VICTOR GROUP HOLDINGS LIMITED

FINANCIAL STATEMENTS

For the year ended 30 June 2017

ABN 21 165 378 834

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

Contents

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 2017.

Director details

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

Mr. William Hu

Non-Executive Chairman

Chairman of Remuneration and Nomination Committee

Chairman of Audit and Risk Committee

Director appointed 1 March 2017

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

Other current directorships:

None

Previous directorships (last 3 years):

None

Interest in shares:

None

Mr. Qian Shao

Executive Director

Chief Executive Officer

Director since 29 November 2016

Mr. Qian Shao holds a Bachelor's degree in Electronics Engineering from the Southeast University in China. Mr. Shao is an active entrepreneur with extensive experience in the Industrial and IT industries. Before joining the Company, Mr. Shao served as the Vice President of Rycorchina Investment, a venture capital fund focusing on information technology and new media opportunities in China. Mr. Shao is also a founder of "97ticket", a company dedicated to providing the easiest and quickest flight booking experience.

Other current directorships:

None

Previous directorships (last 3 years):

None

Interest in shares:

None

Mr. Hoifung (Alvin) Lam

Executive Director

Member of Audit and Risk Committee

Member of Remuneration and Nomination Committee

Appointed 29 January 2016

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

Other current directorships:

None

Previous directorships (last 3 years):

None

Interest in shares:

None

Interest in options:

None

Mr. Aik Siang (Alex) Goh

Non-Executive Director

Member of Audit and Risk Committee

Member of Remuneration and Nomination Committee

Appointed 6 March 2017

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

Other current directorships:

None

Previous directorships (last 3 years):

None

Interest in shares:

None

Interest in options:

None

Mr. Xinjie Liu

Non-Executive Director

Director since September 2013 to 6 March 2017

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

Interest in shares:

None

Interest in options:

None

Mr. Bin Zhang

Chief Executive Officer since December 2013 to 29 November 2016

Director since December 2013 to 29 November 2016

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

Other current directorships:

None

Previous directorships (last 3 years):

None

Interest in shares:

None

Interest in options:

None

VICTOR GROUP
Enterprise Management

Mr. Xiqiang Jiang

Executive Director

Director from 19 April 2016 to 28 February 2017

Mr. Jiang was 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.

Other current directorships:

None

Previous directorships (last 3 years):

None

Interest in shares:

None

Interest in options:

None

Mr. David P Batten

Independent Chairman since 27 July 2015 to 2 June 2017

Independent Non-Executive Director

Director from December 2013 to 2 June 2017

Mr. Batten has over 25 years' 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 (ASX:CDC)

Previous directorships (last 3 years):

China Dairy Corporation

Interest in shares:

None

Interest in options:

None

Company secretary

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

Change of officeholders

On 2 June 2017 Mr David Batten resigned as an Independent Non-Executive Director and Company Secretary. He was greatly valued by the Company and we thank him for his service and contributions.

On 1 March 2017 Mr Xiaqiang Jiang resigned to pursue other activities. The Company would like to sincerely thank Mr Bin Zhang for his service and contributions to the Company.

On 29 November 2016 Mr Bin Zhang resigned to pursue other activities. The Company would like to sincerely thank Mr Bin Zhang for his service and contributions to the Company.

On 6 March 2017 Mr Xinjie Liu resigned to pursue other activities. The Company would like to sincerely thank Mr Xinjie Liu for his service and contributions to the Company.

Committee Membership

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

On 1 March 2017, the following changes were made to the membership of Audit and risk Committee:

a. Mr Xiaqiang Jiang resigned from the Audit and Risk Committee and Remuneration and Nomination Committee;
b. Mr David 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. Mr David Batten resigned from the Board on 2 June 2017;
c. Mr Xinjie Liu resigned from Audit and Risk Committee and Remuneration and Nomination Committee;
d. Mr William Hu was appointed to the Audit and Risk Committee and serve as Chairman of the Committee;
e. Mr Alex Goh was appointed as the member of the Audit and Risk Committee and Remuneration and Nomination Committee;
f. Mr Hoifung Lam was appointed as the member of the Audit and Risk Committee and Remuneration and Nomination 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 2017. It should be noted that the Group's financial reporting year is from 1 July 2016 through 30 June 2017.

The Victor Group realised an after tax profit of $838,194 for the reporting financial year. The Company's cash and cash equivalents reserves decreased to $354,951 as a result of the software acquisition.

Financial Position

For the year ended 30 June 2017 sales revenue has increased by $3,094,835 to $7,941,180 and net profit after tax has increased by $809,686 to $838,194 from the prior year.

The net assets of the consolidated group have increased by $372,261 from $9,197,583 on 30 June 2016 to $9,569,844 on 30 June 2017.

Significant Changes in the State of Affairs

During the year ended 30 June 2017, a series of wholly owned subsidiaries of the group were incorporated for the purposes of pursuing the opportunity to acquire a cloud-computing platform.

The new entities are:

- Concord Orient Limited (BVI)
- Tech Source Limited (HK)
- Yunjiao (ZJK) Technology Co., Ltd. (PRC)
- Nanjing Jinhong Investment Management Co., Limited (PRC) (Investment in associate)

Due to the sharp sales decreases 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 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

Due to the fast development of information technology, people now are able to receive financial and management consulting services in a more convenient and easier way, which makes the offline consulting services no longer able to meet the 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.

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.

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
William Hu	2	2	1	1	1	1
Qian Shao	3	3	-	-	-	-
Alex Goh	1	1	1	1	1	1
Xinjie Liu	2	2	-	-	-	-
Hoi Fung Lam	4	4	1	1	1	1
Xiqiang Jiang	2	2	-	-	-	-
Bin Zhang	2	2	-	-	-	-
David Batten	3	3	-	-	-	-

- Mr. Xinjie Liu resigned on 6 March 2017
- Mr. Bin Zhang resigned on 29 November 2016
- Mr. Xiqiang Jiang resigned on 28 February 2017.
- Mr. David P Batten resigned on 2 June 2017

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. Any bonuses paid will not be linked to the Group’s share price movement.

