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# **VIAGOLD CAPITAL LIMITED**

(Incorporated in Bermuda with limited liability)

(ARBN: 070 352 500)

## **Reports and Consolidated Financial Statements**

For the year ended 31 March 2016

# VIAGOLD CAPITAL LIMITED

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## VIAGOLD CAPITAL LIMITED

### CHAIRMAN'S ADDRESS TO SHAREHOLDERS

I hereby present the 2015/2016 annual results of ViaGOLD Capital Limited ("VIA") and its subsidiaries collectively referred to as the "Group" and the outlook for 2016.

#### REVIEW

The sentiments of the business environment in which the Group is operating in the provision of management and consulting services to education institutions, asset leasing as well as mineral trading business in China have not improved during the current year. Revenue was A\$816,000 for the year ended 31 March 2016 as compared to A\$748,000 for the year ended 31 March 2015.

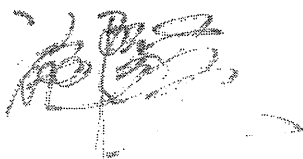
The loss attributable to the equity holders of the Group for the year ended 31 March 2016 was A\$1,214,000 (2015: a loss of approximately A\$1,038,000). Within which, the loss in the major operations for A\$425,000 was mainly attributed to increase in the cost of operation due to the inflation factor of PRC which outweigh the moderate increase in revenue. And the remaining balance of loss for A\$789,000 was mainly due to the annual mandatory statutory professional fee, as well as the professional fee rendered for the acquisition of entities in the rare earth industry during the year.

#### PROSPECT

In 2016, on top of boosting the Group's existing businesses by strengthening the marketing development and the management in its current education management, asset leasing and mineral trading businesses, the Group is completing its acquisition of one of the leading companies and its subsidiaries in rare earth processing industry in China which is expected to be of benefit to ViaGold's shareholders. Details of the acquisition are set out in ASX announcements dated 22 January 2016 and 29 April 2016 respectively. Furthermore, the Group will diversify in other investment opportunities and anticipate to enhance better returns to our shareholders.

#### APPRECIATION

On behalf of the Board of directors (the "Board"), I would like to express my sincere thanks to the Group's shareholders, customers, bankers and business associates for their continuing support. And I would also like to take this opportunity to express my heartfelt thanks to my fellow directors and all the dedicated employees of the Group for their hard work and contributing during the year.



Dr Longguang Shi  
Chairman  
25 May 2016

# VIAGOLD CAPITAL LIMITED

## CORPORATE GOVERNANCE STATEMENT

The directors of the Company are primarily responsible for the corporate governance practices of the Company. This statement sets out the main corporate governance practices in operation throughout the Company for the financial year ended 31 March 2016 (except where otherwise indicated). The Statement also details compliance by the Company with the best practice recommendations set by the Australian Securities Exchange ("ASX") Corporate Governance Council in its Corporate Governance Principles & Recommendations with 2010 Amendments released in June 2010 (Guide).

On the date of this report, the Board consists of three executive directors and three non-executive directors. Details of the directors are set out on page 18 in this Report.

The primary responsibilities of the Board include:

- the establishment of the long term goals of the Company and strategic plans to achieve those goals;
- the approval of the annual and half year financial statements of the Company;
- the review and adoption of annual budgets for the financial performance of the Company and monitoring the results on a quarterly basis; and
- ensuring that the Company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities.

Set out below is a summary of the Corporate Governance policies of the Company and the approach of the Company and the Board to issues of corporate governance. The summary is provided in the context of the Revised Principles set out in the Guide, which principles are regarded by ASX as reflective of the best international practice in the area of corporate governance. As required by the Listing Rules of Australian Securities Exchange Limited (the "ASX Listing Rules") and where applicable, the Company has detailed where it fails to meet those principles and the reasons for that failure.

**No. ASX Key Governance Principles Compliance Non-compliance**

<b>1</b>	<b>Lay solid foundations for management and oversight</b>	<b>Compliance</b>	<b>Non-compliance</b>
1.1	Companies should establish the functions reserved to the Board and management.	<p>The Company has adopted a Board Charter and Code of Conduct to guide executives, management and employees in carrying out their duties and responsibilities.</p> <p>The Board Charter sets out the responsibilities of the Board and the matters delegated to the Chief Executive Officer.</p>	Not applicable.

# VIAGOLD CAPITAL LIMITED

## CORPORATE GOVERNANCE STATEMENT

No.	ASX Key Governance Principles	Compliance	Non-compliance
<b>1</b>	<b>Lay solid foundations for management and oversight (cont'd)</b>		
1.2	Companies should disclose the process for evaluating the performance of senior executives.	One of the key functions of the Board under its Charter is its responsibility for monitoring the performance of the Chief Executive Officer and senior executives.	Not applicable.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	The Company will provide an explanation of departures (if any) from the Key Principles recommendations 1.1 and 1.2 in its future annual reports.	Not applicable.
<b>2</b>	<b>Structure the Board to add value</b>		
2.1	A majority of the Board should be independent directors.	<p>Currently, the Board comprises 6 directors, of which 3 are non-executive directors. Mr. Yan Wang and Mr. Ouyang Cong, can be characterised as independent for the purposes of the ASX Guidelines. The other 3 members of the Board are executive directors. Details of the Board members are set out on page 18 in this Report.</p> <p>All directors are subject to retirement by rotation. The Company's Nomination Committee reviews the composition of the Board on an annual basis and makes recommendations to the Board, to ensure that the Board comprises a number of non-executive directors with an appropriate mix of skills, experience and independence.</p>	The Board recognises the importance of having a majority of independent directors. However, it also seeks to have the best possible balance of skills and experience for the Company's activities and has decided that a majority of independent directors is not of critical importance. The Board considers, given the size and business scope of the Company, that the persons selected as directors bring sufficient and specific skills, experience and independence of thought to ensure decisions by the Board are in the best interests of the Company and its shareholders.

# VIAGOLD CAPITAL LIMITED

## CORPORATE GOVERNANCE STATEMENT

No.	ASX Key Governance Principles	Compliance	Non-compliance
<b>2</b>	<b>Structure the Board to add value (cont'd)</b>		
2.2	The chair should be an independent director.	<p>The chair, Dr. Longguang Shi, is a non-executive director of the Company. Dr. Shi is not considered to be an independent director by reason of him being a non-executive director of the Company.</p> <p>The Board regards Dr. Shi as the best person to chair the Company in the interests of all shareholders.</p>	The Board recognises the importance of the chair being held by an independent director, however, it believes Dr. Shi to be the most appropriate person for this role, given his diverse background, his long involvement in the Company and his knowledge of its activities.
2.3	The roles of chair and Chief Executive Officer should not be exercised by the same individual.	The roles of chair and Chief Executive Officer are not exercised by the same individual.	Not applicable.
2.4	The Board should establish a nomination committee.	<p>The Board has established a Nomination Committee and a Remuneration Committee. The Committees have a charter adopted by the Board which sets out the responsibilities of the Committees.</p> <p>The Nomination Committee reviews the composition of the Board on an annual basis and makes recommendations to the Board, where considered necessary, to ensure that the Board comprises a number of non-executive directors with an appropriate mix of skills and experience. Where necessary, the Committee seeks the advice of external advisers in connection with the suitability of applicants for Board membership. Details of the Nomination Committee members are set out on page 16 in this Report.</p>	Not applicable.

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## CORPORATE GOVERNANCE STATEMENT

No.	ASX Key Governance Principles	Compliance	Non-compliance
2	Structure the Board to add value (cont'd)	<p>The appointment of non-executive directors is to deal with the following matters:</p> <ul style="list-style-type: none"> <li>• expectations concerning preparation and attendance at Board meetings;</li> <li>• conflict resolution; and</li> <li>• the right to seek independent legal and professional advice (subject to prior approval of the Chairman).</li> </ul> <p>The Committee also assesses and reviews the independence of all non-executive directors.</p>	
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.	<p>The Charter of the Nomination Committee requires that it:</p> <ul style="list-style-type: none"> <li>• annually reviews the composition of the Board;</li> <li>• assesses the independence of non-executive directors;</li> <li>• assesses the processes of the Board and Board committees;</li> <li>• assesses the Board's performance;</li> <li>• assesses each director's performance before the director stands for re-election; and</li> <li>• seeks advice of external advisors in connection with the suitability of applicants for Board membership.</li> </ul>	Not applicable.

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## CORPORATE GOVERNANCE STATEMENT

No.	ASX Key Governance Principles	Compliance	Non-compliance
<b>2</b>	<b>Structure the board to add value (cont'd)</b>		
2.6	Companies should provide the information indicated in the Guide to reporting Principle 2.	The Company will continue to provide information concerning the directors, the independence of directors, the performance of the Board and the remuneration of its directors and an explanation of departures (if any) from the Key Principles recommendations 2.1 - 2.5 (inclusive) in its future annual reports.	Not applicable.
<b>3</b>	<b>Promote ethical and responsible decision making</b>		
3.1	<p>Establish a code of conduct and disclose the code or a summary of the code as to:</p> <p>(a) the practices necessary to maintain the confidence in the Company's integrity;</p> <p>(b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and</p> <p>(c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p>	<p>As part of the Board's commitment to the highest standard of conduct, the Company has adopted a Code of Conduct to guide executives, management and employees in carrying out their duties and responsibilities.</p> <p>The code of conduct covers such matters as:</p> <ul style="list-style-type: none"> <li>• responsibilities to shareholders;</li> <li>• compliance with laws and regulations;</li> <li>• ethical responsibilities;</li> <li>• relations with customers and suppliers;</li> <li>• employment practices; and</li> <li>• responsibilities to the environment and the community.</li> </ul>	Not applicable.

