VIG Education

Victor Group Holdings Limited

ABN 21 165 378 834

Annual Report - 30 June 2022

Corporate directory

Directors	Mr William Hu Mr Zhenxian Wu Mr Aik Siang Goh
Company Secretary	Mr Jun Wu
Notice of Annual General Meeting	The details of the annual general meeting of Victor Group Holdings Limited are: to be determined
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
Share Register	Boardroom
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000, Australia
Solicitor	Andrew Bristow Barclay Pearce Corporate Lawyers Level 17, 155 Pitt Street Sydney NSW 2155, Australia
Bankers	Westpac Banking Corporation 341 George Street Sydney NSW 2000, Australia Bendigo and Adelaide Bank Limited 12 Bath Lane Bendigo VIC 3550, Australia
Stock Exchange Listing	Victor Group Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: VIG)
Website	https://sinovictor.com/
Corporate Governance Statement	https://sinovictor.com/investor-relations/

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Victor Group Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors
Mr William Hu
Mr Zhenxian Wu
Mr Aik Siang Goh

Principal activities
During the year, the principal activities of the Group included: providing Software-as-a-Service (SaaS) and Platform-as-a-service (PaaS) solutions; building and operating cloud-based platforms for education and remote office applications; and providing cloud-based e-learning solutions for educational institutions, students and parents.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $114,421 (30 June 2021: $640,048).

For the year ended 30 June 2022 sales revenue increased by $2,179,761 and gross profit increased by 101% ($1,506,788). The consolidated entity realised a $2,224 loss before tax (2021: $645,507 loss). The increases in sales revenue and gross profit are mainly contributed by the clearance sale of software inventory. The consolidated entity cleared all software inventory during the financial year and going forward management will focus on growing cloud-based services for the group, namely Cloud-based Education, PaaS, and SaaS.

As a part of the strategic transformation, the consolidated entity entered into contracts worth $5,554,832 to purchase two cloud-platform integrated server machines. One of the machine contracts was settled during the reporting period, and the machine received has been used to provide cloud-based education services in Zhangjiakou, China.

As the development of the Australian market is slower than expected, the management has reviewed the consolidated entity's operational costs with a view to finding new strategies to explore the Australian market.

Significant changes in the state of affairs
During the second half of the financial year, the consolidated entity reviewed its operational strategy and took a view to focus on growing its cloud-based services, moving away from sales of software inventory.

The computer industry is a fast-moving industry and the rate of technological change is astronomical. The main risk for the consolidated entity, and therefore the focus of management, is software inventory value. In order to manage the risk of carrying obsolete software inventory stock after having identified slow-moving inventory, a decision was made to sell all inventory on hand as well as the custom-made servers that housed the inventory. The servers occupied a substantial space and had become costly to maintain. The servers were sold at a loss as they were custom-built to house all the cleared software inventory.

During the financial year, the consolidated entity purchased a new "I-cube" cloud integrated server machine which is smaller in size and provides maintenance cost savings. The new I-cube cloud network infrastructure will become a new economic growth point that is agile for the consolidated entity to provide its Cloud-based Education, PaaS, and SaaS offerings to the market.

The consolidated entity will be taking delivery of a server machine in the 2023 financial year to scale revenue-generating solution capabilities and working capital requirements.

Whilst operations in Australia have largely returned to normal with respect to the COVID-19 pandemic, the situation in China has not been as smooth. Due to the reoccurring COVID-19 outbreaks in many major cities in China, in particular the lockdown of Shanghai from March to June 2022, we have faced operational obstacles including the closure of the consolidated entity's headquarters and suspension of operations for three months to adhere to government restrictions guidelines. The operational restrictions striction affected project deliveries and slowed cash inflows of the consolidated entity. We believe these obstacles may reoccur in the first half of FY2023 at a lower operation disruption than March-June 2022.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

The consolidated entity's subsidiary Shanghai Shenghan Information Technology Co. Limited received confirmation that $716,684 VAT receivable will be refunded in full by the tax office in China. The VAT refund is a special cash flow boost policy during the Covid-19 pandemic period. The refund was fully receipted in July 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The consolidated entity will continue to pursue its objectives of increasing its profitability and market share in its cloud education business during the next financial year. This will be achieved through a number of operational efficiency initiatives as well as a focus on inorganic growth opportunities, particularly in the Australian marketplace.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Mr William Hu
Title:	Non-Executive Chairman
Qualifications:	Bachelor of Commerce, CPA.
Experience and expertise:	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 in mergers and acquisitions in Australia.
Other current directorships:	nil
Former directorships (last 3 years):	nil
Special responsibilities:	Chairman of the Audit and Risk Committee
Interests in shares:	nil

Name:	Mr Zhenxian Wu
Title:	Managing Director/CEO
Qualifications:	Bachelor of Accounting and Finance, Masters in Applied Finance
Experience and expertise:	Mr Wu was a senior executive of a globalized PE fund, which emphasized IT and Education investment. He also has enriched experience in management accounting and corporate finance. Mr Wu graduated from Cardiff University, holds a Bachelor of Accounting and Finance. Mr Wu also holds a Master's degree in applied finance, from Monash University.
Other current directorships:	nil
Former directorships (last 3 years):	nil
Special responsibilities:	Member of Remuneration and Nomination Committee
Interests in shares:	nil

Name:	Mr Aik Siang Goh
Title:	Director
Qualifications:	Bachelor of Commerce, Computer Engineering and Masters of Management MGSM
Experience and expertise:	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 360 Cloud, a start-up project funded by Qihu 360 (NSYE:QIHU). Mr Goh graduated from University of Melbourne, holds a Bachelor of Commerce and an undergraduate degree in Computer Engineering. Mr Goh also holds a master's degree in management MGSM Macquarie from University Sydney.
Other current directorships:	nil
Former directorships (last 3 years):	nil
Special responsibilities:	Member of Remuneration and Nomination Committee
Interests in shares:	nil

Name:	Mr Jun Wu
Title:	Company Secretary : Appointed 25 November 2020.
Qualifications:	Bachelor of Commerce - Marketing
Experience and expertise:	Mr Jun Wu has over 10 years experience in corporate advisory providing a range of services across M&A, Capital Raisings, IPOs and Funds Management. Mr Wu is also a senior executive at SSVK Investments, a corporate advisory firm predominantly focusing on cross-border transactions between China and Australia.
Other current directorships:	nil
Former directorships (last 3 years):	nil
Interests in shares:	nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
William Hu	11	11	-	-	-	-
Zhenxian Wu	11	11	-	-	-	-
Alex Goh	11	11	-	-	-	-

Held: represents the number of meetings held during the time the director held office.