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 2017

	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																		
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
David P Batten - Chairman and Independent Non-executive Director (From December 2013 to 2 June 2017)	41,250	45,000	-	-	-	-	3,919	4,275	-	-	-	-	-	-	45,169	49,275	0%	0%
Bin, Zhang - Deputy Chairman and CEO (From September 2013 to 29 November 2016)		170,891	-		-		-	-	-	-	-	-	-	-	-	170,891	0%	0%
Xin Jie, Liu - Non-Executive Director (From September 2013to 6 March 2017)	-	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12,000	0%	0%
Lam, Hoifung - Executive Director (Appointed 29 January 2016)	124,784	13,119	-	-	-	-	-	-	-	-	-	-	-	-	124,784	13,119	0%	0%
Xiqiang Jiang - Non-Executive Director and CFO (From 19 April 2016 to 28 February 2017)	35,000	28,000	-	-	-	-	3,325	2,660	-	-	-	-	-	-	38,325	30,660	0%	0%
Greg C Forrester (Passed away 11 April 2016)	-	18,000	-	-	-	-	-	1,710	-	-	-	-	-	-	-	19,710	-	0%
Wayne V Reid (Resigned 27 July 2015)	-	4,584	-	-	-	-	-	435	-	-	-	-	-	-	-	5,019	-	0%
Frederick C Kempson (Resigned 27 July 2015)	-	3,750	-	-	-	-	-	356	-	-	-	-	-	-	-	4,106	-	0%
Qian Shao – Executive director and CEO (Appointed 29 November 2016)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	0%
William Hu – Non-Executive Chairman (Appointed 1 March 2017)	8,800	-	-	-	-	-	-	-	-	-	-	-	-	-	8,800	-	0%	0%
Aik Siang (Alex) Goh – Non-Executive Director (Appointed 6 March 2017)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	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																		
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Zhang, Yixia - General Manager of Shanghai Kesheng (Appointed 1 July 2015)	46,643	31,795	-	-	-	-	-	-	-	-	-	-	-	-	46,643	31,795	0%	0%
Xia, Yuedong - Chief Operating Officer of Shanghai Kesheng (Appointed 1 August 2013 and terminated 1 August 2016)	3,978	51,829	-	-	-	-	-	-	-	-	-	-	-	-	3,978	51,829	0%	0%
Duan, Lijun – Director of Business Development of Shanghai Kesheng (Appointed 1 January 2016 to 1 July 2016)	-	41,283	-	-	-	-	-	-	-	-	-	-	-	-	-	41,283	0%	0%
Bin, Zhang - Chairman of the board of Shanghai Kesheng	140,729	-	-	-	-	-	-	-	-	-	-	-	-	-	140,729		0%	0%
Dong, Lei – Department Manager of Shanghai Kesheng (From October 2013 to November 2016)	-	15,848	-	-	-	-	-	-	-	-	-	-	-	-	-	15,848	0%	0%
Liu, Jinping – Financial Manager of Shanghai Kesheng (From November 2014 to April 2017)	28,070	30,465	-	-	-	-	-	-	-	-	-	-	-	-	28,070	30,465	0%	0%
Wang Shuai (Resigned 31 December 2015)	-	18,672	-	-	-	-	-	-	-	-	-	-	-	-	-	18,672	0%	0%
Richard L Hill (Resigned 27 July 2015)	-	5,000	-	-	-	-	-	238	-	-	-	-	-	-	-	5,238	0%	0%
Deng, Lingli – Financial Manager of Shanghai Kesheng	20,464	-	-	-	-	-	-	-	-	-	-	-	-	-	20,464	-	0%	0%
Li, Jinlan – HR Manager of Shanghai Kesheng	17,135	-	-	-	-	-	-	-	-	-	-	-	-	-	17,135	-	0%	0%
Andrew Bristow – Company Secretary of VIG (Appointed 2 June 2017	3,500	-	-	-	-	-	-	-	-	-	-	-	-	-	3,500	-	0%	0%
Bo Wang – CFO of VIG (Appointed 1 March 2017)	4,000	-	-	-	-	-	380	-	-	-	-	-	-	-	4,380	-	0%	0%
Total	**474,353**	**490,236**	**-**	**-**	**-**	**-**	**7,624**	**9,674**	**-**	**-**	**-**	**-**	**-**	**-**	**481,977**	**499,910**		

c. Service agreements

Remuneration and other terms of employment for the Executive Directors and other key management personnel are formalized in a service agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary	Term of agreement	Notice period
Executive directors			
Qian Shao	-	3 years	1 month
Hoifung Lam	124,784	3 years	1 month
Other key management personnel			
Yixia Zhang	46,643	2 years	1 month
Lingli Deng	20,464	2 years	1 month
Jinlan Li	17,135	2 years	1 month

d. Share-based remuneration

Options

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

e. Other Information

Shareholdings

Number of Shares held by Key Management Personnel

30 June 17	Opening Balance	Received as Compensation	Options Exercised	Net Change Other	Closing Balance
Directors					
David P Batten[1]	-	-	-	-	-
Bin Zhang[2]	-	-	-	-	-
Xin Jie Liu[3]	-	-	-	-	-
Hoifung Lam[4]	-	-	-	-	-
Alex Goh[5]	-	-	-	-	-
William Hu[6]	-	-	-	-	-
Xiqiang Jiang[7]	-	-	-	-	-
Shao Qian[8]					
Total	**-**	**-**	**-**	**-**	**-**
Other KMPs					
Yixia Zhang	-	-	-	-	-
Lijun Duan	-	-	-	-	-
Ling Li Deng	-	-	-	-	-
Jinlan Li	-	-	-	-	-
Andrew Bristow	-	-	-	-	-
Bo Wang	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

(1) Resigned on 2 June 2017.

(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. Resigned as Chief Executive Officer on 29 November 2016.

(3) Resigned on 6 March 2017. 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) Appointed on 6 March 2017.

(6) Appointed on 1 March 2017 as Director, Appointed as the Chairman on 2 June 2017.

(7) Resigned on 28 February 2017.

