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VICTOR GROUP
Enterprise Management

Victor Group Holdings Limited

Appendix 4E

Preliminary Final Report

For the year ended 30 June 2016

APPENDIX 4E

PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

Commentary on Full Year Results

The Directors of Victor Group Holdings Limited ('Victor' or "the Company") and its controlled entities ('the Group') hereby present the Company's Appendix 4E – Preliminary Final Report. Through this report, the Board seeks to provide an update to its Shareholders and the market on the results achieved for the financial year ended 30 June 2016. It should be noted that the Group's financial reporting period is from 1 July 2015 through 30 June 2016.

The Victor Group realized an after tax profit of $28,508 for the reporting financial year. Revenues from training courses had decreased sharply. Given the traditional timing, this is expected. The Company's cash and cash equivalents reserves decreased to $562,594 because of the data center acquisition ($3.03 million).

About Victor Group Holdings Limited

Victor Group Holdings Limited is the parent company of Hong Kong Victor International Enterprise Co., Limited (a company incorporated in Hong Kong) which in turn has a wholly-owned subsidiaries (incorporated in the PRC) and Synergy One Holdings Limited (a company incorporated in Cayman) which in turn has a wholly-owned subsidiaries incorporated in the BVI, HK and PRC (please refer to the structure chart in page 4). Together, these companies make up the Group. The Group is the owner and operator of a business advisory and enterprise management consulting business in the PRC.

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

After the completion of the acquisition, Wenhan (a wholly-owned subsidiary incorporated in PRC) has commenced the use of that data centre to operate and provide Infrastructure as a Service (IaaS) to the Company and other peer consulting firms.

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

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APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

The following information is given to ASX under listing rule 4.3A.

1. Reporting period

Current Period 12 months ended 30 June 2016

Prior Period 12 months ended 30 June 2015

2. Results for announcement to the market

Consolidated Group	12 Months 30 June 2015 A$'000	12 Months 30 June 2016 A$'000	%change
2.1 Revenue from ordinary activities	10,480	4,846	-53.76%
2.2 Profit from ordinary activities after tax attributable to members	3,096	29	-99.08%
2.3 Net Profit for the year attributable to members	3,096	29	-99.08%
2.4 Dividend			
The company didn't declared 2015 final dividend. The company has not declared 2016 final dividend.			
2.5 Record date for determining entitlements to the dividend	N/A		

<u>Overview</u>

The principal activity of Victor Group Limited and controlled entities ('Consolidated Group' or 'Group') during the financial year was providing enterprise management consulting and strategic planning service.

The Group currently operates in one geographical segment, being the People's Republic of China.

This financial report includes the consolidated financial statements and notes to the financial statements of the Consolidated Group. Victor Group Limited was incorporated on 11 September 2013 and listed on the Australian Securities Exchange ('ASX') on 9 May 2014. The company is incorporated and domiciled in Australia.

<u>Overview of results</u>

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

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The net assets of the consolidated group have decreased by $498,968 from $9,696,551 on 30 June 2015 to $9,197,583 on 30 June 2016. This decrease is largely due to the significant drop in traditional course sales and lower marginal profits as well as certain free courses offered and the higher administration expense as the result of salary increase and increase in advertising investment.

Significant Changes in the State of Affairs

There have been no other significant changes in the state of affairs of the parent entity during the financial year or prior year.

3. Consolidated Statement of Profit or Loss and Other Comprehensive Income – see accompanying preliminary financial statements

4. Consolidated Statement of Financial Position – see accompanying preliminary financial statements

5. Consolidated Statement of Cash flow – see accompanying preliminary financial statements

6. Dividends Paid or Recommended

No dividend has been paid in respect of the 2016 financial year.

7. Statement of movements in Retained Earnings – see accompanying statement of changes in equity

8. Net tangible assets per security

	30 June 2016
Number of securities	519,560,000
Net tangible assets per security in cents	1.41

9. Details of associates and joint venture entities which control has been gained or lost

9.1 Control gained over entities.

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

The new entities are:

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

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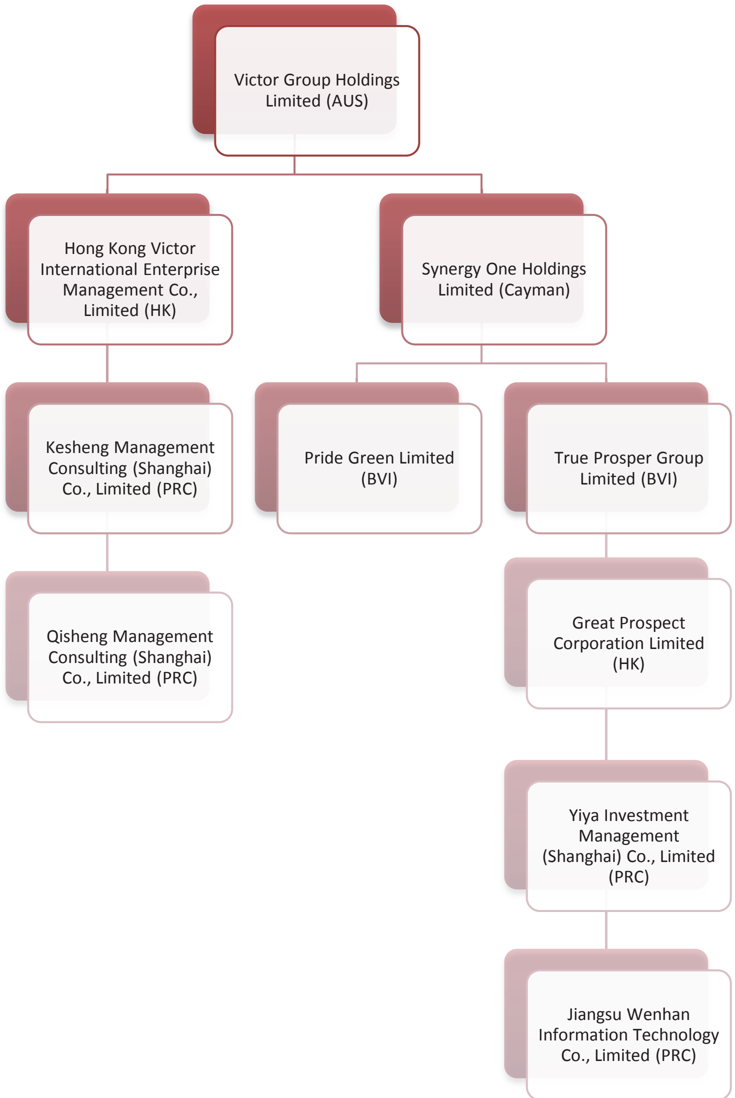
The group structure as at 30 June 2016 is as follows:



9.2 Control lost over entities.

N/A

10. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position

During the year ended 30 June 2016, Yiya Investment Management (Shanghai) Co., Limited (a wholly owned subsidiary) was established for the acquisition of a data centre which has been consolidated into the Group.

The data centre is called Baoying Distributed Cloud Platform located at 2 Huaijiang Ave, Software Information Industry Park, Baoyin County, Yangzhou, Jiangsu, China. The total purchase paid is RMB15 million cash (approximately $3.03 million based on the exchange rate as at 30 June 2016). The data centre is connected by cloud technologies, which combines the advantage of distributed data and enables clients of the Company to connect to the server in the nearest data centre instead of connecting to a centralised server.

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The acquisition was completed in May 2016 and Wenhan has used the data centre to operate and provide Infrastructure as a Service (IaaS) to the Company and other peer consulting firms.

11. Foreign entities disclosures

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*.

12. Compliance Statement

The financial statements are in the process of being audited and are not likely to be subject to dispute or qualification.

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

David Batten

David P Batten – Chairman
Dated this 31st day of August 2016

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

	Note	Jun-16	Jun-15
Operating Revenue	2	4,846,345	10,480,201
Cost of sales		(2,957,776)	(4,263,280)
Gross profit		**1,888,569**	**6,216,921**
Non-operating Revenue		756,193	257,450
Administrative expenses	3	(2,358,848)	(1,884,501)
Finance gain (costs)	3	14,844	27,576
Profit/ (Loss) before income tax		**300,758**	**4,617,446**
Income tax expense	4	(272,250)	(1,521,655)
Profit for the Year		**28,508**	**3,095,791**
Other Comprehensive Income for the Year, Net of Tax			
Items that may be reclassified subsequently to profit or loss			
Foreign currency gain / (loss) on translation of foreign operations		(527,476)	1,312,436
Total Comprehensive Income for the Year Attributable to Members		**(498,968)**	**4,408,227**
Earnings per share (on profit attributable to ordinary equity holders)		**Cents**	**Cents**
Basic earnings per share (cents per share)	13	0.01	0.60
Diluted earnings per share (cents per share)	13	0.01	0.60