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:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The principles of the Group’s executive strategy and supporting incentive programs and frameworks are:
- To align rewards to business outcomes that deliver value to shareholders;
- To drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- To ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

Victor Group has structured a Remuneration and Nomination Committee which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the directors and executive team. The remuneration structure that has been adopted by the Group consists of fixed remuneration being an annual salary.

The Remuneration and Nomination Committee assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

In addition to the fixed remuneration being an annual salary, the payment of bonuses, share options and other incentive payments are reviewed by the Remuneration and Nomination Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to pre-determined performance criteria.

Use of remuneration consultants
No remuneration consultants have been engaged by the Company during the year.

Short-term incentives (STI) and Long-term incentives (LTI)
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. There are currently no equity incentive plans in place as part of the consolidated entity's short-term and long-term incentive programs.

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

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the board. The board may, from time to time receive advice from independent remuneration consultants to ensure non-executive director's fees and payments are appropriate and in line with the market.
Consequences of performance on shareholder wealth
In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following measures in respect of the current financial year and the previous four financial years:

Item	2022	2021	2020	2019	2018
Basic EPS (cents)	(0.02)	(0.11)	(0.02)	0.03	0.15
Dividends (cents per share)	-	-	-	-	-
Net (loss)/profit ($'000)	(114)	(640)	(124)	105	777
Share price at 30 June ($)	0.030	0.030	0.030	0.030	0.030

Details of remuneration
Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors and other personnel of the company:
- William Hu - Non-Executive Director
- Aik Siang (Alex) Goh - Non-Executive Director
- Zhenxian Wu - Executive Director
- Bo Wang - Chief Financial Officer
- Jun Wu - Company Secretary

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2022	Cash salary and fees $	Cash bonus $	Non-monetary and annual leave $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
William Hu	38,400	-	-	-	-	-	38,400
Aik Siang (Alex) Goh	-	-	-	-	-	-	-
Executive Directors:							
Zhenxian Wu	108,000	-	8,308	10,800	1,800	-	128,908
Other Key Management Personnel:							
Bo Wang	12,000	-	-	1,200	200	-	13,400
Jun Wu	38,500	-	-	-	-	-	38,500
	196,900	-	8,308	12,000	2,000	-	219,208

During the year all remuneration paid to key management personnel was fixed, with no short-term or long-term incentives (2021: 100% fixed).

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2021	Cash salary and fees $	Cash bonus $	Non-monetary and annual leave $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
William Hu	38,400	-	-	-	-	-	38,400
Aik Siang (Alex) Goh	-	-	-	-	-	-	-
Executive Directors:							
Zhenxian Wu	108,000	-	6,646	6,840	1,800	-	123,286
Other Key Management Personnel:							
Bo Wang	12,000	-	-	1,140	233	-	13,373
Andrew Bristow*	21,000	-	-	-	-	-	21,000
Jun Wu**	17,500	-	-	-	-	-	17,500
	196,900	-	6,646	7,980	2,033	-	213,559

* Resigned 25 December 2020
** Appointed 25 November 2020

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. All service agreements are for an unlimited duration but may be terminated immediately in the event of serious misconduct, in which case the executive is not entitled to any payment in lieu of notice. Details of these agreements are as follows:

Name:	Zhenxian Wu
Title:	Chief Executive Officer
Agreement commenced:	13/02/2020
Term of agreement:	ongoing
Details:	a) Remuneration: fixed annual salary $108,000, plus employer superannuation contribution. b) Short-term incentives: the Board may, at its discretion, determine that Mr. Zhenxian may be eligible for short-term incentives in the form of a cash bonus. c) Termination: the company and Mr. Zhenxian may terminate the Executive Services Agreement without cause giving the other party one month's notice.

Name:	Bo Wang
Title:	Chief Financial Officer
Agreement commenced:	3/01/2017
Term of agreement:	ongoing
Details:	a) Remuneration: fixed annual salary $12,000, plus employer superannuation contribution. b) Short-term incentives: the Board may, at its discretion, determine that Ms. Bo may be eligible for short-term incentives in the form of a cash bonus. c) Termination: the company and Ms. Bo may terminate the services Agreement without cause giving the other party one month's notice.

Name:	William Hu
Title:	Chairman (Non-executive director)
Agreement commenced:	3/01/2017
Term of agreement:	ongoing
Details:	a) Remuneration: fixed annual fee $38,400. b) Termination: the company and Mr. Hu may terminate the services Agreement without cause giving the other party one month's notice.

Name:	Aik Siang (Alex) Goh
Title:	Non-executive Director
Agreement commenced:	3/06/2017
Term of agreement:	Ongoing
Details:	a) Remuneration:nil. b) Termination: the company and Mr. Hu may terminate the services Agreement without cause giving the other party one month's notice.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2022.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Additional disclosures relating to key management personnel
The transaction balance at the end of the year with the directors and other key management personnel is as follows:

	2022 $	2021 $
Advances received from Daybreak Corporation Limited	-	194,639

Amounts payable to related parties and the group at balance compromised of the following:

	2022 $	2021 $
Daybreak Corporation Limited	194,639	194,639

Daybreak Corporation Limited holds 69.90% (2021: 69.90%) share interest of the group.