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## CORPORATE GOVERNANCE STATEMENT

No.	ASX Key Governance Principles	Compliance	Non-compliance
<b>3</b>	<b>Promote ethical and responsible decision making (cont'd)</b>		
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy.	Share same content with 3.1	Not applicable.
3.3	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	The board, Ms.Mulei Shi, is an executive director of the Company. Details of the disclosure are set out on page 17 in this Report.	Not applicable.
3.4	Companies should provide the information indicated in the Guide to reporting on Principle 3.	The Company will provide an explanation of departures (if any) from the Key Principles recommendations 3.1 - 3.3 in its future annual reports.	Not applicable.

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## CORPORATE GOVERNANCE STATEMENT

No.	ASX Key Governance Principles	Compliance	Non-compliance
<b>4</b>	<b>Safeguard integrity in financial reporting</b>		
4.1	The Board should establish an audit committee.	The Board has established an Audit Committee. The Audit Committee Charter adopted by the Board sets out its responsibilities. Details of the Audit Committee members are set out on page 16 in this Report.	Not applicable.
4.2	<p>The audit committee should be structured so that it:</p> <p>(a) consists only of non-executive directors;</p> <p>(b) consists of a majority of independent directors;</p> <p>(c) is chaired by an independent chair, who is not the chair of the Board; and</p> <p>(d) has at least 3 members.</p>	<p>The Audit Committee presently consists of two independent non-executive director, being Mr. Ouyang Cong and Mr. Yan Wang. The Audit Committee provides a forum for the effective communication between the Board and external auditors. The audit committee reviews:</p> <ul style="list-style-type: none"> <li>• the annual and half-year financial statements prior to their approval by the Board.</li> <li>• the effectiveness of management information systems and systems of internal control;</li> <li>• the appointment of external auditors; and</li> <li>• the efficiency and effectiveness of the external audit functions, including reviewing the relevant audit plans.</li> </ul>	<p>While not in accordance with the best practice recommendations, the Board is of the view that the experience and professionalism of the persons on the Committee is sufficient to ensure that all significant matters are addressed and actioned.</p> <p>The Company is also satisfied that the composition of the Audit Committee suits the present geographic diversity of the Company.</p>

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## CORPORATE GOVERNANCE STATEMENT

No.	ASX Key Governance Principles	Compliance	Non-compliance
<b>4</b>	<b>Safeguard integrity in financial reporting (cont'd)</b>		
4.3	The audit committee should have a formal charter.	The Audit Committee has a formal charter.	Not applicable.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	The Company will provide an explanation of departures (if any) from the Key Principles recommendations 4.1 - 4.3 (inclusive) in its future annual reports.	Not applicable.
<b>5</b>	<b>Make timely and balanced disclosure</b>		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	<p>The Company's Board Charter and disclosure protocol set out the procedure for:</p> <ul style="list-style-type: none"> <li>• protecting confidential information from unauthorised disclosure;</li> <li>• identifying price sensitive information;</li> <li>• reporting material price sensitive information to the company secretary for review;</li> </ul>	Not applicable.

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## CORPORATE GOVERNANCE STATEMENT

No. ASX Key Governance Principles	Compliance	Non-compliance
<b>5</b>	<b>Make timely and balanced disclosure (cont'd)</b>	
5.1	<ul style="list-style-type: none"> <li>• ensuring the Company achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules (including dealings and discussions with analysts, professional bodies, the media or customers); and</li> <li>• ensuring the Company and individual officers do not contravene the Corporations Act or the ASX Listing Rules (including restrictions on media interviews or presentations).</li> </ul> <p>The Board considers issues of continuous disclosure at each of its meetings.</p> <p>The Company also regularly reviews such matters as:</p> <ul style="list-style-type: none"> <li>• continuing education/provision of relevant parts of the ASX Listing Rules the right of its officers to seek independent legal advice;</li> <li>• directors and officers insurance;</li> <li>• setting and promulgation of ethical standards;</li> <li>• auditing arrangements;</li> </ul>	

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## CORPORATE GOVERNANCE STATEMENT

No.	ASX Key Governance Principles	Compliance	Non-compliance
<b>5</b>	<b>Make timely and balanced disclosure (cont'd)</b>		
5.1		<ul style="list-style-type: none"> <li>• identification and management of business risks;</li> <li>• related party transactions; and</li> <li>• compliance with the ASX Listing Rules.</li> </ul> <p>Mr. Tang Kwing Chuen, Kenneth and the local Australian agent, Mr. Chi Keung Chow, Herman have primary responsibility for all communications with the ASX in relation to the ASX Listing Rules matters.</p>	
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	The Company will provide an explanation of departures (if any) from Key Principles recommendations 5.1 in its future annual reports.	Not applicable.
<b>6</b>	<b>Respect the rights of shareholders</b>		
6.1	Companies should design a communication policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	<p>The Company places a high priority on communications with shareholders and is aware of the obligations as a listed company, under the Corporations Act and the ASX Listing Rules, to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities.</p> <p>Information is communicated to shareholders as follows:</p> <ul style="list-style-type: none"> <li>• through the ASX company announcements platform;</li> </ul>	Not applicable.

# VIAGOLD CAPITAL LIMITED

## CORPORATE GOVERNANCE STATEMENT

No.	ASX Key Governance Principles	Compliance	Non-compliance
<b>6</b>	<b>Respect the rights of shareholders (cont'd)</b>		
6.1		<ul style="list-style-type: none"> <li>• through notices of meetings of shareholders; and</li> <li>• by provision of documents that are released to the public on the Company's website.</li> </ul>	
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	The Company will provide an explanation of departures (if any) from the Key Principles recommendations 6.1 in its future annual reports.	Not applicable.
<b>7</b>	<b>Recognise and manage risk</b>		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Board is responsible for the Company's system of internal controls. The Board constantly monitors the operational and financial aspects of the Company's activities. Through the Audit Committee, the Board considers the recommendations and advice of external auditors and other advisers on the operational and financial risks that are facing the Company.	Not applicable.
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Where necessary, the Board ensures that its recommendations are investigated and appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified. In addition, the Board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties, the employment and training of suitably qualified and experienced personnel.	Not applicable.

# VIAGOLD CAPITAL LIMITED

## CORPORATE GOVERNANCE STATEMENT

No.	ASX Key Governance Principles	Compliance	Non-compliance
<b>7</b>	<b>Recognise and manage risk (cont'd)</b>		
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Prior to finalising the full year and half-year financial statements and reports of the Company, the Audit Committee undertakes such investigations and reviews each year as it determines to be necessary to confirm the integrity of the financial reporting of the Company. Included in those steps, the Board requires the Chief Executive Officer and the Chief Financial Officer to make a statement (and sign off to the Board) on the management and internal controls of the Company and the financial reporting.	Not applicable.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	The Company will provide an explanation of departures (if any) from the Key Principles recommendations 7.1 - 7.3 (inclusive) in its future annual reports.	Not applicable.
<b>8</b>	<b>Remunerate reasonably and fairly</b>		
8.1	The Board should establish a remuneration committee.	The Board has a Remuneration Committee.	Not applicable.
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> <li>(a) consists of a majority of independent directors;</li> <li>(b) is chaired by an independent chair,</li> <li>(c) has at least 3 members.</li> </ul>	The Remuneration Committee presently consists of two independent non-executive director, being Mr. Ouyang Cong (Appointed on 21 July 2014) and Mr. Yan Wang, and one executive director Mr. Libin Sun.  Mr. Yan Wang is the chair of the committee.	Not applicable.

# VIAGOLD CAPITAL LIMITED

## CORPORATE GOVERNANCE STATEMENT

No.	ASX Key Governance Principles	Compliance	Non-compliance
<b>8</b>	<b>Remunerate reasonably and fairly (cont'd)</b>		
8.3	<p>Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.</p>	<p>The remuneration of executive directors and senior executives are clearly distinguished in the annual report. Details of the Committee members are set out on page 16 in this report.</p> <p><i>Executive's remuneration</i></p> <p>Remuneration packages may contain any or all of the following:</p> <ul style="list-style-type: none"> <li>• annual salary based on the relevant market;</li> <li>• ad hoc rewards, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution;</li> <li>• a lump sum payment related to achievement of identified business drivers and personal key performance indicators measured over a year; and</li> <li>• other benefits such as holidays, sickness benefits, superannuation payments.</li> </ul> <p>The Remuneration Committee reviews the remuneration of executives every year and consider individual performance, comparative remuneration in the market and where appropriate, external advice. The Committee provides this information together with a recommendation to the Board for consideration.</p>	Not applicable.

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# VIAGOLD CAPITAL LIMITED

## CORPORATE GOVERNANCE STATEMENT

No.	ASX Key Governance Principles	Compliance	Non-compliance
<b>8</b>	<b>Remunerate reasonably and fairly (cont'd)</b>		
8.3		<p><i>Director's remuneration</i></p> <p>Remuneration of the director is determined with regard to the Company's need to maintain appropriately experienced and qualified Board members and in accordance with competitive pressures in the marketplace. The Remuneration Committee may from time to time seek independent advice in relation to the remuneration of Board members and may make recommendations to members in relation to any total fee increase. The Board reviews directors' remuneration on annual basis.</p> <p>From time to time, the Board may ask individual director to devote extra time or to undertake extra duties. Directors who undertake these tasks at the Board's direction may receive extra amounts. Directors are also reimbursed for expenses associated with undertaking their duties.</p>	
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	The Company will provide and explanation of departures (if any) from the Key Principles recommendations 8.1 - 8.3 in its future annual reports.	Not applicable.