These financial statements should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITON
AS AT 30 JUNE 2016

ASSETS	Note	Jun-16	Jun-15
CURRENT ASSETS			
Cash and cash equivalents	6	562,594	4,242,023
Trade and other receivables	7	1,592,077	2,377,755
Other assets	8	2,057,892	727,814
TOTAL CURRENT ASSETS		**4,212,563**	**7,347,592**
NON-CURRENT ASSETS			
Property, plant and equipment	9	4,081,388	2,874,550
Intangible assets	10	1,857,122	21,261
TOTAL NON-CURRENT ASSETS		**5,938,510**	**2,895,811**
TOTAL ASSETS		**10,151,073**	**10,243,403**
CURRENT LIABILITIES			
Trade and other payables	11	704,101	266,789
Income tax payable		249,389	280,063
TOTAL CURRENT LIABILITIES		**953,490**	**546,852**
TOTAL LIABILITIES		**953,490**	**546,852**
NET ASSETS		**9,197,583**	**9,696,551**
EQUITY			
Issued capital	12	3,914,446	3,914,446
Foreign exchange translation reserve	15	648,777	1,176,253
Capital reserve	15	132,081	132,081
Retained earnings		4,502,279	4,473,771
TOTAL EQUITY		**9,197,583**	**9,696,551**

These financial statements should be read in conjunction with accompanying notes

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

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

These financial statements should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOW
FOR YEAR ENDED 30 JUNE 2016

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	Note	Jun-16	Jun-15
CASH FLOWS FROM OPERATING ACTIVITIES		**$**	**$**
Receipts from customers		5,976,582	9,993,664
Payments to suppliers and employees		(6,648,505)	(6,790,351)
Interest received		11,551	61,666
Finance costs		(2,748)	(1,946)
Income tax paid		(292,891)	(2,014,809)
Government subsidy received		744,642	-
Total operating cash flow	**18**	**(211,369)**	**1,248,224**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(946,531)	(87,738)
Purchase of intangible assets		(1,958,288)	(12,030)
Deposit paid for land and building acquisition		(642,936)	(2,290,800)
Total investing cash flow		**(3,547,755)**	**(2,390,568)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of related party loans			(170,141)
Cash received from related party		113,525	-
Dividend payment		(291)	(2,492,107)
Total financing cash flow		**113,234**	**(2,662,248)**
Net increase (decrease)in cash held		(3,645,890)	(3,804,592)
Cash at beginning of financial year		4,242,023	7,138,333
Effect of exchange rates on cash Holdings in foreign currencies		(33,539)	908,282
Cash at end of financial year	**6**	**562,594**	**4,242,023**

These financial statements should be read in conjunction with accompanying notes

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NOTE 1: Statement of significant accounting policies

This financial report includes the consolidated financial statements and notes of Victor Group Holdings Limited and controlled entities ('Consolidated Group' or 'Group').

Victor Group Holdings Limited listed on the Australian Securities Exchange ("ASX") on 9 May 2014 and is a company limited by shares, incorporated and domiciled in Australia. The Company is a for-profit entity for the purpose of preparing the financial statements.

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 accruals basis and is based on historical costs, modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied. All amounts are presented Australian dollar (AUD) which is the group's functional and presentational currency, unless otherwise noted.

Significant accounting polices

a) Principle 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 expose 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 entity is listed in Note 20 to the financial statements. All controlled entities have a June financial year end.

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

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

b) Income Tax

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

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.

c) Property, Plant and Equipment

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

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

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

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.

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly, all other decreases are charged to the statement of profit or loss and other comprehensive income. Each year the difference between depreciation based on the re-comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation surplus to retain earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Buildings and lands	5%
Office equipment	20%
Motor vehicles	20%

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

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

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

d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company are classified as finance leases.

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

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

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

e) Financial Instruments

Recognition and Initial Measurement

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

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

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Effective interest rate method

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

De-recognition

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

Classification and Subsequent Measurement

1) Financial assets at fair value through profit or loss

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

2) Loans and receivables

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

3) Held to maturity investments

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

4) Available-for-sale financial assets

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

5) Financial Liabilities

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

6) Fair value

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

7) Impairment of financial assets

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

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

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

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

f) 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.