The above relates to transactions between the group and major shareholders and their related entities. All non-loan related party transactions are on commercial terms and conditions no more favourable than those available to other parties unless stated otherwise. The loans received from related parties are non-interest-bearing loans.

SSVK Investments Pty Ltd
During the financial year ended 30 June 2022, SSVK Investments Pty Ltd were engaged to provide advisory services to the group. The total amount incurred is $75,909 (2021:$139,500).
As Jun Wu is a partner at SSVK Investments Pty Ltd, SSVK Investments Pty Ltd is considered a related party.

There are no other additional disclosures relating to key management personnel.

Refer to note 20 for further information on related party transactions.

This concludes the remuneration report, which has been audited.

Shares under option
There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on 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.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 18 to the financial statements.

The directors are of the opinion that the services as disclosed in note 18 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independent Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of William Buck
There are no officers of the company who are former partners of William Buck.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
William Buck was appointed during the financial year ended 30 June 2021 in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

William Hu
Independent Chairman

29 September 2022

William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF VICTOR GROUP HOLDINGS LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 50 116 151 136

N. S. Benbow
Melbourne, 29th September 2022

Victor Group Holdings Limited
Contents
30 June 2022

General information

The financial statements cover Victor Group Holdings Limited as a consolidated entity. The financial statements are presented in Australian dollars, which is Victor Group Holdings Limited's functional and presentation currency.

Victor Group Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
Level 26, 1 Bligh Street Sydney, New South Wales 2000	Room Y223,868 ChangPing Road, JingAn District, Shanghai, 200041 People's Republic of China

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2022. The directors have the power to amend and reissue the financial statements.

Victor Group Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue			
Operating income	5	10,766,218	8,586,457
Cost of sales		(7,778,182)	(7,105,209)
Gross Profit		2,988,036	1,481,248
Other income		1,322	31,811
Expenses			
Employee benefits expense		(152,916)	(301,657)
General and administration expenses		(373,525)	(412,072)
Depreciation and amortisation		(1,089,889)	(864,878)
Research and development		-	(477,103)
Bad debts write-off		(325,508)	(101,955)
Loss on disposal of assets	6	(1,049,186)	-
Finance costs		(558)	(901)
Loss before income tax (expense)/benefit		(2,224)	(645,507)
Income tax (expense)/benefit		(112,197)	5,459
Loss after income tax (expense)/benefit for the year attributable to the owners of Victor Group Holdings Limited		(114,421)	(640,048)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange gain/(loss) arising on the translation of foreign operations		614,866	42,836
Other comprehensive income for the year, net of tax		614,866	42,836
Total comprehensive income for the year attributable to the owners of Victor Group Holdings Limited		500,445	(597,212)
		Cents	**Cents**
Earnings per share for loss attributable to the owners of Victor Group Holdings Limited			
Basic earnings per share	24	(0.02)	(0.11)
Diluted earnings per share	24	(0.02)	(0.11)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Victor Group Holdings Limited
Consolidated statement of financial position
As at 30 June 2022

	Note	2022 $	2021 Restated $
Assets			
Current assets			
Cash and cash equivalents		688,224	1,179,633
Trade and other receivables	7	1,133,983	2,486,632
Inventories		-	2,530,125
Contract assets		345,998	555,669
Total current assets		2,168,205	6,752,059
Non-current assets			
Property, plant and equipment	10	1,064,504	1,230,304
Right-of-use assets	8	705,324	-
Intangibles	11	6,780,037	5,873,112
Prepayments for plant and equipment and software	9	2,816,476	-
Total non-current assets		11,366,341	7,103,416
Total assets		13,534,546	13,855,475
Liabilities			
Current liabilities			
Trade and other payables	12	1,027,936	1,833,372
Contract liabilities		347,693	723,111
Current tax liabilities		349,172	-
Employee benefits		24,022	15,715
Total current liabilities		1,748,823	2,572,198
Non-current liabilities			
Employee benefits		6,713	4,712
Total non-current liabilities		6,713	4,712
Total liabilities		1,755,536	2,576,910
Net assets		11,779,010	11,278,565
Equity			
Issued capital	13	5,494,446	5,494,446
Reserves	14	1,230,516	578,470
Retained profits		5,054,048	5,205,649
Total equity		11,779,010	11,278,565

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Victor Group Holdings Limited
Consolidated statement of changes in equity
For the year ended 30 June 2022

	Issued capital $	Foreign exchange translation reserve $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2020	5,494,446	124,415	411,219	5,845,697	11,875,777
Loss after income tax benefit for the year	-	-	-	(640,048)	(640,048)
Other comprehensive income for the year, net of tax	-	42,836	-	-	42,836
Total comprehensive income for the year	-	42,836	-	(640,048)	(597,212)
Balance at 30 June 2021	5,494,446	167,251	411,219	5,205,649	11,278,565

	Issued capital $	Foreign exchange translation reserve $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2021	5,494,446	167,251	411,219	5,205,649	11,278,565
Loss after income tax expense for the year	-	-	-	(114,421)	(114,421)
Other comprehensive income for the year, net of tax	-	614,866	-	-	614,866
Total comprehensive income for the year	-	614,866	-	(114,421)	500,445
Transfer of statutory reserve from retained earnings	-	-	37,180	(37,180)	-
Transfer of statutory reserve from exchange translation reserve	-	(109,115)	109,115	-	-
Balance at 30 June 2022	5,494,446	673,002	557,514	5,054,048	11,779,010