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# VIAGOLD CAPITAL LIMITED

## CORPORATE GOVERNANCE STATEMENT

### **Nomination Committee**

The Board has established a Nomination Committee consisting of the following directors and officers:

Mr. Yan Wang

Mr. Libin Sun

### **Audit Committee**

The Board has established an Audit Committee consisting of the following non-executive director and officer:

Mr. Ouyang Cong

Mr. Yan Wang

### **Corporate Governance Committee**

The Board has established a Corporate Governance Committee consisting of the following directors and officers:

Mr. Yan Wang

Mr. Libin Sun

### **Remuneration Committee**

The Board has established a Remuneration Committee consisting of the following directors and officers:

Mr. Ouyang Cong

Mr. Yan Wang

Mr. Libin Sun

# VIAGOLD CAPITAL LIMITED

## CORPORATE GOVERNANCE STATEMENT

### Directors' and executive's emoluments

For the year ended 31 March 2016, the annual directors' remuneration are as follows:

<b>Name of directors</b>	<b>Amount A\$'000</b>
Dr. Longguang Shi	-
Ms. Mulei Shi*	79
Mr. King Choi Leung	77
Mr. Yan Wang	-
Mr. Libin Sun	-
Mr. Ouyang Cong	-

[\* She is one of the six on the Board in accordance to the Recommendation 3.3 in the Corporate Governance Report.]

For the year ended 31 March 2016, the annual remuneration of executive is as follows:

<b>Name of executive</b>	<b>Amount A\$'000</b>
Mr. Kenneth Kwing Chuen Tang (Resigned on 7 August 2015)	1
Mr. King Choi Leung (Appointed on 7 August 2015)	9

# VIAGOLD CAPITAL LIMITED

## DIRECTORS' REPORT

The directors are pleased to present their annual report and the audited consolidated financial statements for the year ended 31 March 2016.

### PRINCIPAL ACTIVITIES AND BUSINESS ANALYSIS OF OPERATIONS

The Company acts as an investment holding company. The subsidiaries of the Company are principally engaged in investment holdings, leasing and capital financing, mineral trading business as well as consultancy and management services to educational institutions. Moreover in May 2016, the Company has completed the acquisition of a company and its subsidiaries which are principally engaged in the rare earth industry. Details of the Company's subsidiaries are set out in note 26 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment is set out in note 5 to the consolidated financial statements.

### DIRECTORS

The directors of the Company during the year and up to the date of this report are:

#### *Executive directors:*

Ms. Mulei Shi (Chief Executive Officer)

Mr. King Choi Leung

Mr. Libin Sun

#### *Non-executive directors:*

Dr. Longguang Shi (Chairman)

#### *Independent non-executive directors:*

Mr. Yan Wang

Mr. Ouyang Cong

In accordance with Article 19.1 of the Company's Bye-Laws, Messrs. Mulei Shi, Yan Wang and Ouyang Cong retire from office by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

All of the remaining directors, including the non-executive directors, are subject to retirement by rotation in accordance with the Company's Bye-Laws.

# VIAGOLD CAPITAL LIMITED

## DIRECTORS' REPORT

### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

#### VIAGOLD - MANAGEMENT TEAM

##### **Chairman and Non-Executive Director - Dr. Longguang Shi**

Dr. Longguang Shi was appointed as Chairman and non-executive director of the Company in September 2010. Dr. Shi is the founder and chairman of LongDa Education Management Group. He is life-long engaged in education carrier for over 30 years. Dr. Shi is engaging in both vocational and competence training education, providing professional consulting and management services to vocational education schools and developing education related businesses. Dr. Shi has a doctorate degree in Business Administration and Philosophy, a master degree in Economics and an MBA degree. Dr. Shi is also the vice-chairman of numerous Provincial and Municipal higher education associations.

##### **CEO and Executive Director- Ms. Mulei Shi**

Ms. Mulei Shi was appointed as CEO and executive director of the Company in October 2010. Ms. Shi holds a bachelor degree in Economic and Law and an MBA concentrated in Finance from the United States. She served in a top investment bank in New York and worked in a large global enterprise - Konka Group, the giant manufacturer of electronic products that is listed in the Shenzhen Stock Exchange (Code: 000016 Shenzhen B Shares). She is the vice-principal of a Zhuhai vocational school and achieved rich management experience. Additionally, she is also the executive director of the Association of Young Entrepreneurs, Guangdong Province.

##### **CFO, Executive Director and Company Secretary- Mr. King Choi Leung**

Mr. Leung was appointed as CFO and executive director of the Company in October 2010 and as Company secretary in August 2015. Mr. Leung has 15 years banking experience and was formerly a corporate banking manager of BNP-Paribas. He has over 20 years experience in management. He had been the executive director of Maytex Group; the deputy president of the Deans brand apparel company in New York (a large US fashion importer) and the Finance Director of Digital City Hong Kong Limited. Mr. Leung holds an Honors Business Administration (HBA) degree from the Richard Ivey Business School of the University of Western Ontario, Canada.

##### **Executive Director - Mr. Libin Sun**

Mr. Libin Sun, age 32, holds an undergraduate degree of the Donbei University of Finance and Economics. He has ample experience in mining industry and is currently the executive director and chief operation officer of Maoming Jingshen Mining Co., LTD, a subsidiary of RISING NONFERROUS METALS CO., LTD which is listed in Shanghai Stock Exchange (Code: 600259 ).

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## DIRECTORS' REPORT

### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

#### VIAGOLD - MANAGEMENT TEAM (Continued)

##### **Independent Non-Executive Director - Mr. Yan Wang**

Mr. Yan Wang serves as an Independent Non-Executive Director of the Group since 17 September 2012. Mr. Wang is an economist by training and has consulted to a number of international companies with operations in China. He has held executive management positions as Managing Director of Nanda High Tech VC Company. Prior to that he was Deputy Managing Director of Jiangsu Far East International Assessment Company both of these are located in Jiangsu Province of China. Mr. Wang holds a bachelors degree from Hohai University, Nanjing.

##### **Independent Non-Executive Director - Mr. Ouyang Cong**

Mr. Ouyang, Cong was appointed as Independent Non-executive Director of the Company in 21 July 2014. Mr. Ouyang holds a Bachelor degree of Accounting from the Jinan University, Guangzhou who is a professional Accountant. Prior to joining the Company, Mr.Ouyang is the Executive Director of Zhuhai Shing Ming International Investment and Management Co. Limited. Mr. Ouyang has 27 years ample experience in investment and finance management. He has held executive management positions in banks in Zhuhai, China and has considerable experience in banking and corporate finance.

#### COMPANY SECRETARY

##### **Mr. Kenneth Kwing Chuen Tang (Resigned on 7 August 2015)**

Mr. Kenneth Kwing Chuen Tang, who was appointed as company secretary of the Company in January 2007, holds a Master degree of Commerce in Finance and a Bachelor degree of Science majoring in Information Systems from the University of New South Wales. Prior to joining the Company, Mr. Tang had implemented an online e-commerce platform in a subsidiary of Culturecom. Mr. Tang also has experience in the Banking and Finance Industry.

#### **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

Pursuant to the Company's Bye-Law 39 and a special resolution passed at the Annual General Meeting of Shareholders held on 24 May 2002, the Company shall pay or agree to pay a premium in respect of a policy insuring any person who is, or has been, an officer of the Company or a subsidiary of the Company against any liability in respect of which the Company would be required to indemnify such person pursuant to Bye-Law 39; and despite anything to the contrary expressed or implied in these Bye-Laws, each director will, so long as and to the extent that his interest under any such contract of insurance which is under consideration by the directors is that of an insured party, be deemed to have declared his interest pursuant to Bye-Law 18.10(g) in respect thereof, and shall be entitled to vote and be counted in the quorum on any resolution of the Board in respect thereof even though such director may be materially interested therein.

# VIAGOLD CAPITAL LIMITED

## DIRECTORS' REPORT

### MEETINGS OF DIRECTORS

The attendance of the directors at Board meetings for the financial year is as follows:

Directors	<u>Board Meetings</u>	
	Held	Attended
Dr. Longguang Shi	11	11
Ms. Mulei Shi	11	11
Mr. King Choi Leung	11	10
Mr. Yan Wang	11	9
Mr. Libin Sun	11	11
Mr. Ouyang Cong	11	9

### RESULTS

The results of the Group for the year ended 31 March 2016 are set out in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income on pages 31 and 32. The directors do not recommend the payment of a dividend.

### FIXED ASSETS

Details of the movements in the fixed assets of the Group during the year are set out in note 14 to the consolidated financial statements.

### SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 17 to the consolidated financial statements.

### SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

In 29 May 2016, the Company has completed the acquisition of a company and its subsidiaries which are principally engaged in the rare earth industry which is expected to be of benefit to ViaGOLD's shareholders. Other than this, no other matter or circumstance has arisen since 31 March 2016 that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in the coming financial years.

# VIAGOLD CAPITAL LIMITED

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS

#### (i) Shares

At 31 March 2016, the interests of the Company's directors and their associates in the issued share capital are as follows:

Name	<u>Number of shares held</u>	
	Personal interests	corporate interests
Dr. Longguang Shi (Note i)	-	6,000,000
Ms. Mulei Shi (Note i)	-	4,000,000
Mr. King Choi Leung	150,000	-

Note:

(i) Dr. Longguan Shi and Ms. Mulei Shi are the beneficial owners of Capital Luck Group Limited.

#### (ii) Share options

##### **Employee share option scheme**

On 19 December 2007, ordinary resolutions were passed by the shareholders at the annual general meeting to approve the adoption of a new share option scheme (the "New Scheme") and the termination of the old share scheme (the "Old Scheme") which were adopted on 28 November 1995.

The Company changed the share option scheme because of the limited participation by senior management, employees and director provided by the Old Scheme. Under the New Scheme, it offers a wider participation by directors, employees, management, contractors and consultant.

The participants of New Scheme are the employee of the Company. No option may be issued to a person under the plan unless the person remains as an employee as at the date of grant, or the Plan Committee determines otherwise.



