



**Victor Group Holdings Limited**  
and its controlled entities

**ABN 21 165 378 834**

**HALF-YEAR FINANCIAL REPORT**

For the half-year ended 31 December 2020

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## Appendix 4D

### 1. Company details

Company name: Victor Group Holdings Limited ("the Company")

ABN: 21 165 378 834

Reporting period: Half year ended 31 December 2020

Previous corresponding period: Half year ended 31 December 2019

### 2. Results for announcement to the market

Consolidated	6 months to 31-Dec-20	6 months to 31-Dec-19	Movement	% Movement
	\$	\$	\$	
Revenue from continuing operations	4,502,088	3,516,828	985,260	28%
Revenue from discontinued operations	-	2,945	(2,945)	
Total revenue from ordinary activities	4,502,088	3,519,773	982,315	28%
Net profit (loss) before tax	(510,571)	(157,150)	(222,429)	225%
Net profit (loss) from continuing operations after tax attributable to members	(505,058)	(259,310)	(245,748)	95%
Net profit (loss) from discontinued operations after tax attributable to members	-	84,979	(84,979)	
Total net profit (loss) from ordinary activities after tax attributable to members	(505,058)	(174,331)	(330,727)	190%

This Appendix 4D is to be read in conjunction with the Annual Report for the year ended 30 June 2020.

The Directors do not propose to pay any dividend for the half year ended 31 December 2020.

### Key financial highlights

- Increase in revenues from continuing activities of 28% is following the expanding in the platform as a Service (PaaS) and cloud education service compared to the prior period.
- Net loss from continuing operations has increased from \$259,310 in the corresponding prior period (December 2019) to \$505,058 in the current period (December 2020).

### 3. Net tangible assets per security

	31-December-2020	31-December-2019
Net tangible assets per security (cents)	1.41	1.28

### 4. Details of entities over which control has been gained or lost

#### 4.1 Control gained over entities.

N/A

#### 4.2 Control lost over entities.

The Group lost control over Concord Orient Limited on 25 September 2020.

### 5. Dividends

#### Individual dividends per security

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
<b>Interim dividend:</b>				
Current year	-	-	-	-
Previous year	-	-	-	-

### 6. Dividend reinvestments plans

#### 6.1 The dividend or distribution plans shown below are in operation.

N/A

#### 6.2 The last date(s) for receipt of election notices for the dividend or distribution plans.

N/A

## 7. Details of associates and joint entities

	31-Dec-20	30-Jun-20
	\$	\$
Henan Huifeng Fund Management Co., Ltd <sup>(1)</sup>	-	51,380
	-	51,380
	<b>Percentage interest</b>	<b>Percentage interest</b>
Henan Huifeng Fund Management Co., Ltd <sup>(1)</sup>	-	25%

(1) The investment in Henan Huifeng Fund Management Co., Ltd has been sold to a third-party on 11th August 2020 at \$51,380 (RMB 250,000).

## 8. Accounting Standards

The half-year financial report is a general-purpose financial which has been prepared in accordance with requirement of the Corporation Act 2001, Australian Accounting Standards including AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with international accounting standards.

Date this 26th day of February 2021



**William Hu**  
**Director**

## Directors' Report

The Directors of Victor Group Holdings Limited ('Victor Group') present their Report together with the financial statements of the Consolidated Entity, being Victor Group Holdings Limited ('the Company') and its controlled entities ('the Group') for the half-year ended 31 December 2020.

### Director details

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

- Mr. William Hu (Non-Executive Chairman) Appointed 01 March 2017
- Mr. Aik Siang (Alex) Goh (Non-Executive Director) Appointed 06 March 2017
- Mr. Zhenxian (Brady) Wu (Executive Director) Appointed 13 February 2020

### Review of operations and financial results

#### *Financial*

Sales revenue for the half year ended 31 December 2020 increased by 28% to \$4.5m compared to \$3.52m reported in the previous corresponding period. The increase in revenue was mainly due to the rapid market demand recovery in PaaS & SaaS business during the period.

The Group has expanded its offering related to its cloud-based education services. Leveraging on the existing PaaS offering, this service adds more value on training, consulting, online courses and specializations through channels such as virtual classroom and recorded video streams to allow its users to readily have access to online learning tools.