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Victor Group Holdings Limited
Consolidated statement of cash flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers		12,407,143	11,611,175
Receipts from government grants		-	31,800
Payments to suppliers and employees		(7,802,105)	(7,291,924)
Interest received		1,322	11
Interest and other finance costs paid		(558)	(901)
Income taxes refunded/(paid)		236,975	(230,887)
Net cash from operating activities	23	4,842,777	4,119,274
Cash flows from investing activities			
Proceeds from disposal of associate		-	51,380
Payments for purchase of property, plant and equipment, and intangibles		(5,447,639)	(3,591,585)
Net cash used in investing activities		(5,447,639)	(3,540,205)
Cash flows from financing activities			
(Repayments to)/Advances from related parties	20	367,000	215,246
Prepayments for leasing liabilities	8	(737,085)	-
Net cash from/(used in) financing activities		(370,085)	215,246
Net increase/(decrease) in cash and cash equivalents		(974,947)	794,315
Cash and cash equivalents at the beginning of the financial year		1,179,633	396,810
Effects of exchange rate changes on cash and cash equivalents		483,538	(11,492)
Cash and cash equivalents at the end of the financial year		688,224	1,179,633

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Economic Dependency
As disclosed in the financial statements, the consolidated entity incurred a net loss of $114,421 and had net cash inflows from operating activities of $4,842,777 for the period ended 30 June 2022. As at that date, the consolidated entity had net assets of $11,779,010 and net current assets of $419,382.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following:

- Selected shareholders have represented that should the company require financial support, they will have the intention and the ability to support the company with additional funding for up to 12 months from the date of signing the financial report

As a consequence, the financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets, and the settlement of liabilities in the ordinary course of business.

Basis of preparation
The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events, and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (“IFRS”). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accrual basis and is based on historical costs. All amounts are presented Australian dollar (AUD) which is the parent entity's functional currency.

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

The controlled 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 and excluded from the date the controlled entity left the Group.

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

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

Note 1. Significant accounting policies (continued)

Current tax
Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realization and settlement of the respective asset and liability will occur.

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

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

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

Depreciation
The depreciable amount of all fixed assets is 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.

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

	Depreciation rate %
Class of fixed asset	
IT Equipment	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

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

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

Note 1. Significant accounting policies (continued)

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

For the purpose of subsequent measurement, the Group classifies its trade and other receivables as financial assets at amortised cost upon initial recognition.
All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income, or other financial items, except for impairment of trade receivables which is presented within other expenses.
Classifications are determined by both:

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

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

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

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

Trade receivables and contract assets
The Group makes use of a simplified approach to recognising lifetime expected credit losses as these trade receivables and contract assets do not have a significant financial component. In using this practical expedient, the Group uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses.

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

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

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

Impairment of non-financial assets
At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

Note 1. Significant accounting policies (continued)

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.

Revenue recognition
To determine whether to recognise revenue, the Group follows a 5-step process:
1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.
The total transaction price for a contract is allocated amongst its various performance obligations based on their relative stand-alone selling prices.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer, and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

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

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

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

Consulting services and IT services
The Group generally recognises service revenue over time. The Group recognises the service revenue of the delivery of specific services based on a percentage-of-completion method or straight-line basis, whichever provides a more faithful depiction of the transfer of services.

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

Note 1. Significant accounting policies (continued)

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

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

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

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

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

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

Inventories
The group's inventory comprises software purchased from suppliers and is stored on a server. Following initial recognition, the inventory is carried at the lower of cost or net realisable value.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave, and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 1. Significant accounting policies (continued)

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

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

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Victor Group Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of 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.

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

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period. The useful life of the intangible assets is 10 years.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Victor Group Holdings Limited's functional and presentation currency.

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

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

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

Note 1. Significant accounting policies (continued)

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 from the translation of functional currency to presentation currency are transferred directly to the foreign currency translation reserve in the balance sheet. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Expected credit loss on VAT Receivable
Prior to the end of the financial year, the China tax office notified the Group of its intent to refund a substantial amount of VAT (see note 22). Any future VAT payables will be offset against the expected refund. The Group does not expect credit losses on the VAT Receivable for the foreseeable future, as such no expected credit losses have been recorded.
Allowance for expected credit losses
The allowance for expected credit loss assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each Group. These assumptions include recent sales experience and historical collection rates.

Coronavirus (COVID-19) pandemic
Whilst operations in Australia have largely returned to normal with respect to the COVID-19 pandemic, the situation in China has not been as smooth. Due to the reoccurring COVID-19 outbreaks in many major cities in China, in particular the lockdown of Shanghai from March to June 2022, we have faced operational obstacles including the closure of the Group's headquarters and suspension of operations for three months to adhere to government restrictions guidelines. The operational restrictions striction affected project deliveries and slowed cash inflows of the Group. We believe these obstacles may reoccur in the first half of FY2023 at a lower operation disruption than March-June 2022.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment, and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Impairment
The company assesses impairment at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Non-recognition of deferred tax assets
We apply management judgement to recognise a deferred tax asset and review its carrying amount at each reporting date. The carrying amount is only recognised to the extent that it is probable that sufficient taxable profit will be available in the future to utilise this benefit. Any amount unrecognised could be subsequently recognised if it has become probable that future taxable profit will allow us to benefit from this deferred tax asset.

Multiple element contracts
SaaS, IaaS, and PaaS solution contracts entered into by the Group require management judgement in the identification of performance obligations. The Group assesses each customer contract individually into its elements and considers if any element should be aggregated where they cannot be separately determined. Revenue is assigned to each performance obligation based on the stand-alone fair value of the component relevant to the total contract value.

Note 3. Restatement of comparatives

Correction of error
An error was discovered in the consolidated entity's value allocation of software (intangibles) purchased as part of integrated platform hardware. This was caused by an internal error in valuing the intangibles thereby leading to an incorrect split of costs assigned between plant and equipment and intangibles costs from the grouped costs of the integrated platform hardware in the year ended 30 June 2021. Therefore, the value of plant and equipment was understated by as much as $361,681, and the value of intangibles (software) was overstated by the same amount. Extracts (being only those line items affected) are disclosed below.