# VIAGOLD CAPITAL LIMITED

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS (Continued)

#### (ii) Share options (Continued)

##### Employee share option scheme (Continued)

The employee means:

- (a) an individual whom the Plan Committee determines to be in the full-time or part-time employment of a body corporate in the Group (including any employee on parental leave, long service leave or other special leave as approved by the Plan Committee);
- (b) a director of a body corporate in the Group;
- (c) a director of the Company;
- (d) an individual who provides services to a body corporate in the Group whom the Plan Committee determines to be an employee for the purposes of the Plan;
- (e) an individual whose associate (as that expression is defined in section 139GE of the Income Tax Assessment Act 1936) provides services to a body corporate in the Group, which individual the Plan Committee determines to be an employee for the purposes of the Plan; or
- (f) an individual otherwise in the employment of a body corporate in the Group whom the Plan Committee determines to be an employee for the purposes of the Plan.

The total number of shares in respect of which option may be granted under the New Scheme is not permitted to exceed 10% of the total number of issued shares in the Company as at the date of the offer.

The option granted under the New Scheme will be non-transferable, it means that they cannot be sold, transferred, mortgaged, charged or otherwise disposed of or dealt with by the participant prior to exercise except as permitted under Rule 10.3 which are stated as follows.

# VIAGOLD CAPITAL LIMITED

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS (Continued)

#### (ii) Share options (Continued)

##### Employee share option scheme (Continued)

Rule 10.3 stated that Options may be transferred, by an instrument of transfer, in the following circumstances only:

- (a) a transfer constituting the necessary transfer documents following an acceptance of an offer made under an off-market bid relating to options;
- (b) a transfer to a bidder on the sale of the Options under any provision of an applicable law that entitles the bidder to compulsorily acquire the options;
- (c) a transfer to a 100% holder of shares on the sales of the options under any provision of an applicable law that requires the holder to compulsorily acquire the options;
- (d) a transfer under any provision of an applicable law to any person required to acquire the options, if offered for sales, under such provision of the applicable law;
- (e) a transfer in accordance with a scheme of arrangement relating to the options which has become binding in accordance with the provisions of any applicable law;
- (f) if approved by the Board, which approval must not be unreasonably withheld or delayed, a transfer to a related entity of the Participant; or
- (g) any other transfer approved by the Board, which approval may be withheld or delayed or be made subject to conditions at the absolute discretion of the board.

Options will be issued for consideration comprising the services that are expected to be provided by an eligible employee to or for the benefit of the Group but no further monetary or other consideration will be payable in respect of the issue of an option.

The exercise price in respect of an option is as determined by the Plan Committee and must be denominated and payable in Australian dollars.

The New Share Scheme was approved by the shareholders of the Company on 19 December 2007.

## VIAGOLD CAPITAL LIMITED

## DIRECTORS' REPORT

## DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS (Continued)

## (ii) Share options (Continued)

## Employee share option scheme (Continued)

Movements in the share options granted are set out below:

Eligible person	Balance as at 1 April 2015	Number of underlying shares				Exercise price per share \$A	Date of grant (dd/mm/yyyy)	Exercisable period (dd/mm/yyyy)
		Granted during the year ended 31 March 2016	Exercised during the year ended 31 March 2016	Cancelled during the year ended 31 March 2016	Lapsed during the year ended 31 March 2016			
Employees	130,000	-	-	-	-	2	19/12/2007	08/04/2008 - 08/04/2018
Consultants	1,218,792	-	-	-	-	2	19/12/2007	08/04/2008 - 08/04/2018
Employees	1,180,000	-	-	-	(1,180,000)	1	29/11/2010	08/04/2018 - 29/11/2010 - 29/11/2015
Consultants	3,020,000	-	-	-	(3,020,000)	1	29/11/2010	29/11/2010 - 29/11/2015
Consultants	4,500,000	-	-	-	-	1	01/11/2012	01/11/2012 - 01/11/2017
<b>Former directors</b>								
Mr. Jack Chik Ming Chu	100,000	-	-	-	-	2	19/12/2007	08/04/2008 - 08/04/2018
Mr. Pierre Seligman	100,000	-	-	-	-	2	19/12/2007	08/04/2008 - 08/04/2018
Mr. William Kam Biu Tam	50,000	-	-	-	-	2	19/12/2007	08/04/2008 - 08/04/2018
Mr. Cheong Sao Tai	50,000	-	-	-	-	2	19/12/2007	08/04/2008 - 08/04/2018
Mr. Henry Chang Manayan	50,000	-	-	-	-	2	17/12/2008	08/04/2018 - 17/12/2008 - 16/12/2018
Mr. James Anthony Wigginton (Resigned on 20 June 2014)	50,000	-	-	-	-	2	19/12/2007	08/04/2008 - 08/04/2018
<b>Total</b>	<b>10,448,792</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,200,000)</b>			<b>6,248,792</b>

The Company adopts the Binomial Option Pricing Model for estimating the fair value of share options issued under the Share Option Scheme. The model is one of the commonly used models to estimate the fair value of a share option which can be exercised before the expiry of the option period.

# VIAGOLD CAPITAL LIMITED

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS (Continued)

#### (ii) Share options (Continued)

##### Employee share option scheme (Continued)

Significant assumptions are used in the Binomial Option Pricing Model to estimate the value of the share option granted on the grant date, taking into account the following factors:

- Risk-free interest rate - the yields of Australian Government Bonds.
- Expected volatility - the historical volatility of the share prices of the Company.

Binomial Option Pricing Model is subject to certain fundamental limitations because of the subjective nature of and uncertainty relating to the assumptions and inputs to the model as well as certain inherent limitation of the model itself. Any changes in the above assumptions or inputs may materially affect the fair value estimation.

Consultant is classified as employee under the New Scheme.

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its ultimate holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 23 to the consolidated financial statements, no other contract of significance in relation to the Group's business to which the Company, its ultimate holding company, or any of its subsidiaries or its fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### DIRECTORS' BENEFITS

Other than as disclosed in note 9 to the consolidated financial statements, during the year, no director of the Company has received or become entitled to receive a benefit because of a contract that the director or a firm of which the director is a member or a company in which the director has a substantial financial interest made with the Company or a company that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the director received, or became entitled to receive the benefit.

**VIAGOLD CAPITAL LIMITED**

**DIRECTORS' REPORT**

**DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS (Continued)**


**PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the Company's Bye-Laws, or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

**AUDITOR**

The consolidated financial statements have been audited by Messrs. Cheng & Cheng Limited, who will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board



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**Dr. Longguang Shi**  
*Director*

25 May 2016

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## VIAGOLD CAPITAL LIMITED

### DIRECTORS' DECLARATION

The directors of the Company declare that, for the year ended 31 March 2016:

- 1 The attached consolidated financial statements and notes thereto as set out on pages 31 to 77:
  - (a) comply with the International Financial Reporting Standards; and
  - (b) present fairly of the Group's financial position as at 31 March 2016 and of its performance for the financial year then ended.
- 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.

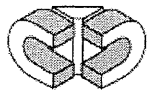
Signed on behalf of and in accordance with a resolution of Board of directors.



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Mulei Shi  
Director

25 May 2016



**CHENG & CHENG LIMITED**  
CERTIFIED PUBLIC ACCOUNTANTS  
鄭 鄭 會 計 師 事 務 所 有 限 公 司

10/F., Allied Kajima Building,  
138 Gloucester Road, Wanchai, Hong Kong.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE SHAREHOLDERS OF VIAGOLD CAPITAL LIMITED**

(Incorporated in the Bermuda with limited liability)

We have audited the consolidated financial statements of ViaGOLD Capital Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 77, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statements of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Directors' responsibilities for the financial statements**

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 (as amended) of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

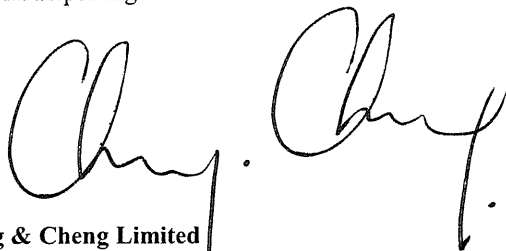
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT (Continued)**

**TO THE SHAREHOLDERS OF  
VIAGOLD CAPITAL LIMITED**  
(Incorporated in the Bermuda with limited liability)

**Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



**Cheng & Cheng Limited**  
Certified Public Accountants

Hong Kong, 25 May 2016

**Chan Shek Chi**  
Practising Certificate number P05540

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## VIAGOLD CAPITAL LIMITED

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2016

	Note	2016 A\$'000	2015 A\$'000
Turnover	5	816	748
Cost of services		(657)	(611)
<b>Gross profit</b>		159	137
Other income	6	210	51
Administrative expenses		(1,482)	(1,230)
Impairment loss on trade and other receivables		(89)	(18)
Other operating income/(expenses)		6	(21)
Finance costs	7	(2)	(3)
<b>Loss before income tax</b>	8	(1,198)	(1,084)
Income tax expenses	11	-	-
<b>Loss for the year</b>		<u>(1,198)</u>	<u>(1,084)</u>
<b>Attributable to:</b>			
Equity holders of the Company		(1,214)	(1,038)
Non-controlling interests		16	(46)
		<u>(1,198)</u>	<u>(1,084)</u>
<b>Loss per share attributable to the equity holders of the Company</b>	13		
- Basic		<u>(A\$0.04)</u>	<u>(A\$0.03)</u>
- Diluted		<u>(A\$0.04)</u>	<u>(A\$0.03)</u>

The notes on pages 36 to 77 form an integral part of these consolidated financial statements.