(8) Appointed 29 November 2016.

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

Consolidated Group	2017 $	2016 $
Expenses paid on behalf of the Group by Director Simon Zhang Bin[(1)]	45,061	7,520
Repayment of amount due to Director Simon Zhang Bin[(1)]	41,208	961
Advances received from Director Simon Zhang Bin[(1)]	-	50,099
Advances received from Achieva Capital Management Limited[(2)]	-	1,947
Advances received from Achieva Capital Investment Limited[(2)]	-	4,000
Advances received from Shanghai Hongyue Capital Management Limited[(2)]	-	34,192
Advances received from Shanghai Hongyue Investment Management Limited[(2)]	880,428	-
Repayment of amount due to Shanghai Hongyue Investment Management Limited[(2)]	587,118	-

(1) Transactions relate to payment of expenses on behalf of the Group by Mr. Simon Zhang Bin during the year.

(2) Achieva Capital Management Limited, Achieva Capital Investment Limited, Shanghai Hongyue Capital Management Limited, and Shanghai Hongyue Investment Management Limited are entities related to Xinjie Liu (Director resigned 6 March 2017). Transactions relate to related party loan to the Group during the year.

	Payable to related party	
	2017	2016
	$	$
Achieva Capital Management Limited [(1)]	1,833	1,911
Achieva Capital Investment Limited [(1)]	3,767	3,926
Shanghai Hongyue Capital Management Limited [(1)]	319,780	32,352
Simon Zhang Bin [(2)]	49,305	55,381
Hao Sun[(3)]	19,101	19,101

(1) Achieva Capital Management Limited, Achieva Capital Investment Limited and Shanghai Hongyue Capital Limited are entities related to Xinjie Liu (Director resigned 5 March 2017). Transactions relate to related party loan to the Group during the year.

(2) Simon Zhang Bin was an executive director who resigned on 29 November 2016.

(3) Hao Sun is the Chief Financial Officer of Daybreak Corporation Limited (largest shareholder).

Voting and comments made at the Company's 2016 Annual General Meeting

Victor Group Holdings Limited received 100% of 'yes' votes on its remuneration report for the financial year ended 30 June 2016. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of audited remuneration report

Environmental legislation

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

Indemnities given and insurance premiums paid to auditors and officers

During the year, Victor Group paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors.

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

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

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

Non-audit services

During the year, Grant Thornton, 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 19 of this financial report and forms part of this Director's report.

Proceedings of behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Signed in accordance with a resolution of the Board of Directors of Victor Group Holdings Limited,

William Hu

Independent Chairman
Dated the 29 day of September 2017

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Adelaide, SA 5000
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Auditor's Independence Declaration
To the Directors of Victor Group Holdings Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Victor Group Holdings Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the 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, 29 September 2017

Corporate Governance Statement

The Victor Group Board is committed to the implementation and maintenance of good corporate governance practices. This Statement sets out the extent to which the Victor Group Board has followed the best practice recommendations set by the ASX Corporate Governance Council (the Principles and Recommendations) during the twelve month period ending 30 June 2017.

This Statement is accurate and up to date as at 29 September 2017. The disclosures in this Statement respond to the ASX Corporate Governance Council's Third edition of its Corporate Governance Principles and Recommendations.

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	Jun-17 $	Jun-16 $
Operating Revenue	2	7,941,180	4,846,345
Cost of sales	3	(4,555,521)	(2,957,776)
Gross profit		**3,385,659**	**1,888,569**
Non-operating Revenue		25,513	756,193
Administrative expenses	3	(643,464)	(1,524,980)
Depreciation and amortisation expense	3	(591,679)	(167,537)
Employee benefits expense	3	(658,861)	(666,331)
Finance gain (costs)	3	(11,431)	14,844
Profit before income tax		**1,505,737**	**300,758**
Income tax expense	4	(667,543)	(272,250)
Profit for the Year		**838,194**	**28,508**
Other Comprehensive Income for the Year, Net of Tax			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency losses on translation of foreign operations		(465,933)	(527,476)
Total Comprehensive Income attributable to owners of the parent		**372,261**	**(498,968)**
Earnings per share		**Cents**	**Cents**
Basic earnings per share (cents per share)	14	0.16	0.01
Diluted earnings per share (cents per share)	14	0.16	0.01

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITON

AS AT 30 JUNE 2017

ASSETS	Note	Jun-17 $	Jun-16 $
CURRENT ASSETS			
Cash and cash equivalents	7	354,951	562,594
Trade and other receivables	8	3,566,500	1,592,077
Other assets	9	1,459,099	2,057,892
TOTAL CURRENT ASSETS		**5,380,550**	**4,212,563**
NON-CURRENT ASSETS			
Property, plant and equipment	10	3,647,198	4,081,388
Intangible assets	11	4,786,721	1,857,122
Investment in associate	29	485,843	-
TOTAL NON-CURRENT ASSETS		**8,919,762**	**5,938,510**
TOTAL ASSETS		**14,300,312**	**10,151,073**
CURRENT LIABILITIES			
Trade and other payables	12	3,583,725	704,101
Income tax payable		687,268	249,389
TOTAL CURRENT LIABILITIES		**4,270,993**	**953,490**
NON-CURRENT LIABILITIES			
Trade and other payables	12	459,475	-
TOTAL NON-CURRENT LIABILITIES		**459,475**	**-**
TOTAL LIABILITIES		**4,730,468**	**953,490**
NET ASSETS		**9,569,844**	**9,197,583**
EQUITY			
Issued capital	13	3,914,446	3,914,446
Foreign exchange translation reserve	16	182,844	648,777
Statutory Reserves	16	287,975	132,081
Retained earnings		5,184,579	4,502,279
TOTAL EQUITY		**9,569,844**	**9,197,583**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30 JUNE 2017