Statement of financial position at the beginning of the earliest comparative period
When there is a restatement of comparatives, it is mandatory to provide a third statement of financial position at the beginning of the earliest comparative period, being 1 July 2020. However, as there were no adjustments made as at 1 July 2020, the consolidated entity has elected not to show the 1 July 2020 statement of financial position.

Extract	**30 June 2021 Reported**	**Adjustment**	**30 June 2021 Restated**
Non-current assets			
Property, plant and equipment	868,623	361,681	1,230,304
Intangibles	6,234,793	(361,681)	5,873,112
Total non-current assets	7,103,416	-	7,103,416
Total assets	7,103,416	-	7,103,416

Note 4. Operating segments

Identification of reportable operating segments
The company is organised into predominantly 2 operating segments: The first consisting of SaaS, IaaS and PaaS solutions and the second being Cloud Education. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Note 4. Operating segments (continued)

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
The principal products and services of each of these operating segments as determined by management are as follows:

SaaS, Iaas and PaaS Solutions	Software as a Service, Infrastructure as a Service, Platform as a Service solutions; and
Cloud Education	Cloud Education

Major customers
During the year ended 30 June 2022, there were 3 external customers that contributed over 10% of the total revenue.

Customer	30 June 2022 $	30 June 2022 % of total revenue	30 June 2021 $	30 June 2021 % of total revenue
Customer D (SaaS, IaaS and PaaS)	3,066,729	31%	-	-
Customer A (Cloud Education)	3,167,921	32%	2,008,289	23%
Customer B (SaaS, IaaS and PaaS)	3,118,203	31%	1,542,106	18%
Customer C (SaaS, IaaS and PaaS)	-	-	1,211,363	14%
	9,352,853		4,761,758	

Operating segment information

2022	SaaS, IaaS and PaaS solutions $	Cloud Education $	Other segments $	Total $
Revenue				
Sales to external customers	7,303,258	3,462,960	-	10,766,218
Segment cost of sales	(5,239,936)	(2,538,246)	-	(7,778,182)
Total revenue	2,063,322	924,714	-	2,988,036
EBITDA	737,817	349,848	-	1,087,665
Depreciation and amortisation				(1,089,889)
Loss before income tax expense				(2,224)
Income tax expense				(112,197)
Loss after income tax expense				(114,421)

Note 4. Operating segments (continued)

2021	SaaS, IaaS and PaaS solutions $	Cloud Education $	Other segments $	Total $
Revenue				
Sales to external customers	8,245,806	321,567	19,084	8,586,457
Segment cost of sales	(7,105,209)	-	-	(7,105,209)
Gross Profit	1,140,597	321,567	19,084	1,481,248
Other revenue	-	-	31,811	31,811
Total segment revenue	1,140,597	321,567	50,895	1,513,059
Total revenue	1,140,597	321,567	50,895	1,513,059
EBITDA	(153,181)	321,567	50,985	219,371
Depreciation and amortisation				(864,878)
Loss before income tax benefit				(645,507)
Income tax benefit				5,459
Loss after income tax benefit				(640,048)

For Customer A, segment revenue in 2022 was Cloud Education in nature, whereas segment revenue for this same customer in 2021 was SaaS in nature.

Geographical information

	Sales to external customers	
	2022 $	**2021 $**
China	10,766,218	8,586,457
Australia	-	-
	10,766,218	8,586,457

The group operates in two geographical areas, being the People's Republic of China (PRC) and Australia but predominantly in the PRC, where sales revenues are generated and non-current assets are held.

Note 5. Operating income

Operating income

	2022 $	**2021 $**
SaaS, IaaS and PaaS solutions	7,303,258	8,245,806
Cloud Education	3,462,960	321,567
Consulting	-	19,084
	10,766,218	8,586,457

Disaggregation of revenue recognition

Note 5. Operating income (continued)

	2022 $	2021 $
Over time	9,717,579	8,567,373
At a point in time	1,048,639	19,084
	10,766,218	8,586,457

Revenue relating to performance obligation that are unsatisfied as at 30 June 2022 amounting to $347,693 (2021: $723,111), which have been recognised as contract liabilities under current liabilities the year-end, are expected to be recognised during the year ended 30 June 2023 after the provision of services.

Note 6. Loss on disposal of assets

The computer industry is a fast-moving industry and the rate of technological change is astronomical. The main risk for the consolidated entity, and therefore the focus of management, is software inventory value. In order to manage the risk of carrying obsolete software inventory stock after having identified slow-moving inventory, a decision was made to sell all inventory on hand as well as the custom-made servers that housed the inventory. The servers occupied a substantial space and had become costly to maintain.

The servers were sold to a non-related party on commercial terms albeit at a loss as they were custom-built to house all the cleared software inventory.

Note 7. Trade and other receivables

	2022 $	2021 $
Current assets		
Trade receivables	1,253,610	2,311,800
Less: Allowance for expected credit losses	(409,579)	(188,345)
	844,031	2,123,455
VAT/GST receivable	289,952	361,637
Other receivables	-	1,540
	289,952	363,177
	1,133,983	2,486,632

VAT receivable

The consolidated entity expects to receive the full amount of the carried balance as at 30 June 2022 and has not made an allowance for expected credit loss.

A full refund of the balance is expected as detailed on note 22.

Note 7. Trade and other receivables (continued)

Allowance for expected credit losses

The consolidated entity has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the Coronavirus (COVID-19) pandemic. As a result, the calculation of expected credit losses has been revised as at 30 June 2022 and rates have increased in the category greater than 120 days overdue.

The consolidated entity has recognised a loss of $325,508 in profit or loss in respect of the expected credit losses for the year ended 30 June 2022 (2021: $101,955).