# VIAGOLD CAPITAL LIMITED

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	2016 A\$'000	2015 A\$'000
<b>Loss for the year</b>	(1,198)	(1,084)
Other comprehensive (loss)/income for the year		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of:		
- Financial statements of overseas subsidiaries	(69)	193
<b>Total comprehensive loss for the year</b>	<u>(1,267)</u>	<u>(891)</u>
<b>Total comprehensive loss attributable to:</b>		
Equity shareholders of the Company	(1,251)	(833)
Non-controlling interests	(16)	(58)
	<u>(1,267)</u>	<u>(891)</u>

The notes on pages 36 to 77 form an integral part of these consolidated financial statements.

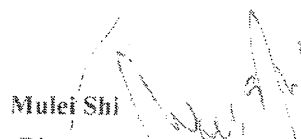
# VIAGOLD CAPITAL LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	2016 AS'000	2015 AS'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	14		
- Investment property		599	669
- Plant and equipment		896	1,054
		<u>1,495</u>	<u>1,723</u>
<b>Current assets</b>			
Trade and other receivables	15	230	925
Cash and cash equivalents	16	1,109	271
		<u>1,339</u>	<u>1,196</u>
<b>Total assets</b>		<u><u>2,834</u></u>	<u><u>2,919</u></u>
<b>Equity</b>			
Share capital	17	6,231	6,131
Reserves	18	(5,164)	(4,733)
Capital and reserves attributable to the owners of the Company		1,067	1,398
Non-controlling interests		510	526
<b>Total equity</b>		1,577	1,924
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	20	1,257	995
<b>Total equity and liabilities</b>		<u><u>2,834</u></u>	<u><u>2,919</u></u>

  
 Longguang Shi  
 Director

  
 Mulei Shi  
 Director

The notes on pages 36 to 77 form an integral part of these consolidated financial statements.

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## VIAGOLD CAPITAL LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to equity holders of the Company									
	Share capital A\$'000	Share premium A\$'000	Translation reserve A\$'000	Contributed surplus A\$'000	Warrant reserve A\$'000	Share-based compensation reserve A\$'000	Accumulated losses A\$'000	Total A\$'000	Non-controlling interests A\$'000	Total equity A\$'000
As at 1 April 2014	6,131	29,020	(28,516)	47,645	551	7,221	(60,185)	1,867	584	2,451
- Total comprehensive loss for the year	-	-	205	-	-	-	(1,038)	(833)	(58)	(891)
Transactions with owners in their capacity										
- Issuance of warrants during the year	-	-	-	-	364	-	-	364	-	364
As at 31 March 2015	6,131	29,020	(28,311)	47,645	915	7,221	(61,223)	1,398	526	1,924
As at 1 April 2015	6,131	29,020	(28,311)	47,645	915	7,221	(61,223)	1,398	526	1,924
- Total comprehensive loss for the year	-	-	(37)	-	-	-	(1,214)	(1,251)	(16)	(1,267)
Transactions with owners in their capacity										
- Issuance by exercise of warrants during the year	6,131	29,020	(28,348)	47,645	915	7,221	(62,437)	147	510	657
- Issuance of warrants during the year	100	295	-	-	(40)	-	-	355	-	355
- Transfer of share-based compensation reserve upon lapse of share options	-	-	-	-	565	(4,272)	-	565	-	565
As at 31 March 2016	6,231	29,315	(28,348)	47,645	1,440	2,949	(58,165)	1,067	510	1,577

The notes on pages 36 to 77 form an integral part of these consolidated financial statements.

# VIAGOLD CAPITAL LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	Note	2016 A\$'000	2015 A\$'000
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	21	(112)	(650)
<b>Cash flows from investing activities</b>			
Acquisition of fixed assets	14	(491)	(726)
Proceeds from disposal of plant and equipment		509	383
Interest received		1	4
Net cash generated from/(used in) investing activities		19	(339)
<b>Cash flows from financing activities</b>			
Interest paid		(2)	(3)
Proceeds from issuance of new shares		355	-
Proceeds from issuance of warrants		565	364
Net cash generated from financing activities		918	361
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>825</b>	<b>(628)</b>
Cash and cash equivalents at the beginning of the year		271	968
Exchange gain/(loss) on cash and cash equivalents		13	(69)
<b>Cash and cash equivalents at the end of the year</b>	16	<b>1,109</b>	<b>271</b>

The notes on pages 36 to 77 form an integral part of these consolidated financial statements.

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 1. General information

ViaGOLD Capital Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Australian Securities Exchange Limited (the “ASX”). The addresses of the registered office and principal place of business of the Company are disclosed on page 80.

The Company and its subsidiaries (together the “Group”) are principally engaged in investment holding, assets leasing and capital financing, minerals trading and consultancy and management services to educational institutions. Details of the activities of the Company’s principal subsidiaries are set out in note 26.

These consolidated financial statements are presented in units of Australian dollars (A\$'000), unless otherwise stated. These consolidated financial statements were approved for issue by the Board of directors on 25 May 2016.

### 2. Significant accounting policies

#### 2.1. Basis of preparation of financial statements

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations (“IFRS”) issued by the International Accounting Standards Board (“IASB”). The consolidated financial statements have been prepared under the historical cost convention.

These consolidated financial statements have been prepared under the accrual basis of accounting and on the basis that the Group is a going concern.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

#### *Application of new and revised IFRS*

In the current year, the Group has applied the following new and revised standards, amendments and interpretations (“new and revised IFRS”) issued by IASB and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB which are or have become effective.

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 2. Significant accounting policies (Continued)

#### 2.1. Basis of preparation of financial statements (Continued)

##### *Application of new and revised IFRS (Continued)*

The Group has applied the following amendments to IFRS and a new interpretation issued by the International Accounting Standards Board (the "IASB") and IFRS Interpretation Committee (the "IFRIC") of the IASB for the first time in the current year:

Amendments to IAS 19	Defined benefit plans: Employee contributions
Amendments to IFRSs	Annual improvements to IFRSs 2010-2012 cycle
Amendments to IFRSs	Annual improvements to IFRSs 2011-2013 cycle

These new standards and amendments do not have a material impact on the consolidated financial statements.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

IAS 1	Presentation of financial statements <sup>1</sup>
IFRS 9	Financial instruments <sup>3</sup>
IFRS 14	Regulatory deferral accounts <sup>1</sup>
IFRS 15	Revenue from contracts with customers <sup>3</sup>
IFRS 16	Leases <sup>4</sup>
Amendments to IAS 12	Recognition of deferred tax assets for unrealised leases <sup>2</sup>
Amendments to IAS 7	Disclosure initiative <sup>2</sup>
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations <sup>1</sup>
Amendments to IAS 1	Disclosure initiative <sup>1</sup>
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation <sup>1</sup>
Amendments to IAS 16 and IAS 41	Agriculture: Bearer plants
Amendments to IAS 27	Equity method in separate financial statements <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture <sup>5</sup>
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: Apply the consolidation exception <sup>1</sup>
Amendments to IFRSs	Annual improvements to IFRSs 2012-2014 cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

<sup>5</sup> Effective date to be determined.

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 2. Significant accounting policies (Continued)

#### 2.2. Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 March 2016.

##### *Subsidiaries*

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### *Transactions and non-controlling interests*

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.



# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 2. Significant accounting policies (Continued)

#### 2.2. Consolidation (Continued)

##### *Transactions and non-controlling interests (Continued)*

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

#### 2.3. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

#### 2.4. Foreign currency translation

##### *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 ("AUD"), which is the Group's presentation currency, while the Group's transactions are denominated in multi-currencies, including Hong Kong Dollars ("HKD"), United States Dollars ("USD"), Macau Pataca ("MOP") and Renminbi ("RMB"). The presentation currency is Australian Dollars ("AUD"), which is different from the functional currency, Renminbi ("RMB") on the grounds that the Group is listed in Australia.

##### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the other comprehensive income.

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 2. Significant accounting policies (Continued)

#### 2.4. Foreign currency translation (Continued)

##### *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

#### 2.5. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

##### *Provision of management and consulting services to educational institutions*

Revenue from management and consulting services to educational institutions are recognised when the services are rendered.

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 2. Significant accounting policies (Continued)

#### 2.5. Revenue recognition (Continued)

##### *Minerals trading*

Revenue from the sales of minerals is recognised upon transfer of significant risks and rewards of ownership, which generally coincides with the time when the minerals are delivered and the title has passed to the customers.

##### *Interest income*

Interest income is recognised on a time proportion basis on the principal outstanding and at the effective interest rate applicable.

##### *Dividend income*

Dividend income is recognised when the right to receive payment is established.

##### *Lease income*

Lease income is recognised over the term of the lease on a straight-line basis.

#### 2.6. Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

#### 2.7. Fixed assets

##### *Investment property*

Investment properties are properties held to earn rental income and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure, except for those transferred from property, plant and equipment and land use rights which are measured at fair value at date of transfer. After initial recognition, investment property is accounted for in accordance with the cost model as set out in IAS 16, Property, Plant and Equipment – cost less accumulated depreciation and less accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings - over 240 months

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 2. Significant accounting policies (Continued)

#### 2.7. Fixed assets (Continued)

##### *Investment property (Continued)*

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

##### *Other property, plant and equipment*

Other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvements	- over the lease terms
Plant and equipment	- 5-10 years
Furniture and fixtures	- 5-10 years
Motor vehicles	- 4-10 years
Investment property	- over the lease terms

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

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 (note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 2. Significant accounting policies (Continued)

#### 2.8. Impairment of non-financial assets

Assets that have an indefinite useful life, for example, goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### 2.9. Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the consolidated statement of financial position (note 2.10 and 2.11).

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or the management intends to dispose of it within 12 months of the end of the reporting period.