The operating result of the Group has suffered a loss of \$0.5m (December 2019: loss of \$0.17m). The loss mainly came from the amount of \$0.4m software development expenses (December 2019: Nil). The management found a new direction to expand its SaaS business, which is the development of off-the-shelf software and on-site customization development for potential or existing clients to meet their demand. After long-term accumulation of clients' needs during the service, the management team made good sense on potential demands of the clients. The management is confident that the pre-development will become another growth engine for the company's SaaS business.

On 25 September 2020, considering to be more operational cost effective, the Group decided to dispose its BVI subsidiary Concord Orient Limited (COL) and enter the sale of the shares of COL to two third parties at a consideration of \$131 (USD \$100). COL was the holding company of Tech Source Limited, which was disposed in November 2019. COL was a dormant entity and the disposal would not impact the revenue and operation of the Group.

The core business of the Company remains unchanged and Company continues to focus on its digital strategies.

## Directors' Report

### Audit's independence Declaration

A copy of the Auditor's independence Declaration as required under s307C of the *Corporations Act 2001* for the half year ended 31 December 2020 is set out on page 7 of this financial report.

Signed in accordance with a resolution of the Board of Directors.



William Hu  
Director

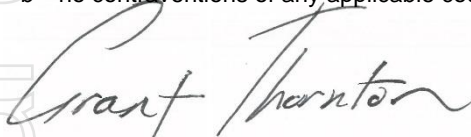
26 February 2021

## Auditor's Independence Declaration

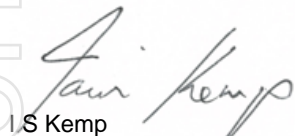
### To the Directors of Victor Group Holdings Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Victor Group Holdings Limited for the half year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



I S Kemp  
Partner – Audit & Assurance

Adelaide, 26 February 2021



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

		<b>Consolidated Group</b>	
	<b>Note</b>	<b>December 2020</b>	<b>December 2019</b>
		<b>\$</b>	<b>\$</b>
Operating revenue	6	4,502,088	3,516,828
Cost of sales		(3,818,771)	(3,372,721)
<b>Gross profit</b>		<b>683,317</b>	<b>144,107</b>
Other income	6	24,600	111,095
Software development expenses	8	(401,577)	-
General and administrative expenses	8	(816,911)	(514,512)
<b>Profit/(loss) before income tax from continuing operations</b>		<b>(510,571)</b>	<b>(259,310)</b>
Income tax (expense)/benefit		5,513	-
<b>Loss for the period from continuing operations</b>		<b>(505,058)</b>	<b>(259,310)</b>
Profit/(loss) for the period from discontinued operations	16	-	84,979
<b>Loss for the period</b>		<b>(505,058)</b>	<b>(174,331)</b>
<b>Other comprehensive income for the period, net of tax</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain differences arising on the translation of foreign operations		(330,416)	(254,983)
Foreign exchange translation reserve released upon disposal of subsidiaries		-	(10,732)
<b>Total comprehensive income for the period</b>		<b>(835,474)</b>	<b>(440,046)</b>
<b>Loss for the year attributable to:</b>			
Non-controlling interests		-	(12,619)
Owners of the Parent		(505,058)	(161,712)
		<b>(505,058)</b>	<b>(174,331)</b>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (continued)  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Note	Consolidated Group	
		December 2020	December 2019
		\$	\$
<b>Total comprehensive income attributable to:</b>			
Non-controlling Interests		-	(13,542)
Owners of the Parent		(835,473)	(426,504)
		<b>(835,473)</b>	<b>(440,046)</b>
<b>Total comprehensive income for the period attributable to owners of the Parent</b>			
Continuing operations		(835,473)	(513,370)
Discontinued operations		-	73,324
		<b>(835,473)</b>	<b>(440,046)</b>
<b>Earnings / (loss) per share (on loss attributable to ordinary equity holders)</b>		<b>Cents</b>	<b>Cents</b>
<b>Basic earnings / (loss) per share (cents per share)</b>			
Continuing operations		(0.09)	(0.05)
Discontinued operations		-	0.02
<b>Total</b>	14	<b>(0.09)</b>	<b>(0.03)</b>
<b>Diluted earnings / (loss) per share (cents per share)</b>			
Continuing operations		(0.09)	(0.05)
Discontinued operations		-	0.02
<b>Total</b>	14	<b>(0.09)</b>	<b>(0.03)</b>