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Current $	Greater than 30 days past due $	Greater than 60 days past due $	Greater than 90 days past due $	Greater than 120 days past due $	Total $
30 June 2022						
Gross carrying amount	844,031	-	-	-	409,579	1,253,610
Expected credit loss	-	-	-	-	(409,579)	(409,579)
Net carrying amount	844,031	-	-	-	-	844,031
30 June 2021						
Gross carrying amount	190,612	1,618,265	-	-	502,923	2,311,800
Expected credit loss	-	-	-	-	(188,345)	(188,345)
Net carrying amount	190,612	1,618,265	-	-	314,578	2,123,455

Allowance for expected credit losses
The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		**Carrying amount**		**Allowance for expected credit losses**	
	2022 %	**2021 %**	**2022 $**	**2021 $**	**2022 $**	**2021 $**
Not overdue	-	-	844,031	190,612	-	-
0 to 3 months overdue	-	-	-	1,618,265	-	-
Over 6 months overdue	100.00%	37.45%	409,579	502,923	409,579	188,345
			1,253,610	2,311,800	409,579	188,345

Movements in the allowance for expected credit losses are as follows:

	2022 $	**2021 $**
Opening balance	188,345	81,017
Additional provisions recognised	325,908	101,955
Receivables written off during the year as uncollectable	(109,275)	-
Net exchange difference	4,601	5,373
Closing balance	409,579	188,345

Note 8. Right-of-use assets

	2022 $
Prepayment - Right-of-use	737,085
Less: Accumulated depreciation	(31,761)
	705,324

The consolidated entity prepaid $737,085 and entered 2 leasing agreements for its i-cloud integrated server machines. One commenced in March 2022 and other in June 2022.

	$
Balance at 1 July 2021	-
Additions	737,085
Depreciation expense	(30,205)
Exchange differences	(1,556)
Balance at 30 June 2022	705,324

Note 9. Prepayments for plant and equipment and software

	2022 $	2021 $
Non-current assets		
Prepayments for plant and equipment and software	2,816,476	-

As a part of its strategic transformation, the consolidated entity entered into contracts worth $5,554,832 to purchase two cloud-platform integrated server machines. One of the machines was delivered during the 2022 financial year. The second server machine is expected to be delivered and installed ready for use in the 2023 financial year, therefore no depreciation has been recorded.

Note 10. Property, plant and equipment

	2022 $	2021 Restated $
IT equipment - at cost	1,152,441	1,602,863
IT equipment - less accumulated depreciation	(87,937)	(372,559)
	1,064,504	1,230,304

Note 10. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	$
Balance at 1 July 2020	538,223
Additions	723,430
Exchange differences	4,043
Capitalisation of VAT	149,706
Depreciation expense	(185,098)
Balance at 30 June 2021	1,230,304
Additions	383,746
Disposals	(422,457)
Exchange differences	54,122
Depreciation expense	(181,211)
Balance at 30 June 2022	1,064,504

Note 11. Intangibles

	2022 $	2021 Restated $
Non-current assets		
Software - at cost	9,005,068	8,367,714
Less: Accumulated amortisation	(2,225,031)	(2,494,602)
	6,780,037	5,873,112

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Software $
Balance at 1 July 2020	3,335,039
Additions	2,868,155
Exchange differences	50,284
Capitalisation of VAT	299,413
Amortisation expense	(679,779)
Balance at 30 June 2021	5,873,112
Additions	2,354,610
Disposals	(844,913)
Exchange differences	274,701
Amortisation expense	(877,473)
Balance at 30 June 2022	6,780,037

Note 12. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	266,668	1,546,933
Payable to related parties	561,639	194,639
Other payables	199,629	91,800
	1,027,936	1,833,372

Payables to related parties are unsecured, non-interest bearing, payable at call, and carry no equity conversion features. The related parties have written to the directors of the Company confirming that they will not call upon these amounts payable for a period of at least 13 months from the date of signing this report in the event that such a call would restrict the availability of the Group's working capital to continue to pursue its business activities.

Refer to note 16 for further information on financial instruments.

Note 13. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	572,226,672	572,226,672	5,494,446	5,494,446

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Note 14. Reserves

	2022 $	2021 $
Foreign currency reserve	673,002	167,251
Statutory reserve	557,514	411,219
	1,230,516	578,470

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

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

For the purpose of calculating the transfer to this reserve, the profit after taxation shall be the amount determined under the People’s Republic of China accounting standards. The transfer to this reserve must be made before the distribution of dividends to the shareholders.

Note 15. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year (2021:nil).

Note 16. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (namely foreign currency risk), credit risk, and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange risks, and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies and evaluates financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Financial instruments used
The principal categories of financial instruments used by the company are:

	2022 $	2021 $
Cash and cash equivalents	688,224	1,179,633
Trade and other receivables	844,031	2,124,995
	1,532,255	3,304,628
Trade and other payables	1,027,936	1,833,372

The above mentioned financial instruments are carried at amortised cost.

Remaining contractual maturities
As of the end of the year all financial liabilities of the consolidated entity were repayable within 60 day terms (2021: 60 days).

Note 16. Financial instruments (continued)

Market risk

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

Interest rate risk
Interest rate risk is deemed to be minimal as the consolidated entity's exposure to interest rate risk relates principally to its short-term deposits placed with financial institutions. All borrowings are advances from related parties, unsecured, and non-interest bearing.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

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

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. As at year-end, all payables had maturities within 60 days (2021: 60 days)

Note 17. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2022 $	2021 $
Short-term employee benefits	205,208	203,546
Post-employment benefits	12,000	7,980
Long-term benefits	2,000	2,033
	219,208	213,559

Note 18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the company.

	2022 $	2021 $
Audit services		
Audit or review of the financial statements - William Buck	96,000	50,000
Audit or review of the financial statements - Grant Thornton	-	50,731
	96,000	100,731

Note 19. Contingent liabilities

The company had no contingent liabilities as at 30 June 2022 (2021:nil).