	Issued Capital	Retained Earnings	Foreign Exchange Translation Reserve	Statutory Reserve	Total
	$	$	$	$	$
Balance at 1 July 2015	**3,914,446**	**4,473,771**	**1,176,253**	**132,081**	**9,696,551**
Profit 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)**
Transactions with owners in their capacity as owners					
Dividends paid	-	-	-	-	-
Balance at 30 June 2016	**3,914,446**	**4,502,279**	**648,777**	**132,081**	**9,197,583**
Balance at 1 July 2016	**3,914,446**	**4,502,279**	**648,777**	**132,081**	**9,197,583**
Profit for the year	-	838,194	-	-	838,194
Other comprehensive income	-	-	(465,933)	-	(465,933)
Total comprehensive income for the year	**-**	838,194	**(465,933)**	**-**	**372,261**
Transactions with owners in their capacity as owners					
Transfer to Statutory reserves	-	(155,894)	-	155,894	-
Dividends paid	-	-	-	-	-
Balance at 30 June 2017	**3,914,446**	**5,184,579**	**182,844**	**287,975**	**9,569,844**

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

CONSOLIDATED STATEMENT OF CASH FLOW

FOR YEAR ENDED 30 JUNE 2017

	Note	Jun-17	Jun-16
CASH FLOWS FROM OPERATING ACTIVITIES		**$**	**$**
Receipts from customers		6,782,473	5,976,582
Payments to suppliers and employees		(3,633,821)	(6,648,505)
Interest received		1,071	11,551
Finance costs		(2,443)	(2,748)
Income tax paid		(217,042)	(292,891)
Government subsidy received		3,702	744,642
Total operating cash flow	**20**	**2,933,940**	**(211,369)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(946,531)
Purchase of intangible assets		(3,428,715)	(1,958,288)
Deposit paid for land and building acquisition		-	(642,936)
Total investing cash flow		**(3,428,715)**	**(3,547,755)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from related party loan		283,807	113,525
Dividend payment		-	(291)
Total financing cash flow		**283,807**	**113,234**
Net (decrease)in cash held		(210,968)	(3,645,890)
Cash at beginning of financial year		562,594	4,242,023
Effect of exchange rates on cash Holdings in foreign currencies		3,325	(33,539)
Cash at end of financial year	**7**	**354,951**	**562,594**

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, behavioural 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 centre 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. The Group is a for-profit entity for the purposes of preparing the financial statements. The consolidated financial statements for the year ended 30 Jun 2017 were approved and authorised for issue by the Board of Directors on 29 September 2017.

a. Principles of Consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 30 June 2017. 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.

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. Investments in associates and joint arrangements

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

c. Income Tax

The income tax expense (benefit) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

d. Property, Plant and Equipment

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

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

e. 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	Residual value
Cloud-distribution equipment	10%	-
Buildings	5%	5%
Office equipment	20%	5%
Motor vehicles	20%	5%

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

f. 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.

g. Segment reporting

As at 30 June 2017, the Group has two (2) operating segments: training and consulting service and Data Centre 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 training and consulting segment includes the sale, cost and expense of management consulting service. Data Centre (Infrastructure) as a Service (Iaas) includes system maintenance, backup, resiliery and computing resources services over internet.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

h. 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification and Subsequent Measurement

1) *Loans and receivables*

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

2) *Financial Liabilities*

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

3) *Fair value*

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

4) *Impairment of financial assets*

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

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognized directly in the financial assets reserve in other comprehensive income.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. 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.

j. 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.

k. 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.

l. 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)

m. 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.

n. 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.

o. Revenue and Other Income

Revenue arises from the sale of goods and the rendering of services plus the Group's share of revenue of its joint revenue. 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.

Revenue from the rendering of infrastructure as a service is recognised as services are provided to the customer as this is when the transaction can be reliably measured and cost incurred for the transaction can be measured reliably and is probable that economic benefits associated with the transaction will flow to the entity. Revenue not yet invoiced at year end is disclosed as accrued revenue.

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

Grant revenue is recognised upon receipt from the government.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. 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.

q. 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 recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST and VAT.

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

r. 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.

s. Comparative Figures

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

t. 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 of the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u. 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.

v. Intangible 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.

w. 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

x. 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

y. 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:

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project.

The amendments:

- clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information
- clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated
- add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position
- clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order
- remove potentially unhelpful guidance in AASB 101 for identifying a significant accounting policy

AASB 2015-2 is applicable to annual reporting periods beginning on or after 1 January 2016.

The adoption of these amendments will not have a material impact on the Group.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

This standard modifies the classification and measurement of financial assets: It includes:

- A single, principles-based approach for the classification of financial assets, which is driven by cash flow characteristics and the business model which an asset is held;
- A new expected credit loss impairment model requiring expected losses to be recognised when financial assets are first recognised;
- A modification of hedge accounting to align the accounting treatment with risk management practices of an entity. This may result in the increased application of hedge accounting.

These standards are applicable to annual reporting periods beginning on or after 1 January 2018.

The adoption of these amendments will not have a material impact on the Group.

AASB 15 Revenue from Contracts with Customers (1 January 2018), AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (1 January 2018), AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 (1 January 2017)

AASB 15

- Replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations:
- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

AASB 15 is applicable to annual reporting periods beginning on or after 1 January 2018

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 16 Leases (1 January 2019)

AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases

AASB 16 is applicable to annual reporting periods beginning on or after 1 January 2019

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 (1 January 2017)

AASB 2016-2 amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

When these amendments are first adopted for the year ending 30 June 2018, there will be no material impact on the financial statements.