These financial statements should be read in conjunction with accompanying notes

## CONSOLIDATED STATEMENT OF FINANCIAL POSITON

AS AT 31 DECEMBER 2020

		Consolidated Group	
	Note	31 December 2020	30 June 2020
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	515,854	396,810
Trade and other receivables		6,265,288	4,611,870
Inventory	10	3,849,467	7,487,920
Prepayment		1,413,092	187
<b>TOTAL CURRENT ASSETS</b>		<b>12,043,701</b>	<b>12,496,787</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	479,363	538,223
Intangible assets	12	2,985,339	3,335,039
Investment in associate		-	51,380
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,464,702</b>	<b>3,924,642</b>
<b>TOTAL ASSETS</b>		<b>15,508,403</b>	<b>16,421,429</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	4,337,407	4,190,550
Contract liabilities		130,693	118,756
Income tax payable		-	236,346
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,468,100</b>	<b>4,545,652</b>
<b>TOTAL LIABILITIES</b>		<b>4,468,100</b>	<b>4,545,652</b>
<b>NET ASSETS</b>		<b>11,040,303</b>	<b>11,875,777</b>
<b>EQUITY</b>			
Issued capital		5,494,446	5,494,446
Foreign exchange translation reserve		(206,001)	124,415
Statutory reserve		411,219	411,219
Retained earnings		5,340,639	5,845,697
<b>Total equity attributable to owners of the Parent</b>		<b>11,040,303</b>	<b>11,875,777</b>
Non-controlling interests		-	-
<b>TOTAL EQUITY</b>		<b>11,040,303</b>	<b>11,875,777</b>

These financial statements should be read in conjunction with accompanying note

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR HALF-YEAR ENDED 31 DECEMBER 2020**

	Attributable to owners of the Parent				Non-controlling Interest	Total
	Issued Capital	Retained Earnings	Foreign Exchange Translation Reserve	Statutory Reserve		
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>3,914,446</b>	<b>5,957,431</b>	<b>368,886</b>	<b>411,219</b>	<b>87,299</b>	<b>10,739,281</b>
Loss for the period	-	(161,712)	-	-	(12,619)	(174,331)
Realised upon disposal of subsidiaries	-	-	(10,732)	-	-	(10,732)
Exchange differences arising in the translation of foreign operations	-	-	(254,060)	-	(923)	(254,983)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(161,712)</b>	<b>(264,792)</b>	<b>-</b>	<b>(13,542)</b>	<b>(440,046)</b>
Disposal of subsidiaries	-	-	-	-	(73,757)	(73,757)
<b>Balance at 31 December 2019</b>	<b>3,914,446</b>	<b>5,795,719</b>	<b>104,094</b>	<b>411,219</b>	<b>-</b>	<b>10,225,478</b>
<b>Balance at 1 July 2020</b>	<b>5,494,446</b>	<b>5,845,697</b>	<b>124,415</b>	<b>411,219</b>	<b>-</b>	<b>11,875,777</b>
Loss for the period	-	(505,058)	-	-	-	(505,058)
Exchange differences arising in the translation of foreign operations	-	-	(330,416)	-	-	(330,416)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(505,058)</b>	<b>(330,416)</b>	<b>-</b>	<b>-</b>	<b>(835,474)</b>
<b>Balance at 31 December 2020</b>	<b>5,494,446</b>	<b>5,340,639</b>	<b>(206,001)</b>	<b>411,219</b>	<b>-</b>	<b>11,040,303</b>

These financial statements should be read in conjunction with accompanying note

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR HALF-YEAR ENDED 31 DECEMBER 2020**

