the marketplace.

### Comment on Appendix 4C Cash Flow Report

The net operating cash flow is negative and decreased in the recent two quarters due to the large amount of new inventory purchases. The group believes that the operating cash flow will turn to positive due to the less cash expenditure on purchases and more contributions from E-learning and cloud education businesses. The Group has also received the financial support commitment from the major shareholders who guarantees the group's debts will be paid as and when they fall due.

### Related Party Payments

The December 2021 report includes \$3,200 director's fee paid to the chairman of the Board.

ENDS

**For further information, please contact:**

Brady Wu, CEO/Managing Director

Jun Wu, Company Secretary

Victor Group Holdings Ltd

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

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