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 2. Significant accounting policies (Continued)

#### 2.9. Financial assets (Continued)

##### *Recognition and measurement*

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the consolidated income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss as part of “other income” when the Group’s right to receive payments is established.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit or loss as “gains and losses from investment securities”.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of “other income”. Dividends on available-for-sale equity instruments are recognised in the profit or loss as part of “other income” when the Group’s right to receive payments is established.

##### *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 2. Significant accounting policies (Continued)

#### 2.9. Financial assets (Continued)

##### *Impairment of financial assets carried at amortised cost*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

##### *Impairment of assets classified as available-for-sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the separate consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the separate consolidated income statement.

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 2. Significant accounting policies (Continued)

#### 2.10. Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less provision for impairment, except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

#### 2.11. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

#### 2.12. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### 2.13. Other payables

Other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

#### 2.14. Current and deferred income tax

The tax expense comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly, in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.



# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 2. Significant accounting policies (Continued)

#### 2.14. Current and deferred income tax (Continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### 2.15. Employee benefits

##### *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

##### *Pension obligations*

The employees of two of the Company's subsidiaries which operates in the People's Republic of China participates in the central pension scheme (the "CPS") operated by the local government authorities on behalf of its staff. This subsidiary is required to contribute a certain percentage of their covered payroll to the CPS to fund the benefits. The only obligation of the subsidiary with respect to the CPS is to pay the ongoing required contribution under the CPS. Contribution under the CPS are charged to the consolidated income statement as they become payable in accordance with the rules of the CPS.

##### *Share-based compensation*

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees and consultants as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability and sales growth targets.) Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 2. Significant accounting policies (Continued)

#### 2.16. Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### 2.17. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

#### 2.18. Related parties

A related party is a person or entity that is related to the Company in these financial statements, as follows:-

- (i) A person, or a close member of that person's family, is related to the Company if that person:
  - (1) has control or joint control over the Company;
  - (2) has significant influence over the Company; or
  - (3) is a member of the key management personnel of the Company or the Company's parent.

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 2. Significant accounting policies (Continued)

#### 2.18. Related parties (Continued)

- (ii) An entity is related to the Company if any of the following conditions applies:
- (1) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (3) Both entities are joint ventures of the same third party.
  - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third party.
  - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
  - (6) The entity is controlled or jointly controlled by a person identified in note 2.18 (i).
  - (7) A person identified in note 2.18 (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### 3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Board of Directors. The Board of Directors identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

#### 3.1. Market risk

##### i. Foreign exchange risk

The Company has no significant exposure to foreign currency risk as substantially all of the Company's transactions are denominated in its functional currency, Renminbi (RMB).

##### ii. Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of change in market interest rates and the Group has no significant interest-bearing assets and liabilities except for cash and cash equivalents, details of which have been disclosed in note 16. Since the bank interest income is insignificant, management considers that cash flow and fair value interest rate risks of the Group are insignificant. Therefore no sensitivity analysis is presented thereon.

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 3. Financial risk management (Continued)

#### 3.1. Market risk (Continued)

#### 3.2. Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalent, trade and other receivables.

The majority of the Group's trade and other receivables arose from credit sales to customers. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The credit risk on cash and cash equivalent is limited because the Group mainly places the deposits in banks with high credit rating and management does not expect any losses from non-performance by banks.

The Group has significant concentration of credit risk on trade receivables as they are mainly attributable from certain limited counterparties.

Other than concentration of credit risk on trade receivables and liquid funds which are deposited with banks with high credit rating, the Group does not have any other significant concentration of credit risk.

#### 3.3. Liquidity risk

The Group regularly monitors current and expected liquidity requirements to ensure that it maintains sufficient cash to meet its liquidity requirements in the short and longer term.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contracted undiscounted payment, was as follows:

	Carrying amount A\$'000	On demand A\$'000	Less than 1 year A\$'000
As at 31 March 2016			
Payable and accrued charges	1,007	-	1,007
Amounts due to directors	250	250	-
Total	<u>1,257</u>	<u>250</u>	<u>1,007</u>
	Carrying amount A\$'000	On demand A\$'000	Less than 1 year A\$'000
As at 31 March 2015			
Payable and accrued charges	833	-	833
Amounts due to directors	162	162	-
Total	<u>995</u>	<u>162</u>	<u>833</u>

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 3. Financial risk management (Continued)

#### 3.4. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The Company also endeavours to ensure the steady and reliable cash flow from the normal business operation. For both years, the Group did not raise any debts.

#### 3.5. Fair value estimation

The carrying amounts of the Group's current financial assets, including trade and other receivables and cash and cash equivalents; and current financial liabilities including other payables, approximate to their fair values due to their short maturities. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate to their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 4. Critical accounting estimates and judgments

#### 4.1. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### *Estimated impairment of trade and other receivables*

The estimated impairment of trade and other receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances might be required.

##### *Income taxes*

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

##### *Useful lives of property, plant and equipment*

The Group's management determines the estimated useful life and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful life of property, plant and equipment of similar nature and functions. Management will increase/decrease the depreciation charges where useful life are less/more than previous estimates.

##### *Impairment of investment property*

The investment property was revalued after the reporting date on market value basis by directors. Such valuation was based on certain assumption, which is subject to uncertainty and might materially differ from the actual value. In making the judgment, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each reporting date.

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 5. Segment information

The Group manages its business by divisions, which are organized by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments:

- Investment holdings and administration
- Trading of minerals
- Leasing and capital financing
- Provision of consultancy and management services to educational institutions

The management considers the business from both a geographic and product perspective. Geographically, the management operates as investment holding and the businesses in Hong Kong and Macao, and the People's Republic of China (the "PRC"), which is further segregated into leasing and capital financing, consultancy and management services to educational institutions.

The management assesses the performance of the operating segments based on the profit/loss for the year. This measurement basis excluded intra-group transactions and gain/loss on disposal of subsidiaries.

Segment assets include all tangible and current assets excluding the interests in subsidiaries, and inter-group current accounts.

Segment liabilities include all current and non-current liabilities excluding intra-group current accounts.

The Group's customer base includes four (2015: four) customers with whom transactions have exceeded 10% of the Group's total revenue. Revenue from services to these customers amounted to approximately A\$787 (2015: A\$742) which related to leasing and capital financing and provision of management and consulting services to educational institutions segments.

## VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2016

## 5. Segment information (Continued)

The segment information for the reporting segments for the year ended 31 March 2016 is as follows:

	Hong Kong and Macao	Hong Kong	PRC	PRC	Consolidated
	Investment holding and administration A\$'000	Trading of minerals A\$'000	Leasing and capital financing A\$'000	Provision of consultancy and management services to educational institutions A\$'000	A\$'000
Segment revenue	-	-	493	323	816
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	-	-	493	323	816
Reportable segment (loss)/profit before income tax	(789)	(42)	53	(420)	(1,198)
Depreciation	-	-	(323)	(7)	(330)
Impairment loss on trade and other receivables	(89)	-	-	-	(89)
Interest income	-	-	1	-	1
As at 31 March 2016					
Total assets	499	5	2,162	168	2,834
Non-current assets (Other than financial instruments and deferred tax assets)	-	-	1,383	112	1,495
Additions to non-current assets (Other than financial instruments and deferred tax assets)	-	-	491	-	491
Total liabilities	684	2	94	477	1,257



## VIAGOLD CAPITAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 March 2016

## 5. Segment information (Continued)

The segment information for the reporting segments for the year ended 31 March 2015 is as follows:

	Hong Kong and Macao	Hong Kong	PRC	PRC	Consolidated A\$'000
	Investment holding and administration A\$'000	Trading of minerals A\$'000	Leasing and capital financing A\$'000	Provision of consultancy and management services to educational institutions A\$'000	
Segment revenue	-	-	432	316	748
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	-	-	432	316	748
Reportable segment loss before income tax	(542)	(37)	(154)	(351)	(1,084)
Depreciation	-	-	(432)	(5)	(437)
Impairment loss on trade and other receivables	-	-	-	(18)	(18)
Interest income	3	-	1	-	4
As at 31 March 2015					
Total assets	139	334	2,262	184	2,919
Non-current assets (Other than financial instruments and deferred tax assets)	-	-	1,597	126	1,723
Additions to non-current assets (Other than financial instruments and deferred tax assets)	-	-	629	97	726
Total liabilities	440	341	146	68	995

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 6. Other income

	2016 A\$'000	2015 A\$'000
Bank interest income	1	4
Gain on disposal of fixed assets	202	47
Sundry income	7	-
	<u>210</u>	<u>51</u>

### 7. Finance costs

	2016 A\$'000	2015 A\$'000
Interest expenses:		
- other borrowings wholly repayable within five years	<u>2</u>	<u>3</u>

### 8. Loss before income tax

	2016 A\$'000	2015 A\$'000
Loss before income tax is arrived at:		
<b>After crediting the following items:</b>		
Bank interest income	1	4
Gain on disposal of fixed assets	202	47
Sundry income	<u>7</u>	<u>-</u>

	2016 A\$'000	2015 A\$'000
<b>And after charging the following items:</b>		
Auditor's remuneration		
- Audit and review service	146	81
- Other services	215	-
Depreciation of fixed assets (Note 14)	330	437
Directors' remuneration (Note 9)	156	339
Employee benefit expense (Note 10)	541	741
Impairment loss on trade and other receivables	89	18
Net exchanges (gain) / losses	(6)	21
Operating lease rentals in respect of rental premises and equipment	<u>305</u>	<u>241</u>

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 9. Directors' and senior management's emoluments

	2016 A\$'000	2015 A\$'000
Directors' remuneration		
- fees	143	327
- salaries, allowances and benefits in kind	13	12
	<u>156</u>	<u>339</u>

The remuneration of every director and an executive for the year ended 31 March 2016 is set out below:

	Fees A\$'000	Salaries, allowances and benefits in kind A\$'000	Total A\$'000
<b>Directors</b>			
Dr. Longguang Shi	-	-	-
Ms. Mulei Shi	79	-	79
Mr. King Choi Leung	64	13	77
Mr. Yan Wang	-	-	-
Mr. Libin Sun	-	-	-
Mr. Ouyang Cong	-	-	-
	<u>143</u>	<u>13</u>	<u>156</u>
<b>Executive</b>			
Mr. Kenneth Kwing Chuen Tang (Resigned on 7 August 2015)	-	1	1
Mr. King Choi Leung (Appointed on 7 August 2015)	-	9	9
	<u>-</u>	<u>10</u>	<u>10</u>

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 9. Directors' and senior management's emoluments (Continued)

The remuneration of every director and an executive for the year ended 31 March 2015 is set out below:

	Fees AS'000	Salaries, allowances and benefits in kind AS'000	Total AS'000
<b>Directors</b>			
Dr. Longguang Shi	203	-	203
Ms. Mulei Shi	61	-	61
Mr. King Choi Leung	51	12	63
Mr. James Anthony Wigginton (Resigned on 20 June 2014)	12	-	12
Mr. Yan Wang	-	-	-
Mr. Sun Libin (Appointed on 12 February 2014)	-	-	-
Mr. Ouyang Cong (Appointed on 21 July 2014)	-	-	-
	<u>327</u>	<u>12</u>	<u>339</u>
<b>Executive</b>			
Mr. Kenneth Kwing Chuen Tang	<u>-</u>	<u>8</u>	<u>8</u>

### 10. Employee benefit expenses

	2016 AS'000	2015 AS'000
Wages and salaries	469	698
Social insurance	57	26
Other staff benefits	15	17
	<u>541</u>	<u>741</u>

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# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 11. Income tax expenses

The Group's principle activities are operated in Hong Kong and the PRC. Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period in the countries where the Group operates and generates taxable income.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year (2015: 16.5%). No provision for taxation has been made in the consolidated financial statements for both years as the Group had no assessable profits in Hong Kong, PRC and other jurisdictions for both years.

In the opinion of the directors, the other companies in the Group are not subject to tax in PRC and other jurisdictions.

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the tax rate applicable to loss of the consolidated entities as follows:

	2016 A\$'000	2015 A\$'000
Loss before income tax	<u>(1,198)</u>	<u>(1,084)</u>
Notional tax on loss calculated at the rates applicable to profits in the jurisdiction concerned	(196)	(209)
Tax effect of:		
Expenses not deductible for tax purposes	104	89
Tax effect of unused tax losses not recognised	<u>92</u>	<u>120</u>
Income tax expense	<u>-</u>	<u>-</u>

There was no tax charge relating to components of other comprehensive income for the year (2015: Nil).

## VIAGOLD CAPITAL LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

#### 12. Employee share option scheme

On 19 December 2007, ordinary resolutions were passed by the shareholders at the annual general meeting to approve the adoption of a new share option scheme (the "New Scheme") and the termination of the old scheme (the "Old Scheme") which was adopted on 28 November 1995.

On 19 December 2007, share options were granted to certain employees and directors of the Group pursuant to the Group's New Scheme. Share options with rights to subscribe for a total of 1,898,792 shares (a total of current outstanding 1,748,792 shares as at 31 March 2016) were granted to certain employees with an exercise price at A\$2.00 per share on 19 December 2007. The share options can be exercised from 8 April 2008 and expire on 8 April 2018.

On 29 November 2010, share options were granted to employees and consultants of the Group pursuant to the Group's New Scheme. Share options with rights to subscribe to a total of 4,200,000 shares were granted to employees and consultants with an exercise price of A\$1.00 per share on 29 November 2010. The share options can be exercised from 29 November 2010 and expire on 29 November 2015. The share options were expired and lapsed on 29 November 2015.

On 1 November 2012, share options were granted to consultants of the Group pursuant to the Group's New Scheme. Share options with rights to subscribe to a total of 4,500,000 shares were granted to consultants with an exercise price of A\$1.00 per share on 1 November 2012. The share options can be exercised from 1 November 2012 and expire on 1 November 2017.

No share options were granted and exercised during the year ended 31 March 2016.

Movements in the share options outstanding and their related weighted average exercise prices are as follows:

	<b>Weighted average exercise price per share A\$</b>	<b>Number of underlying shares</b>
<b>As at 1 April 2014</b>	<b>1.17</b>	<b>10,448,792</b>
<b>Granted</b>	-	-
<b>Exercised</b>	-	-
<b>Lapsed</b>	<b>1.00</b>	<b>(4,200,000)</b>
<b>As at 31 March and 1 April 2015 and 31 March 2016</b>	<b>1.28</b>	<b><u>6,248,792</u></b>

## VIAGOLD CAPITAL LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

#### 12. Employee share option scheme (Continued)

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Expiry date	Exercise price per share A\$	2016 Number of underlying shares	2015 Number of underlying shares
8 April 2018	2.00	1,748,792	1,748,792
29 November 2015	1.00	-	4,200,000
1 November 2017	1.00	<u>4,500,000</u>	<u>4,500,000</u>

#### 13. Loss per share

##### 13.1. Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2016	2015
Loss attributable to equity holders of the Company (A\$'000)	<u>(1,214)</u>	<u>(1,038)</u>
Weighted average number of ordinary shares in issue (thousands)	<u>30,777</u>	<u>30,656</u>
Basic loss per share (A\$ per share)	<u>(0.04)</u>	<u>(0.03)</u>

##### 13.2. Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options and warrants. For the share options/warrants, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options/warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the share options/warrants were exercised. Adjustment is made to the weighted average number of ordinary shares in issue only if the fair value was less than the exercise price.

	2016	2015
Loss attributable to equity holders of the Company (A\$'000)	<u>(1,214)</u>	<u>(1,038)</u>
Weighted average number of ordinary shares for diluted loss per share (thousands)	<u>30,777</u>	<u>30,656</u>
Diluted loss per share (A\$ per share)	<u>(0.04)</u>	<u>(0.03)</u>

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 14. Fixed assets

	Investment property A\$'000	Motor vehicles A\$'000	Leasehold improvements A\$'000	Furniture and equipment A\$'000	Total A\$'000
<b>Cost</b>					
As at 1 April 2014	696	1,610	28	1	2,335
Additions	-	629	94	3	726
Disposals	-	(642)	-	-	(642)
Exchange adjustments	143	333	6	-	482
<b>As at 31 March 2015</b>	<b>839</b>	<b>1,930</b>	<b>128</b>	<b>4</b>	<b>2,901</b>
Additions	-	491	-	-	491
Disposals	-	(1,145)	-	-	(1,145)
Exchange adjustments	(39)	(93)	(6)	-	(138)
<b>As at 31 March 2016</b>	<b>800</b>	<b>1,183</b>	<b>122</b>	<b>4</b>	<b>2,109</b>
<b>Accumulated depreciation</b>					
As at 1 April 2014	108	718	1	-	827
Depreciation	40	392	5	-	437
Written back on disposals	-	(306)	-	-	(306)
Exchange adjustments	22	198	-	-	220
<b>As at 31 March 2015</b>	<b>170</b>	<b>1,002</b>	<b>6</b>	<b>-</b>	<b>1,178</b>
Depreciation	39	284	6	1	330
Written back on disposals	-	(838)	-	-	(838)
Exchange adjustments	(8)	(48)	-	-	(56)
<b>As at 31 March 2016</b>	<b>201</b>	<b>400</b>	<b>12</b>	<b>1</b>	<b>614</b>
<b>Net carrying amounts</b>					
<b>As at 31 March 2016</b>	<b>599</b>	<b>783</b>	<b>110</b>	<b>3</b>	<b>1,495</b>
<b>As at 31 March 2015</b>	<b>669</b>	<b>928</b>	<b>122</b>	<b>4</b>	<b>1,723</b>



# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 14. Fixed assets (Continued)

The category of motor vehicles leased by the Group to third parties under operating leases with the following carrying amounts:

	<b>2016</b>	<b>2015</b>
	<b>A\$000</b>	<b>A\$000</b>
Cost	1,072	1,874
Accumulated depreciation at 1 April	(911)	(713)
Depreciation charge for the year	(275)	(392)
Written back	838	305
Exchange adjustments	43	(147)
Net book amount	<u>767</u>	<u>927</u>

The fair value of the Group's investment property at 31 March 2016 was approximately A\$599,000 (2015: A\$669,000) and has been arrived at on the basis of a valuation carried out on 31 March 2016 by the Company's directors.

The investment property is held under medium term lease and is situated in the PRC.

### 15. Trade and other receivables

	<b>2016</b>	<b>2015</b>
	<b>A\$'000</b>	<b>A\$'000</b>
Trade debts with related parties	48	207
Less: Allowance account (note 15(a))	<u>(22)</u>	<u>(22)</u>
	26	185
Other debtors, deposits and prepayments	197	733
Amounts due from related parties	<u>7</u>	<u>7</u>
Debtors, deposits and prepayments - net	<u>230</u>	<u>925</u>
Current portion	<u>230</u>	<u>925</u>

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 15. Trade and other receivables (Continued)

#### (a) Impairment of trade debtors and bills receivable

Impairment losses in respect of trade debts with related parties are recorded using an allowance account unless the Company is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debts with related parties directly.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:-

	2016 A\$'000	2015 A\$'000
At beginning of the year	22	-
Impairment losses recognised during the year	-	22
At end of the year	<u>22</u>	<u>22</u>

The impairment losses recognised were the uncollectable value added tax paid on behalf of Industrial & Trading Management Institute, Zhuhai, Institute of International Business and Economics, Zhuhai and International Business and Economics Training Center, Zhuhai.