	<b>Consolidated Group</b>	
	<b>December 2020</b>	<b>December 2019</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	3,827,737	10,760,381
Payments to suppliers and employees	(3,084,190)	(9,778,660)
Finance costs	(311)	(1,141)
Income tax paid	5,454	(24,270)
Government grants and tax incentives	184,284	-
<b>Net cash flow from/(used in) operating activities</b>	<b>932,974</b>	<b>956,310</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Prepayment for purchase of intangible assets	(1,241,074)	-
Interest received	91	6,463
Net cash outflow arising from disposal of subsidiaries	-	(2,004,265)
<b>Net cash flow used in investing activities</b>	<b>(1,240,983)</b>	<b>(1,997,802)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances (to)/from related party	433,833	184,981
Non-related party loan repayment	-	(382,525)
<b>Net cash flow from/(used in) financing activities</b>	<b>433,833</b>	<b>(197,544)</b>
Net increase/(decrease) in cash held	125,824	(1,239,036)
Cash at beginning of financial period	396,810	1,374,909
Effect of exchange rates on cash holdings in foreign currencies	(6,780)	(9,247)
<b>Cash at end of financial period</b>	<b>515,854</b>	<b>126,626</b>

These financial statements should be read in conjunction with accompanying notes

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

### 1. Nature of operations

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

The Group currently operates in People’s Republic of China and Australia.

### 2. General information and basis of preparation

Victor Group Holdings Limited is a profit-oriented entity limited by shares incorporated in Australia whose share are publicly traded on the Australian Securities Exchange (ASX). The interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2020 and are presented in Australian dollars (\$), which is the functional currency of the parent company.

These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2020 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The principle accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The interim financial statements have been approved and authorised for issue by the board of directors on 26 February 2021.

### **3. Estimates**

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2020. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

### **4. Significant events and transactions**

On 25 September 2020, the Company entered into a sale and purchase agreement with two third parties to sell Concord Orient Limited (BVI) entire issued share capital at a consideration of \$131 (USD \$100). Concord Orient Limited (COL) is the holding company of Tech Source Limited, which was disposed in November 2019. COL was a dormant entity, and the disposal would not impact the revenue and operation of the Group. The core business of the Company remains unchanged and Company continues to focus on its digital strategies.

The Group's WOFE company - Shanghai Shenghan Information Technology Limited (known as Shenghan) entered the purchase agreement of the power supply system (\$3.99 million) including the hardware and software in December 2020. A 30% deposit was paid during the period. The system is expected to be delivery in March 2021. The system will be used to support the company's existing platform operation and the potential platform development and operating business.

### **5. New and amended accounting standards issued but not yet effective**

During the period, a number of Standards and Interpretations were issued but not yet effective. The Group is yet to assess the full impact of these standards. However, the standards are unlikely to have a significant effect on the Groups financial results.

## 6. Operating revenue and other income

During the 6-month period ended 31 December 2020, revenue from the top five customers (December 2019: four) amounted to 85% of total operating revenue (December 2019: 88%).

	For the 6 months ended 31 December 2020	For the 6 months ended 31 December 2019
<b>Operating revenue</b>	\$	\$
SaaS, IaaS and PaaS solutions	4,335,300	3,516,828
Cloud education	166,788	-
<b>Total operating revenue</b>	<b>4,502,088</b>	<b>3,516,828</b>
	For the 6 months ended 31 December 2020	For the 6 months ended 31 December 2019
<b>Other income</b>	\$	\$
Government grant <sup>(1)</sup>	24,600	-
Foreign exchange gain	-	111,095
<b>Total other Income</b>	<b>24,600</b>	<b>111,095</b>

(1) The government grant includes the tax incentives and job keeper program.



## 7. Segment reporting

The Group operates in two segments being Software as a Service, Infrastructure as a Service, Platform as a Service solutions and Cloud Education.

The Group operates in two geographical area, being the People's Republic of China (PRC) and Australia but predominately in PRC, where sales revenues are generated, and non-current assets are located.

Segment information for the 6 months ended 31 December 2020 and 2019 reporting period is as follows:

	SaaS, IaaS & PaaS solutions	Cloud Education	Total
	\$	\$	\$
<b>For the 6 months ended 31 December 2020</b>			
Segment revenue	4,335,300	166,788	4,502,088
Segment cost of sales	(3,818,771)	-	(3,818,771)
	516,529	166,788	683,317
<b>Reconciling items</b>			
Other income			24,600
Employee benefit expense			(155,166)
Depreciation and amortisation			(299,566)
Other expenses			(763,756)
<b>Loss before income tax from continuing operations</b>			<b>(510,571)</b>
	SaaS, IaaS & PaaS solutions	Cloud Education	Total
	\$	\$	\$
<b>For the 6 months ended 31 December 2019</b>			
Segment revenue	3,516,828	-	3,516,828
Segment cost of sales	(3,372,721)	-	(3,372,721)
	144,107	-	144,107
<b>Reconciling items</b>			
Other income			111,095
Employee benefit expense			(61,355)
Depreciation and amortisation			(302,876)
Other expenses			(150,281)
<b>Profit before income tax from continuing operations</b>			<b>(259,310)</b>