Note 20. Related party transactions

Parent entity
Victor Group Holdings Limited is the parent entity.

Key management personnel
Disclosures relating to key management personnel are set out in note 17 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	2022 $	2021 $
Daybreak Corporations Limited		
Advances received	-	194,639

Daybreak Corporations Limited holds 69.90% (2021: 69.90%) share interest in the Group.

	2022 $	2021 $
Norman Liang		
Advances received	367,000	-

Yingda (Norman) Liang holds 2.91% (2021: 2.91%) share interest in the Group.

SSVK Investments Pty Ltd
During the financial year ended 30 June 2022, SSVK Investments Pty Ltd were engaged to provide advisory services to the group. The total amount incurred is $75,909 (2021:$139,500).
As Jun Wu is a partner at SSVK Investments Pty Ltd, SSVK Investments Pty Ltd is considered a related party.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2022 $	2021 $
Daybreak Corporations Limited	194,639	194,639
Yingda (Norman) Liang	367,000	-

Note 20. Related party transactions (continued)

Terms and conditions
All non-loan related party transactions are on commercial terms and conditions no more favourable than those available to other parties unless stated otherwise. The loans received from related parties are non-interest-bearing loans.

Note 21. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Synergy One Holdings Limited [(1)]	Cayman Islands	100.00%	100.00%
True Prosper Group Limited [(2)]	British Virgin Islands	100.00%	100.00%
Great Prospect Corporation Limited [(3)]	Hong Kong	100.00%	100.00%
Yiya Investment Management (Shanghai) Co., Limited [(4)]	China	100.00%	100.00%
Shanghai Shenghan Information Technology Co., Limited [(5)]	China	100.00%	100.00%

(1) Victor Group Holding Limited is the parent entity of Synergy One Holdings Limited.
(2) Synergy One Holdings Limited is the intermediate parent entity of True Prosper Group Limited.
(3) True Prosper Group Limited is the intermediate parent entity of Great Prospect Corporation Limited.
(4) Great Prospect Corporation Limited is the intermediate parent entity of Yiya Investment Management (Shanghai) Co., Limited.
(5) Yiya Investment Management (Shanghai) Co., Limited is the intermediate parent entity of Shanghai Shenghan Information Technology Co., Limited.

Note 22. Events after the reporting period

The consolidated entity's subsidiary Shanghai Shenghan Information Technology Co. Limited received confirmation that $716,684 VAT receivable will be refunded in full by the tax office in China. The VAT refund is a special cash flow boost policy during the Covid-19 pandemic period. The refund was fully receipted in July 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 23. Reconciliation of loss after income tax to net cash from operating activities

	2022 $	2021 $
Loss after income tax (expense)/benefit for the year	(114,421)	(640,048)
Adjustments for:		
Depreciation and amortisation	1,089,889	864,878
Bad Debts written off	325,508	101,955
Foreign exchange differences	(508,183)	(42,836)
Capitalisation of VAT	-	(449,119)
Net loss on disposal of non-current assets	1,049,186	-
Change in operating assets and liabilities:		
(Increase) decrease in trade and other receivables	1,352,649	2,125,238
(Increase) decrease in inventory	2,530,125	4,957,795
(Increase) decrease in other current assets	209,671	(555,482)
Increase (decrease) in trade and other payables	(1,075,709)	(2,631,543)
Increase (decrease) in tax assets and liabilities	349,172	(236,346)
Increase in employee benefits	10,308	20,427
Increase (decrease) in deferred revenue	(375,418)	604,355
Net cash from operating activities	4,842,777	4,119,274

Note 24. Earnings per share

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	572,226,672	572,226,672
Weighted average number of ordinary shares used in calculating diluted earnings per share	572,226,672	572,226,672

Earnings per share for profit/(loss) from operations attributable to the owners of Victor Group Holdings Limited:

	Cents	Cents
Basic earnings per share	(0.02)	(0.11)
Diluted earnings per share	(0.02)	(0.11)

Note 25. 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.

	2022 $	2021 $
Current Assets	7,188,133	7,158,320
Non-Current Assets	-	-
Total Assets	7,188,133	7,158,320
Current Liabilities	(841,529)	(384,610)
Non-Current Liabilities	(6,712)	(4,712)
Total liabilities	(848,241)	(389,322)

Note 25. Parent entity information (continued)

Issued capital	5,494,446	5,494,446
Retained earnings/(Accumulated losses)	845,446	1,274,552
Total Equity	6,339,892	6,768,998
Financial performance		
Profit/(Loss) for the year	(467,435)	(794,082)
Total comprehensive income for the year	(467,435)	(794,082)

Victor Group Holdings Limited
Directors' declaration
30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

William Hu
Independent Chairman

29 September 2022

William Buck

Victor Group Holdings Limited

Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Victor Group Holdings Limited (the Company) and its controlled entities (together, the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

ii. 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

REVENUE RECOGNITION	
Area of focus **Refer also to notes 1 and 5**	**How our audit addressed it**
This area is a key audit matter as each revenue stream requires a bespoke revenue recognition model where significant judgement is required to determine separate performance obligations within	Our audit procedures included the following: — Understanding and documenting the design of key controls and testing their operational effectiveness on revenue recognition;