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NOTE 2: REVENUES

	Consolidated Group	
	Jun-17	**Jun-16**
	$	$
Operating activities		
Provision of training and consulting services	721,770	4,434,315
Infrastructure as a Service – data centre(1)	7,219,410	412,030
Total Revenue	**7,941,180**	**4,846,345**
Non-operating revenue		
Government grant	3,702	744,642
Interest revenue	21,811	11,551
Total	**25,513**	**756,193**

(1) The Group's exposure to customer concentration risk relates to its dependence on major customers. 82% of operating revenue is derived from 4 customers for the current financial year. (June 2016: 100% from 5 customers)

NOTE 3: EXPENSES

	Consolidated Group	
	Jun-17	**Jun-16**
	$	$
Cost of Sales:		
Training expenses	225,965	2,745,161
Data centre expenses	4,329,556	212,615
Total cost of sales	**4,555,521**	**2,957,776**
Administrative expenses:		
Consulting expense	779	76,334
Travelling expense	17,724	76,975
Rental expense	60,434	66,106
Meeting expense	7,169	421,120
Advertising expense	6,969	129,325
Other operating expenses	550,389	755,120
Total administrative expense	**643,464**	**1,524,980**
Depreciation and amortisation expense:		
Depreciation	230,959	149,833
Amortisation	360,720	17,703
Total depreciation and amortisation expense	**591,679**	**167,537**

NOTE 3: EXPENSES (CONT)

	Consolidated Group	
	Jun-17	**Jun-16**
	$	**$**
Employee benefits expense:		
Salaries and wages	651,237	648,373
Superannuation	7,624	17,958
Total employee benefits expense:	**658,861**	**666,331**
Finance costs/ (gain):		
Bank charges	2,443	2,748
Foreign exchange loss (gain)	8,988	(17,592)
Total finance cost	**11,431**	**(14,844)**

NOTE 4: INCOME TAX EXPENSE

	Consolidated Group	
	Jun-17	**Jun-16**
	$	**$**
The components of tax expense comprise:		
Current tax	667,543	272,250
Current tax expense	**667,543**	**272,250**
Reconciliation of tax expense		
Profit before income tax	1,505,737	300,758
Prima facie tax payable on profit before income tax at rate of 30%	451,721	90,227
Differences in taxation in foreign subsidiaries	(62,911)	9,322
Foreign tax losses not recognised	144,622	49,862
Losses in the parent entity not recognised	134,111	122,839
Total income tax expense	**667,543**	**272,250**
The applicable weighted average effective tax rate are as follows:	**44%**	**91%**

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 2017, Victor Group Limited (parent entity) had an estimated available tax loss of approximately $1,594,135 (2016: $1,147,097). Tax losses in the parent entity have not been recognised as it is likely they will not be utilised 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 those entities being holding companies.

NOTE 5: AUDITORS' REMUNERATION

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

	Consolidated Group	
	Jun-17	**Jun-16**
	$	**$**
Remuneration of the auditor of the parent entity for:		
-Auditing or reviewing the financial report	143,000	130,000
Other services:		
-Tax Consulting	-	6,000
-Australian tax return	2,800	2,800
Total auditors' remuneration	**145,800**	**138,800**

NOTE 6: DIVIDEND DECLARED

Since the year end and the Directors have not declared final dividend. (2016: Nil)

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	Jun-17	**Jun-16**
	$	**$**
Cash on hand	5,856	921
Cash at bank	349,095	561,673
Total Cash and cash equivalents	**354,951**	**562,594**

Cash at bank and on hand balances as at 30 June 2017 includes Chinese Renminbi denominated equivalent balances of $152,765 (RMB 795,791)(2016: $10,456; RMB 51,713) which are held with reputable financial institutions in the People's Republic of China in current accounts.

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

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

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	Jun-17	Jun-16
	$	$
Current		
Trade receivables	-	1,118,510
Accrued revenue	2,745,114	-
VAT/GST receivable	814,271	440,692
Other receivables	7,115	32,875
Total current trade and other receivables	**3,566,500**	**1,592,077**

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-17	Jun-16
	$	$
7-30 days	-	568,182
31-60 days	-	301,682
61-90 days	-	248,646
>90 days but <180 days	-	-
Total trade receivables	**-**	**1,118,510**

NOTE 9: OTHER ASSETS

	Consolidated Group	
	Jun-17	Jun-16
	$	$
Current		
Prepayment for training costs and venue hire	-	2,057,892
Deposit paid for a second Cloud-platform – refer to note 17	1,459,099	-
Total other assets	**1,459,099**	**2,057,892**

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	Jun-17	Jun-16
	$	$
Office equipment		
At cost	961,259	1,012,505
Accumulated depreciation	(169,615)	(69,808)
Total office equipment	**791,644**	**942,697**
Motor vehicles		
At cost	270,753	285,187
Accumulated depreciation	(175,219)	(130,374)
Total motor vehicles	**95,534**	**154,813**
Deposit paid for property acquisition		
At cost	2,881,410	3,035,022
Accumulated depreciation	(121,390)	(51,144)
Total deposit paid for property acquisition	**2,760,020**	**2,983,878**
Total Property, Plant and Equipment		
At cost	4,113,422	4,332,714
Accumulated depreciation	(466,224)	(251,326)
Total Property, Plant and Equipment	**3,647,198**	**4,081,388**

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 2016	**942,697**	**154,813**	**2,983,878**	**4,081,388**
Additions	-	-	-	-
Depreciation charges	(104,857)	(52,199)	(73,903)	(230,959)
Net exchange differences	(46,196)	(7,080)	(149,955)	(203,231)
Balance at 30 June 2017	**791,644**	**95,534**	**2,760,020**	**3,647,198**
Balance at 1 July 2015	**99,329**	**209,621**	**2,565,600**	**2,874,550**
Additions	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**

NOTE 11: INTANGIBLE ASSETS

	Software	Trade Mark	Copyrights	Total
	$	$	$	$
Gross carrying amount				
Balance at 1 July 2016	**1,861,592**	**12,921**	**2,022**	**1,876,535**
Additions, separately acquired	3,428,715	-	-	3,428,715
Net exchange differences	(143,843)	(654)	(102)	(144,599)
Balance at 30 June 2017	**5,146,464**	**12,267**	**1,920**	**5,160,651**
Amortisation and impairment				
Balance at 1 July 2016	**(16,114)**	**(3,046)**	**(253)**	**(19,413)**
Amortisation	(359,278)	(1,247)	(195)	(360,720)
Net exchange differences	6,015	172	16	6,203
Balance at 30 June 2017	**(369,377)**	**(4,121)**	**(432)**	**(373,930)**
Carrying amount 30 June 2017	**4,777,087**	**8,146**	**1,488**	**4,786,721**

	Software	Trade Mark	Copyrights	Total
	$	$	$	$
Gross carrying amount				
Balance at 1 July 2015	**9,936**	**11,994**	**2,138**	**24,068**
Additions, 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**

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

NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated Group	
	Jun-17	Jun-16
	$	$
Current		
Trade payables	2,854,677	397,680
Employee payables	42,078	31,569
Payable to Related Party[1]	393,786	112,671
Other payables	286,286	147,174
Dividend Payable	1,393	1,393
Other tax payable	5,505	13,614
Total trade and other payables	**3,583,725**	**704,101**

	Consolidated Group	
	Jun-17	Jun-16
	$	$
Non- Current		
Payable to Associate [2]	459,475	-
Total trade and other payables	**459,475**	**-**

1. Payable to related party consists of advance from related entities. Refer Note 24.
2. Represents amount due to associate (Nanjing Jinhong Investment Management Limited $459,475 in 2017 (2016: Nil). Refer Note 29.