## 8. Expenses

	Consolidated Group	
	For the 6 months ended 31 December 2020	For the 6 months ended 31 December 2019
	\$	\$
Software development expense <sup>(1)</sup>	<b>401,577</b>	-
<b>General and administrative expenses</b>	\$	\$
Employee benefits	170,486	61,355
Depreciation and amortisation expenses	299,566	302,876
Expected credit loss on trade receivables	130,012	-
Other general and administrative expenses	216,847	150,281
	<b>816,911</b>	<b>514,512</b>

(1) Software development expense \$401,577 (2019: Nil) was incurred for the development of a new off-the-shelf software during the period.

## 9. Cash and cash equivalents

	31-Dec-20	30-Jun-20
	\$	\$
Cash at Bank	515,854	396,810
Total cash and cash equivalent	<b>515,854</b>	<b>396,810</b>

Cash at bank as at 31 December 2020 includes Chinese Renminbi denominated balance of \$444,262 (RMB 2,174,320) (30 June 2020: Chinese Renminbi denominated balance of \$1,785 (RMB 8,689)). RMB balances are held with financial institutions in the People's Republic of China in current accounts.

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

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

## 10. Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is based on the purchase price of inventory items. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

	31-Dec-20	30-Jun-20
	\$	\$
IT Products	3,849,467	7,487,920

## 11. Property, plant and equipment

	31-Dec-20	30-Jun-20
	\$	\$
<b>IT equipment</b>		
At cost	853,031	879,433
Accumulated depreciation	(373,668)	(341,210)
<b>Total IT equipment</b>	<b>479,363</b>	<b>538,223</b>

## 12. Intangible Assets

	31-Dec-20	30-Jun-20
	\$	\$
<b>Software</b>		
Cost	4,991,495	5,145,985
Accumulated amortisation	(2,006,156)	(1,810,946)
<b>Total software</b>	<b>2,985,339</b>	<b>3,335,039</b>

### 13. Trade and other payables

	<b>Consolidated Group</b>	
	<b>31-Dec-20</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Trade payables	2,799,295	3,086,359
Payable to related parties (Refer to Note 19)	424,849	6,125
Dividend payable	1,393	1,393
Other tax payable	-	3,918
Other payables	1,111,870	1,092,755
<b>Total trade and other payables</b>	<b>4,337,407</b>	<b>4,190,550</b>

### 14. Earnings / (loss) per share

Basic earnings / (loss) per share are calculated by dividing net profit / (loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings / (loss) per share amounts are calculated by dividing the net profit/(loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	<b>Consolidated Group</b>	
	<b>For the 6 months ended 31 December 2020</b>	<b>For the 6 months ended 31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) attributable to ordinary equity holders of the parent (continuing operations)	(505,058)	(259,310)
Profit/(loss) attributable to ordinary equity holders of the parent (discontinued operations)	-	97,598
Weighted average number of ordinary shares for basic loss per share	572,226,672	519,560,000
Adjustments for calculation for diluted loss per share	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	572,226,672	519,560,000

### 15. Dividends

No dividends have been paid or provided by the Group during the period for the period. (six months ended 31 December 2019 : nil).

## 16. Discontinued Operations

Tech Source Ltd (TSL) was the holding company of Yunjiao (ZJK) Technology Co., Ltd, and Yunjiao (ZJK) Technology Co., Ltd holds 51% interest in Zhangjiakou Zhitou Yunjiao Information Technology Co., Ltd. The Group lost control of TSL on 27 November 2019 and the financial performance of the TSL was reported in the financial statements for the half-year ended 31 December 2019 as a discontinued operation. The financial performance and cash flow information set out below reflect the operations of TSL for the period to the date of disposal.