contracts and the allocation of the transaction price to the performance obligations when not explicitly defined to ensure that revenue is only recognised: a) when a performance milestone is achieved; b) can be reliably measured; and c) there is a low likelihood for dispute by the customer for revenues that are recognised which are beyond that originally scoped at the inception of the engagement.	— The evaluation of revenue recognition policies for all material sources of revenue to ensure that revenue is recognised in-accordance with AASB 15 *Revenue from Contracts with Customers*; — Examining management's assessment of achievement of performance milestones relevant to material revenue contracts; and — Performing detailed cut-off testing to ensure that revenue transactions throughout the year end had been recorded in the correct financial period. In-addition, we also examined key disclosures relating to the recognition of revenue in the financial statements.
PURCHASES OF INTEGRATED SYSTEM HARDWARE ASSETS	
Area of focus **Refer also to notes 1, 10 and 11**	**How our audit addressed it**
During the year, the Group has acquired significant integrated system hardware assets (both tangible and intangible) in China, which have enabled the Group to render to its customers Software as a Service (SaaS) and Platform as a Service (PaaS) revenues. The cost of these integrated system hardware assets is being amortized over a 10 year life. There is a risk that this asset may only have a future economic benefit that is less than the amount capitalized on the statement of financial position. As there is significant judgement and estimation involved in determining the useful life of the integrated system hardware assets, this has been deemed to be a key audit matter.	Our audit procedures included the following: — Discussing with management the current commercial usage of the integrated system hardware assets, including any potential exposure to any technological obsolescence; — Performed an inspection of the newly purchased integrated system hardware assets; — Assessing the split of the purchase costs between the tangible fixed asset and the intangible software asset used to operate the assets as a whole; — Recomputing the depreciation and amortisation charge for the year; — Examining the specific integrated system hardware assets to determine whether, at an individual asset level, and then more broadly at a cash-generating unit level, there is any indicator of impairment; — Examining the current and forecast sales revenues and gross margins expected to be achieved from the utilisation of the integrated system hardware assets; and — Assessing the appropriateness of disclosures made in with financial statements with regards to critical accounting judgements which include the impairment of assets.

MANAGEMENT OF AVAILABLE WORKING CAPITAL	
Area of focus **Refer also to note 1**	**How our audit addressed it**
The Group is continuing to scale revenues from both its Software as a Service (SaaS and Platform as a Service (PaaS) Solution revenues and Cloud Education revenues. As a consequence of this, it incurred additional costs during the year as it explores its options to expand, grow and market the business not only in China but also expanding into the Australian market. It is also noted that there were significant on-off individual expenses and capital purchases which contributed to the losses and reduced the cash position of the group in the current year. These items relate to the impairment of aged receivables, prepayments of significant additional fixed assets and software intangibles, a one off prepayment of leased hardware and a one off loss on the disposal of fixed and intangible assets during the year. In considering the cash flow needs going forward, the directors expect, based upon comprehensive cashflow forecasting, that the Group will have sufficient available reserves of working capital in order to meet the Group's operating and investing cash flow needs. In addition, the group has received support from its major shareholder (Daybreak Corporation Limited) and another shareholder (Norman Liang) who have pledged to support and provide cash funding to the Group should it be required. Given the significant judgement and estimation required in forecasting the cash flows of the Group and the requirement of support from it's shareholders to continue as a going concern, this has been deemed to be a key audit matter.	Our audit procedures centred around examining the Group's cash flow forecast, extending 12 months from the date of this report, which included the following: — Assessing the forecasted cash flows of the Group and its ability to flex its expenditures to changes in revenue levels as well as flex is expected revenues to be derived from contracts; and — Obtaining signed representation from Daybreak Corporation Limited and Norman Liang that they will provide any necessary support and funding to the Group in order for it to continue as a going concern for at least 12 months from the date of the audit report.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

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

William Buck

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 ability of the Group 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 has 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 these financial statements is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent auditor's report.

William Buck

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 2022.

In our opinion, the Remuneration Report of Victor Group Holdings Limited, for the year ended 30 June 2022, 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.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 50 116 151 136

N. S. Benbow
Melbourne, 29th September 2022

Victor Group Holdings Limited
Shareholder information
30 June 2022

The shareholder information set out below was applicable as at 29 September 2022.

Equity security holders

Distribution of equity security holders

Holdings	Holders	Number of Ordinary shares	%	Options
1 - 1,000	5	1,147	-	-
1,001 - 5,000	1	2,000	-	-
5,001 - 10,000	286	2,860,000	0.50%	-
10,001 - 100,000	36	955,034	0.17%	-
100,001 and over	28	568,408,491	99.33%	-
	356	572,226,672		-

		%
DAYBREAK CORPORATION LIMITED	400,000,000	69.902%
ACHIEVA CAPITAL HOLDINGS LTD	54,850,000	9.585%
FOG COMPUTING INDUSTRIAL INVESTMENT HOLDINGS CO LTD	33,333,333	5.825%
BEST FAITH DEVELOPMENTS LIMITED	25,000,000	4.369%
VANTAGE PATH HOLDINGS LIMITED	20,000,000	3.495%
YINGDA LIANG	16,666,667	2.913%
TOP PROSPER INVESTMENT LIMITED	8,987,250	1.571%
VANTAGE PATH HOLDINGS LIMITED	3,749,764	0.655%
MAIN GAIN DEVELOPMENTS LIMITED	2,613,500	0.457%
JILCY PTY LTD (JILCY SUPER FUND A/C)	200,000	0.035%
CITICORP NOMINEES PTY LIMITED	172,433	0.030%
BRACTON CONSULTING SERVICES PTY LTD (A&T CLAYTON SUPER FUND A/C)	171,905	0.030%
HONG JUN XUE	166,667	0.029%
FAMING LIU	166,667	0.029%
LIMING ZHOU	166,667	0.029%
LEILEI MAO	166,667	0.029%
YI WANG	166,667	0.029%
LE YUE	166,667	0.029%
MR YINGDONG CHEN	166,667	0.029%
HUISHAN LIANG	166,667	0.029%
	166,667	0.029%
	567,244,855	

Unquoted equity securities
There are no unquoted equity securities.

Voting rights
The voting rights attached to ordinary shares are set out below:

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.

There are no other classes of equity securities.

Securities exchange
The Company is listed on the Australian Securities Exchange.