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-17 Shares	Jun-16 Shares	Jun-17 $	Jun-16 $
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.

	Consolidated Group	
	Jun-17 $	Jun-16 $
Net profit attributable to ordinary equity holders of the parent	838,194	28,508
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	**0.16 cents**	**0.01cents**
Diluted earnings per share	**0.16 cents**	**0.01cents**

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:

	2017	2016
	$	$
Total equity	9,569,844	9,197,583
Cash and cash equivalents	354,951	562,594
Capital	**9,924,795**	**9,760,177**
Total equity	9,569,844	9,197,583
Overall financing	**9,569,844**	**9,197,583**
Capital-to-overall financing ratio	**104%**	**106%**

NOTE 16: FOREIGN EXCHANGE TRANSLATION RESERVE

	Consolidated Group	
	Jun-17	Jun-16
	$	$
Statutory reserve	287,975	132,081
Foreign translation reserve	182,844	648,777
	470,819	780,858

Statutory reserve

Pursuant to the current People's Republic of China Company Law, the Company is required to transfer 10% of its profit after taxation to 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.

Foreign currency translation reserve

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

The consolidated group has no operating commitments at 30 June 2017.

Other Commitments

During the period ended 30 June 2017, the Company through its wholly owned subsidiary, Yiya Investment Management (Shanghai) Co., Ltd entered into a MOU for the purchase of an additional data centre with a purchase price of RMB 15 million ($3 million). A refundable deposit of RMB 7.5 million ($1.5 million) has been paid to secure the deal (refer to Note 9) and the finalisation of the transaction is subject to director and shareholder approval.

NOTE 18: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The consolidated group has no contingent liabilities or contingent assets at 30 June 2017.

NOTE 19: SEGMENT REPORTING

Identification of reportable segments

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

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

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

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

Types of products and services by segment

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

- management training consulting services; and
- Infrastructure as a Service

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

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.

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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 2017 and 2016 reporting period is as follows:

2017	**Training**	**Data Centre**	**Corporate**	**Total**
	$	**$**	**$**	**$**
Segment revenue	721,770	7,219,410	-	7,941,180
Segment cost of sales	(225,965)	(4,329,556)	-	(4,555,521)
Government Support	2,742	960	-	3,702
Other revenue	-	20,740	-	20,740
Interest revenue	133	639	299	1,071
Segment salary expense	(444,885)	(147,927)	(66,049)	(658,861)
Segment depreciation and amortisation	(154,226)	(437,453)	-	(591,679)
Advertising expense	(6,969)	-	-	(6,969)
Segment meeting expense	(7,169)	-	-	(7,169)
Segment other expenses	(234,651)	(18,639)	(387,467)	(640,757)
Segment income tax expense	-	(667,543)	-	(667,543)
Segment operating results	**(349,220)**	**1,640,631**	**(453,217)**	**838,194**

	Training	**Data Centre**	**Corporate**	**Total**
	$	**$**	**$**	**$**
Segment assets	3,159,677	11,129,313	11,322	14,300,312
Segment liabilities	301,362	4,173,809	255,297	4,730,468

2016

	Training	**Data Centre**	**Corporate**	**Total**
	$	**$**	**$**	**$**
Segment revenue	4,434,315	412,030	-	4,846,345
Segment cost of sales	(2,745,161)	(212,615)	-	(2,957,776)
Government Support	744,642	-	-	744,642
Interest revenue	6,614	240	4,697	11,551
Segment salary expense	(518,144)	(48,854)	(99,333)	(666,331)
Segment depreciation and amortisation	(145,097)	(22,440)	-	(167,537)
Advertising expense	(129,325)	-	-	(129,325)
Segment meeting expense	(421,120)	-	-	(421,120)
Segment other expenses	(604,983)	(23,750)	(330,958)	(959,691)
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

NOTE 19: SEGMENT REPORTING (CONTINUED)

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

	Jun-17		Jun-16	
Customer (Segment)	**$**	**%**	**$**	**%**
Customer A (Data Centre)	2,161,011	27%	-	-
Customer B (Data Centre)	2,076,482	26%	-	-
Customer C (Data Centre)	1,323,068	17%	-	-
Customer D (Data Centre)	918,797	12%	-	-
Customer E (Training)	-	-	1,583,763	33%
Customer F (Training)	-	-	1,477,621	30%
Customer G (Training)	-	-	1,372,931	28%
Total	**6,479,358**	**82%**	**4,434,315**	**91%**

NOTE 20: CASH FLOW INFORMATION

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

	Consolidated Group	
	Jun-17	**Jun-16**
	$	**$**
Profit after income tax	838,194	28,508
Depreciation/amortisation	591,679	167,537
Other revenue	(20,740)	-
Foreign exchange effect	(138,934)	(156,515)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade receivables	(1,626,604)	1,259,245
(Increase)/decrease in prepayments	598,793	(1,330,078)
(Increase)/decrease in other receivables	466,452	(473,567)
Increase/ (decrease) in trade and other payables	1,787,221	324,175
Increase/ (decrease) in income taxes payable	437,879	(30,674)
Cash flows from operations	**2,933,940**	**(211,369)**