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g) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

h) Provisions

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

i) 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.

j) Revenue and Other Income

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

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

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

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

k) Borrowing Costs

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

All other borrowing costs are recognized in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

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l) Goods and Services Tax (GST) and Value Added Tax (VAT)

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

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

m) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share adjust the figures used to determine basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

n) Comparative Figures

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

o) Critical Accounting Estimates and Judgments

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

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

Key Estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions and events specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

p) Intangibles assets

Trademarks are recognized at cost of acquisition. Trademarks have a finite life and are carried at cost less any accumulated amortization and any impairment losses. Trademarks are amortized over their useful life of 10 years.

q) Foreign Currency Transactions and Balances

Functional and presentation currency

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

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

Transaction and balances

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

Exchange differences arising on the translation of monetary items are recognized in 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 recognized in equity; otherwise the exchange difference is recognized in the statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

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

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NOTE 2: Revenue

	Consolidated Group	
	Jun-16	**Jun-15**
	$	$
Operating activities		
Provision of training and consulting services	4,434,315	10,480,201
Infrastructure as a Service	412,030	
Total Revenue	**4,846,345**	**10,480,201**

The Group's exposure to customer concentration risk relates to its dependence on major customers. 91.5% of operating revenue is derived from 3 customers for the current financial year. (June 2015: 100%)

NOTE 3: General and administrative expenses

	Consolidated Group	
	Jun-16	**Jun-15**
	$	$
General and administrative expenses:		
Salary expenses	666,331	744,949
Consulting expense	76,334	128,553
Travelling expense	76,975	87,811
Rental expense paid to related party	66,106	25,340
Depreciation and amortization expense	167,537	73,828
Meeting expense	421,120	145,280
Advertising expense	129,325	50,798
Other operating expenses	755,120	627,942
Finance costs:		
Bank charges	2,748	1,946
Foreign exchange loss (gain)	(17,592)	(29,522)
Total General and administrative expenses	**2,344,004**	**1,856,925**

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NOTE 4: Income tax expense

	Consolidated Group	
	Jun-16	**Jun-15**
	$	$
The components of tax expense comprise:		
Current tax	272,250	1,521,655
Current tax expense	**272,250**	**1,521,655**
Reconciliation of tax expense		
Profit before income tax	300,758	4,617,446
Prima facie tax payable on profit before income tax at rate of 30%	90,227	1,385,234
Adjustments of entities not taxed at 30%	(43,844)	(230,872)
Tax effect on non-deductible expenses	225,867	367,293
Total income tax expense	**272,250**	**1,521,655**
The applicable weighted average effective tax rate	**91%**	**33%**

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

The Group is not a tax consolidated group; tax loss incurred by one subsidiary is not deductible for another.

NOTE 5: Auditors' remuneration

	Consolidated Group	
	Jun-16	**Jun-15**
	$	$
Remuneration of the auditor of the parent entity for:		
-Auditing or reviewing the financial report	130,000	115,000
-Investigating accounts report	-	-
Other services:		
-Tax report	-	-
-Tax Consulting	6,000	-
-Australian tax return	2,800	2,800
Total auditors' remuneration	**138,800**	**117,800**

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NOTE 6: Cash and cash equivalents

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

NOTE 7: Trade and other receivables

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

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements. The group does not hold any collateral as security over any receivable balance, nor does it hold any restrictions of title.

The age of trade receivables past due but not impaired is as follows:

	Consolidated Group	
	Jun-16	Jun-15
	$	$
7-30 days	713,766	297,182
31-60 days	156,099	239,950
61-90 days	248,645	290,028
>90 days but <180 days	-	1,550,595
Total trade receivables	**1,118,510**	**2,377,755**

NOTE 8: Other Assets

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

NOTE 9: Property, Plant and Equipment

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

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Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year is as follows:

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

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

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NOTE 10: Intangible assets

	Software	Trade Mark	Copyrights	Total
	$	$	$	$
Gross carrying amount	**9,936**	**11,994**	**2,138**	**24,068**
Balance at 1 July 2015	-	-	-	-
Addition, separately acquired	1,956,622	1,666	-	**1,958,288**
Net exchange differences	(104,966)	(739)	(116)	**(105,821)**
Balance at 30 June 2016	**1,861,592**	**12,921**	**2,022**	**1,876,535**
Amortisation and impairment				
Balance at 1 July 2015	**(818)**	**(1,935)**	**(54)**	**(2,807)**
Amortisation	(16,205)	(1,285)	(213)	(17,703)
Net exchange differences	909	174	14	1,097
Balance at 30 June 2016	**(16,114)**	**(3,046)**	**(253)**	**(19,413)**
Carrying amount 30 June 2016	**1,845,478**	**9,875**	**1,769**	**1,857,122**

	Software	Trade Mark	Copyrights	Total
	$	$	$	$
Gross carrying amount				
Balance at 1 July 2014	-	**8,789**	-	**8,789**
Addition, separately acquired	9,095	979	1,956	12,030
Net exchange differences	841	2,226	182	3,249
Balance at 30 June 2015	**9,936**	**11,994**	**2,138**	**24,068**
Amortisation and impairment				
Balance at 1 July 2014	-	**(714)**	-	**(714)**
Amortisation	(749)	(958)	(49)	(1,756)
Net exchange differences	(69)	(263)	(5)	(337)
Balance at 30 June 2015	**(818)**	**(1,935)**	**(54)**	**(2,807)**
Carrying amount 30 June 2015	**9,118**	**10,059**	**2,084**	**21,261**

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

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NOTE 11: Trade and other payables

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

NOTE 12: Issued Capital

	Jun-16 Shares	Jun-15 Shares	Jun-16 $	Jun-15 $
Shares issued and fully paid:				
beginning of the year	519,560,000	519,560,000	3,914,446	3,914,446
share issue	-	-	-	-
Total contributed equity at 30 June	**519,560,000**	**519,560,000**	**3,914,446**	**3,914,446**

NOTE 13: Earnings per share

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

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

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

NOTE 14: Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio, and ensure that the company can fund its operations and continue as a going concern.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

NOTE 15: Reserves

	Consolidated Group	
	Jun-16	Jun-15
	$	$
Capital reserve[1]	132,081	132,081
Foreign translation reserve[2]	648,777	1,176,253
	780,858	1,308,334

1. Pursuant to the current People's Republic of China Company Law, the Company is required to transfer between 5% to 20% of its profit after taxation to a statutory reserve until the surplus reserve balance reaches minimal 50% of the registered capital. For the purposes of calculating the transfer to this reserve, the profit after taxation shall be the amount determined under the People's Republic of China accounting standards. The transfer to this reserve must be made before the distribution of dividends to the shareholders.

2. *Foreign translation reserve*
   The foreign currency translation reserve represents exchange differences arising from translation of the parent entity's functional currency (AUD) into presentation currencies of the group (HKD&RMB).

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NOTE 16: Commitments

Operating Commitments

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

	Consolidated Group	
	June 2016	June 2015
	$	$
Payable-minimum lease payments		
Not later than 12 months	72,792	64,080
Between 12 months and five years	-	-
	72,792	64,080

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

Other Commitments

The consolidated group has no other commitment at 30 June 2016

NOTE 17: Contingent Assets and Contingent Liabilities

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

NOTE 18: Cash Flow Information

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

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

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NOTE 20: Controlled entities

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

(1) Percentage of voting power is in proportion to ownership
(2) During the year ended 30 June 2016, a series of wholly owned subsidiaries of the group were incorporated for the purposes of pursuing the opportunity to acquire the cloud-computing platform.
(3) Victor Group Holding Limited is the parent entity of Synergy One Holdings Limited and Hong Kong Victor International Enterprise Management Co., Limited.
(4) Hong Kong Victor International Enterprise Management Co., Limited is the intermediate parent entity of Kesheng Management Consulting (Shanghai) Co., Limited.
(5) Kesheng Management Consulting (Shanghai) Co., Limited is the intermediate parent entity of Qisheng Management Consulting (Shanghai) Co., Limited.
(6) Synergy One Holdings Limited is the intermediate parent entity of Pride Green Limited and True Prosper Group Limited.
(7) True Prosper Group Limited is the intermediate parent entity of Great Prospect Corporation Limited.
(8) Great Prospect Corporation Limited is the intermediate parent entity of Yiya Investment Management (shanghai) Co. Limited.
(9) Yiya Investment Management (shanghai) Co., Limited is the intermediate parent entity of Jiangsu Wenhan Information Technology Co., Limited.

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