	<b>From 1 July 2019 to 27 November 2019</b>
	<b>\$</b>
Revenue	2,945
Cost of sales	(6)
<b>Gross profit</b>	<b>2,939</b>
Other Income	4,475
General and administrative expenses	(41,590)
Financial costs	3,792
<b>Profit/(loss) before income tax</b>	<b>(30,384)</b>
Income tax expense	(3,926)
<b>Profit/(loss) after income tax</b>	<b>(34,310)</b>
Gain on disposal of subsidiaries (note 17(b))	132,544
Withholding tax for capital gain	(13,255)
<b>Profit/(loss) after income tax from discontinued operation</b>	<b>84,979</b>
Net cash flow generated from/(used in) operating activities	1,576,984
<b>Net increase/(decrease) in cash and cash equivalents from discontinued operations</b>	<b>1,576,984</b>

## 17. Disposal of subsidiaries

- (a) Concord Orient Limited was a dormant holding company. The Group lost control of Concord Orient Limited on 25 September 2020. Refer to Note 4 for details. The summary regarding the disposal completed during the period ended 31 December 2020 is as follow:

	For the 6 months ended 31 December 2020
	\$
Consideration receivable	131
Carrying amount of net assets sold	(131)
Gain on disposal	-

- (b) TSL summary regarding the disposal completed during the period ended 31 December 2019 is as follow:

	For the 6 months ended 31 December 2019
	\$
Consideration receivable:	
Cash	191,058
Total disposal consideration	191,058
Carrying amount of net assets sold	(69,246)
Gain on disposal before reclassification of foreign exchange translation reserve	121,812
Release of foreign exchange translation reserve	10,732
Gain on disposal	132,544

## 18. Contingent liabilities

The Group has no contingent liabilities as at 31 December 2020 (30 June 2020: Nil).

## 19. Related Party transactions

The transactions with related parties during the period are as follows:

	31-Dec-20	31-Dec-19
	\$	\$
Management fee charged by Daybreak Corporations Limited <sup>(1)</sup>	-	28,000
Advances received from Daybreak Corporations Limited <sup>(2)</sup>	418,724	184,981
Personal guarantee from the director of Daybreak Corporations Limited <sup>(3)</sup>	583,717	

- (1) Daybreak Corporations Limited holds 69.90% (30 June 2020: 69.90%) share interest of the Group.
- (2) Daybreak Corporations Limited granted a loan of RMB 2 million (equivalent to \$398,700) to Shenghan, the Group's wholly owned subsidiary in China, for its short-term working capital purpose in December 2020 ("Advance to Shenghan"). The Advance to Shenghan was paid by the close family members of the executive director and CEO (Mr. Zhenxian (Brady) Wu) under a formal authorisation by Daybreak. Due to the subsequent change of circumstances, the Advance to Shenghan was no longer required and the entire loan of RMB 2 million was repaid by Shenghan in January 2021 (Note 20).
- (3) The amount of \$583,717 personal guarantee was provided by the director of Daybreak Corporation Limited for the recovery of a receivable.

## 20. Events after the reporting date

Due to the subsequent change of circumstances, the Advance to Shenghan was no longer required and the entire loan of RMB 2 million was repaid by Shenghan in January 2021 (Note 19).

There are no other matters or circumstances that have arisen since the end of the period that have significantly affected or may significantly affect either:

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

## 21. Going Concern

The directors believe that the Group will continue to operate as a going concern due to the following:

- The cash and cash equivalents position of the Group subsequent to half-year end has increased. Management is confident that the operation will generate sufficient funds to enable the Group to continue as a going concern. Should the need arise, the directors have the ability to implement cost control measures to reduce discretionary expenditures of the Group;
- Daybreak Corporation Limited as the major shareholder of the Group has confirmed its commitment of financial support to the Group as and when required for the Group to meet its debts and obligations as they fall due.



## Directors' declaration

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

1. the financial statements and notes, as set out on pages 8 to 23, are in accordance with the *Corporations Act 2001*, including
  - (a) complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
  - (b) giving a true and fair view of its financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Director

William Hu

Dated the 26th day of February 2021

# Independent Auditor's Review Report

## To the Members of Victor Group Holdings Limited

### Report on the review of the half-year financial report

#### Conclusion

We have reviewed the accompanying half-year financial report of Victor Group Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Victor Group Holdings Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Victor Group Holdings Limited financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



I S Kemp  
Partner – Audit & Assurance

Adelaide, 26 February 2021