NOTE 21: CONTROLLED ENTITIES

Controlled entities consolidated	Country of Incorporation	Percentage owned (%) [1]	
Subsidiary of Victor Group Holdings Limited		**Jun-17**	**Jun-16**
Hong Kong Victor International Enterprise Management Co., Limited [2]	Hong Kong	100%	100%
Kesheng Management Consulting (Shanghai) Co., Limited[3]	China	100%	100%
Qisheng Management Consulting (Shanghai) Co., Limited	China	100%	100%
Synergy One Holdings Limited[4]	Cayman	100%	100%
Pride Green Limited[5]	BVI	100%	100%
True Prosper Group Limited[5]	BVI	100%	100%
Great Prospect Corporation Limited[6]	Hong Kong	100%	100%
Yiya Investment Management (shanghai) Co., Limited [7]	China	100%	100%
Jiangsu Wenhan Information Technology Co., Limited[8]	China	100%	100%
Concord Orient Limited[2]	BVI	100%	-
Tech Source Limited[9]	Hong Kong	100%	-
Yunjiao (ZJK) Technology Co., Ltd. [10]	China	100%	-

(1) Percentage of voting power is in proportion to ownership.
(2) Victor Group Holding Limited is the parent entity of Synergy One Holdings Limited, Hong Kong Victor International Enterprise Management Co., Limited and Concord Orient Limited.
(3) Hong Kong Victor International Enterprise Management Co., Limited is the intermediate parent entity of Kesheng Management Consulting (Shanghai) Co., Limited.
(4) Kesheng Management Consulting (Shanghai) Co., Limited is the intermediate parent entity of Qisheng Management Consulting (Shanghai) Co., Limited.
(5) Synergy One Holdings Limited is the intermediate parent entity of Pride Green Limited and True Prosper Group Limited.
(6) True Prosper Group Limited is the intermediate parent entity of Great Prospect Corporation Limited.
(7) Great Prospect Corporation Limited is the intermediate parent entity of Yiya Investment Management (shanghai) Co. Limited.
(8) Yiya Investment Management (shanghai) Co., Limited is the intermediate parent entity of Jiangsu Wenhan Information Technology Co., Limited.
(9) Concord Orient Limited is the intermediate parent entity of Tech Source Limited.
(10) Tech Source Limited is the intermediate parent entity of Yunjiao (ZJK) Technology Co., Ltd.

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:

	2017	2016
	$	$
Short term benefits	474,353	490,236
Post-employment benefit	7,624	9,674
	481,977	**499,910**

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 that have significantly affected or may significantly affect either:

- the entity's operations in future financial years;
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

NOTE 24: RELATED PARTY TRANSACTIONS

The following comprises transactions with related parties:

Consolidated Group	2017 $	2016 $
Expenses paid on behalf of the Group by Director Simon Zhang Bin(1)	45,061	7,520
Repayment of amount due to Director Simon Zhang Bin(1)	41,208	961
Advances received from Director Simon Zhang Bin(1)	-	50,099
Advances received from Achieva Capital Management Limited(2)	-	1,947
Advances received from Achieva Capital Investment Limited(2)	-	4,000
Advances received from Shanghai Hongyue Capital Management Limited(2)	-	34,192
Advances received from Shanghai Hongyue Investment Management Limited(2)	880,428	-
Repayment of amount due to Shanghai Hongyue Investment Management Limited(2)	587,118	-

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.

(1) Transactions relate to payment of expenses on behalf of the Group by Mr. Simon Zhang Bin during the year.

(2) Achieva Capital Management Limited, Achieva Capital Investment Limited, Shanghai Hongyue Capital Management Limited, and Shanghai Hongyue Investment Management Limited are entities related to Xinjie Liu (Director resigned 5 March 2017). Transactions relate to related party loan to the Group during the year.

NOTE 24: RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Payable to related party	
	2017	2016
	$	$
Achieva Capital Management Limited (1)	1,833	1,911
Achieva Capital Investment Limited (1)	3,767	3,926
Shanghai Hongyue Capital Management Limited (1)	319,780	32,352
Simon Zhang Bin (2)	49,305	55,381
Sun, Hao(3)	19,101	19,101

(1) Achieva Capital Management Limited, Achieva Capital Investment Limited and Shanghai Hongyue Capital Limited are entities related to Xinjie Liu (Director resigned 5 March 2017). Transactions relate to related party loan to the Group during the year.

(2) Simon Zhang Bin was an executive director who resigned on 29 September 2016.

(3) Hao Sun is the Chief Financial Officer of Daybreak Corporation Limited (largest shareholder).

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 2017	-	-	-	-
30 June 2016	72,792	-	-	72,792

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 2017		
Financial assets		
Trade and other receivables	2,752,229	2,752,229
Cash and cash equivalents	354,951	354,951
Totals	**3,107,180**	**3,107,180**

	Other liabilities carried at amortised cost $	Total $
30 June 2017		
Financial liabilities		
Trade and other payables	4,043,200	4,043,200
Totals	**4,043,200**	**4,043,200**

	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	704,101
Totals	**704,101**	**704,101**

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

NOTE 27: FINANCIAL INSTRUMENT RISKS

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

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

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

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

Specific risks

- Market risk
- Credit risk
- Liquidity risk

Financial instruments used

The principal categories of financial instrument used by the Company,

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

Objectives, policies and processes

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

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

a. Foreign currency risk

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

b. Credit risk analysis

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

The management monitors credit risk on a regular basis.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognized financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

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 2017 and 30 June 2016.

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. 82% of operating revenue is derived from 4 customers for the current financial year. (June 2016: 100% from 5 customers)(Refer Note 19)

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		Non-interest Bearing Maturing within 1 - 5 years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	%	%	$	$	$	$	$	$	$	$
Financial Assets:										
- Cash and Cash equivalents	0.30%	0.30%	349,095	561,673	5,856	921	-	-	354,951	562,594
- Short term deposit	-	-	-	-	-	-	-	-	-	-
- Trade and other receivables	-	-	-	-	2,752,229	1,592,077	-	-	2,752,229	1,592,077
Total Financial Assets	**-**	**-**	**349,095**	**561,673**	**2,758,085**	**1,592,998**	**-**	**-**	**3,107,180**	**2,154,671**
Financial Liabilities:										
- Trade and other payables	-	-	-	-	3,583,725	704,101	459,475	-	4,043,200	704,101
Total Financial Liabilities	**-**	**-**	**-**	**-**	**3,583,725**	**704,101**	**459,475**	**-**	**4,043,200**	**704,101**
Net Financial Assets	**-**	**-**	**349,095**	**561,673**	**(825,640)**	**888,897**	**(459,475)**	**-**	**(936,020)**	**1,450,570**

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-16	84	(84)	84	(84)
30-Jun-17	52	(52)	52	(52)

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 group does not hold any financial assets or liabilities carried at fair value as at 30 June 2017. 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 net significant.

NOTE 29: INVESTMENT IN ASSOCIATE

	Jun-17	Jun-16
	$	$
Nanjing Jinhong Investment Management Co., Limited (25% interest)	485,843	-

Investment in Nanjing Jinhong Investment Management Co., Limited amounted to $485,843 (RMB 2.5m); amount due in 2020 $485,843 (RMB 2.39m) but is recognised at the Present Value of the future obligation of $459,475 (Refer to Note 12).

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

	From the date of incorporation to 30 June 2017
Financial Performance	**$**
Revenue	-
Total comprehensive income/(loss)	-

Nanjing Jinhong Investment Management Investment Co., Limited was incorporated on 14 June 2017 in Nanjing, Jiangsu Province, People's Republic of China and is yet to commence operations. The company was incorporated with an aim to invest in data centres with similar nature as the data centre acquired by Jiangsu Wenhan Information Technology Co., Limited.

NOTE 30: 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.

	2017	2016
	$	$
ASSETS		
CURRENT ASSETS	**22,943**	**364,072**
NON-CURRENT ASSETS	**67,112**	**66,981**
TOTAL ASSETS	**90,055**	**431,053**
CURRENT LIABILITIES	**263,632**	**157,592**
TOTAL LIABILITIES	**263,632**	**157,592**
NET ASSETS / (LIABILITIES)	**(173,577)**	**273,461**
EQUITY		
Issued capital	3,914,446	3,914,446
Accumulated (losses)	(4,088,023)	(3,640,985)
TOTAL EQUITY / (DEFICIT)	**(173,577)**	**273,461**
FINANCIAL PERFORMANCE		
Loss for the year	(447,038)	(409,462)
Total Comprehensive Income for the year	(447,038)	(409,462)

The Parent entity has no contingent liabilities or contingent assets at 30 June 2017.
The Parent entity has no capital commitments at 30 June 2017.
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 21 to 64, 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 2017 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:

Lam Hoi Fung

Managing Director

Dated the 29 day of September 2017

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Victor Group Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

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

Basis for Opinion

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

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition – Note 1 & 2	
Revenue is the key driver of the Group and is generated through multiple revenue streams. Training and consulting service revenue is recognised as revenue when the course has been completed. Infrastructure as a service is recognised as revenue when the service has been performed. The Group focuses on revenue as a key performance measure and revenue is also a key driver by which the performance of the Group is measured. This area is a key audit matter due to the volume of transactions and the total balance of revenue.	Our procedures included, amongst others: • Documenting the processes and assessing the internal controls are designed effectively relating to revenue processing and recognition; • Reviewing the revenue recognition policy to assess whether it is in line with AASB 118 *Revenue;* • Performing analytical procedures to understand the movements and trends in revenue for comparison against expectations; • Tracing a sample of revenue transactions to supporting documentation to ensure revenue is being recognised in line with the revenue recognition policy and accounting standards; • Agreeing a sample of revenue transactions recognised just before and after year-end to test whether they were recorded in the correct period; and • Assessing the adequacy of the related disclosures within the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information.

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

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

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

Responsibilities of the Directors' for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Victor Group Holdings Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner - Audit & Assurance

Adelaide, 29 September 2017

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 28 September 2017.

Substantial Shareholders

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

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

Voting Rights

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

Distribution of equity security holders

		Ordinary shares		Options
Holdings	**Holders**	**Shares**	**%**	
1 - 1,000	3	669	0.000	-
1,001 - 5,000	2	3,889	0.001	-
5,001 - 10,000	290	2,900,000	0.558	-
10,001 - 100,000	38	1,085,528	0.209	-
100,001 and over	9	515,569,914	99.232	-
	342	**519,560,000**	**100**	-

Twenty largest shareholders	Ordinary Shares Number Held	% of issued shares
DAYBREAK CORPORATION LIMITED	400,000,000	76.988
ACHIEVA CAPITAL HOLDINGS LTD	54,850,000	10.557
BEST FAITH DEVELOPMENTS LIMITED	25,000,000	4.812
VANTAGE PATH HOLDINGS LIMITED	20,000,000	3.849
TOP PROSPER INVESTMENT LIMITED	8,987,250	1.730
VANTAGE PATH HOLDINGS LIMITED	3,749,764	0.722
MAIN GAIN DEVELOPMENTS LIMITED	2,613,500	0.503
JILCY PTY LTD <JILCY SUPER FUND A/C>	200,000	0.038
PERSHING AUSTRALIA NOMINEES PTY LTD <PHILLIP SECURITIES (HK) A/C>	169,400	0.033
MS SUFAN DONG	100,000	0.019
BRACTON CONSULTING SERVICES PTY LTD <A&T CLAYTON SUPER FUND A/C>	99,200	0.019
MR XIANG WANG	75,000	0.014
MS SHUANGXIN LI	60,000	0.012
MR BO SHEN	55,000	0.011
MS DONGLIAN LI	50,000	0.010
MR GUOJIAO DONG	50,000	0.010
MS ZHIYUE FENG	50,000	0.010
PAN AUSTRALIAN NOMINEES PTY LIMITED	49,222	0.009
MR RUIJUN MIAO	35,000	0.007
CX & J PTY LTD <CXJ SUPERANNUATION FUND A/C>	33,683	0.006
Totals for Top 20	516,227,019	99.358
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