#### (b) Trade debtors are due within 30 days from the date of billing. The aging analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	2016 A\$'000	2015 A\$'000
Neither past due nor impaired	<u>26</u>	<u>185</u>

As at 31 March 2016, no other receivables was impaired and provided (2015: Nil).

Amounts due from related parties are non-interest bearing, unsecured and repayable on demand.

The directors consider that the carrying amounts of trade and other receivables approximate to their fair values due to their short term maturities.

The carrying amounts of the trade and other receivables are denominated in the following currencies:

	2016 A\$'000	2015 A\$'000
HKD	-	91
RMB	<u>230</u>	<u>834</u>
	<u>230</u>	<u>925</u>

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 March 2016

### 16. Cash and cash equivalents

	2016 A\$'000	2015 A\$'000
Cash at bank and in hand	<u>1,109</u>	<u>271</u>

The cash and cash equivalents are denominated in the following currencies:

	2016 A\$'000	2015 A\$'000
AUD	207	15
HKD	290	43
RMB	43	45
USD	569	168
	<u>1,109</u>	<u>271</u>
Maximum exposure to credit risk	<u>1,109</u>	<u>271</u>

### 17. Share capital

	Number of shares in thousands	Ordinary shares A\$'000
<b>Issued and fully paid</b>		
As at 1 April, 2014 and 2015	30,656	6,131
Issuance by exercise of warrants	500	100
As at 31 March 2016	<u>31,156</u>	<u>6,231</u>

The total authorised number of ordinary shares is 50 million shares (2015: 50 million shares) with a par value of Australian twenty cents per share (2015: Australian twenty cents per share).

All issued shares are fully paid.

## VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

## 18. Reserves

	Share premium A\$'000	Translation reserve A\$'000	Contributed surplus A\$'000	Warrant reserve A\$'000	Share-based compensation reserve A\$'000	Accumulated losses A\$'000	Total A\$'000
As at 1 April 2014	29,020	(28,516)	47,645	551	7,221	(60,185)	(4,264)
Issuance of warrants during the year	-	-	-	364	-	-	364
Total comprehensive loss for the year	-	205	-	-	-	(1,038)	(833)
As at 31 March 2015	29,020	(28,311)	47,645	915	7,221	(61,223)	(4,733)
As at 1 April 2015	29,020	(28,311)	47,645	915	7,221	(61,223)	(4,733)
Issuance by exercise of warrants during the year	295	-	-	(40)	-	-	255
Issuance of warrants during the year	-	-	-	565	-	-	565
Transfer of share-based compensation reserve upon lapse of share options	-	-	-	-	(4,272)	4,272	-
Total comprehensive loss for the year	-	(37)	-	-	-	(1,214)	(1,251)
As at 31 March 2016	29,315	(28,348)	47,645	1,440	2,949	(58,165)	(5,164)

Notes:

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- it is, or would after the payment be, unable to pay its liabilities as they become due; or
- the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

## VIAGOLD CAPITAL LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

#### 19. Warrant reserve

On 14 December 2012, unlisted warrants issued to private professional investors were approved by shareholders at the Company's Annual General Meeting. 5,000,000 warrants were issued at A\$0.08 each, with each warrant entitling the holder to one ordinary share in the Company on further payment of the exercise price of A\$0.71. Final date for the exercise of these warrants is 30 November 2017.

On 12 February 2014, unlisted warrants issued to professional and sophisticated investors were approved by shareholders at the Company's Annual General Meeting. 5,000,000 warrants were issued at A\$0.03 on 25 October 2013, with each warrant entitling the holder to one ordinary share in the Company on further payment of the exercise price of A\$0.26. Final date for the exercise of these warrants is 16 December 2018.

On 13 June 2014, unlisted warrants issued to private professional investors were approved by shareholders at the Company's Special General Meeting. 6,000,000 warrants were issued at A\$0.05 each on 8 November 2014, with each warrant entitling the holder to one ordinary share in the Company on further payment of the exercise price of A\$0.40. Final date for the exercise of these warrants is 6 November 2019.

On 5 December 2015, unlisted warrants issued to private professional investors were approved by shareholders at the Company's Special General Meeting. 4,000,000 warrants were issued on 17 December 2015, 5,000,000 warrants were issued on 2 March 2016 and 3,000,000 warrants were issued on 3 March 2016 at A\$0.05 each respectively, with each warrant entitling the holder to one ordinary share in the Company on further payment of the exercise price of A\$0.44. Final date for the exercise of these warrants is 3 December 2020.

The Company has issued a total of 500,000 ordinary shares to private professional investors who exercised their unlisted warrants in December 2015 and January 2016 respectively. Exercise of 500,000 warrants will entitle the holder to 500,000 ordinary share in the Company on payment of exercise price at A\$0.71 each.

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 19. Warrant reserve (Continued)

Movements in the warrants outstanding and their related weighted average exercise prices are as follows:

	Weighed average exercise price per share A\$	Number of underlying shares
As at 1 April 2014 and 31 March 2015	0.45	16,000,000
Granted	0.44	12,000,000
Exercised	0.71	(500,000)
Lapsed	-	-
As at 31 March 2016	0.44	<u>27,500,000</u>

Warrants outstanding at the end of the year have the following expiry dates and exercise prices:

Expiry date	Exercise price per share A\$	2016 Number of underlying shares	2015 Number of underlying shares
30 November 2017	0.71	4,500,000	5,000,000
16 December 2018	0.26	5,000,000	5,000,000
6 November 2019	0.40	6,000,000	6,000,000
3 December 2020	0.44	<u>12,000,000</u>	<u>-</u>

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 20. Other payables

	2016 AS'000	2015 AS'000
Other payables and accrued charges	1,007	833
Amounts due to directors	250	162
	<u>1,257</u>	<u>995</u>

The directors consider that the carrying amounts of other payables approximate to their fair values due to their short term maturities.

The amounts due to directors are unsecured, interest free and repayable in demand.

The carrying amounts of the other payables are denominated in the following currencies:

	2016 AS'000	2015 AS'000
HKD	674	437
RMB	583	558
	<u>1,257</u>	<u>995</u>

### 21. Net cash used in operating activities

	Note	2016 AS'000	2015 AS'000
Loss before income tax		(1,198)	(1,084)
Adjustments for:			
- Depreciation of fixed assets	8	330	437
- Gain on disposal of fixed assets	8	(202)	(47)
- Interest income	6	(1)	(4)
- Interest expenses	7	2	3
Changes in working capital: (excluding the effects of exchange differences on consolidation)			
- Debtors, deposits and prepayments		695	(553)
- Other payables and accrued charges		262	598
Net cash used in operating activities		<u>(112)</u>	<u>(650)</u>

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# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 March 2016

### 22. Deferred income tax

	<b>Tax losses A\$'000</b>
As at 31 March 2015 and as at 31 March 2016	<u><u>-</u></u>

No deferred income tax assets have been recognised as no effect of timing difference and no tax losses carry forwards of the Group during the year.

The Group has tax losses arising in Mainland China of A\$359 (2015: A\$276) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

### 23. Related-party transactions

During the year, the Group had the following transactions and balances with related parties:

		<b>2016 A\$'000</b>	<b>2015 A\$'000</b>
<b>Related parties</b>	<b>Nature of transactions</b>		
Related companies	Amounts owed by the Group at the reporting date	6	6
	Services fee income recognized during the year (Note)	323	316
	Services fee income receivable for the year (Note)	26	25
Directors of the Company	Key management compensation	<u>156</u>	<u>339</u>

Note:

Services fees were receivable from three education institutions under the common control of directors.

Amounts due from related parties are non-interest bearing, unsecured and repayable on demand.



# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 24. Operating lease commitments

- (a) The Group leases various offices under non-cancellable operating lease agreements. The lease terms are between 1 to 2 years, and the majority of lease agreements are renewable at the end of the period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2016 A\$'000	2015 A\$'000
<b>Leasehold land and buildings</b>		
Not later than 1 year	258	203
Later than 1 year but not later than 5 years	559	644
	<u>817</u>	<u>847</u>

- (b) The Group leases out various motor vehicles and investment property under non-cancellable operating lease agreements. The lease terms are between 1 to 3 years, and the majority of lease agreements are renewable at the end of the period at market rate.

The future minimum lease receivables under non-cancellable operating leases are as follows:

	2016 A\$'000	2015 A\$'000
<b>Motor vehicles</b>		
Not later than 1 year	279	297
Later than 1 year but not later than 5 years	29	192
	<u>308</u>	<u>489</u>
	2016 A\$'000	2015 A\$'000
<b>Property</b>		
Not later than 1 year	54	-
Later than 1 year but not later than 5 years	232	-
	<u>286</u>	<u>-</u>

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 25. Events after the reporting period

On 22 January 2016, the Group announced its intention to acquire 100% equity interest in Polygoal Capital Limited and its subsidiaries (Polygoal Group) for AUD 18 million, which would be settled by the issuance of nine million ordinary shares. Upon completion of the transaction the Group would account the assets and liabilities of Polygoal Group using the acquisition method. The deal was approved by shareholders on the Special General Meeting (SGM) on 29 April 2016.

At 25 May 2016, the date of approval for issue of the Consolidated Financial Statements by the Board of Directors, the Group has no other subsequent events that result in a modification of value of its assets and liabilities or any additional disclosure.

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## VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

## 26. Particulars of principal subsidiaries

Particulars of principal subsidiaries at 31 March 2016 and 31 March 2015 were as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Issued and fully paid up share capital/registered capital	Attributable equity interests held by the Company		Principal activities
			Directly	Indirectly	
ViaGOLD Technology Limited	British Virgin Islands	US\$1	100%	-	Investment holding
ViaGOLD Inc. Limited	Hong Kong	HK\$2	-	100%	Investment holding
ViaGOLD International Education Management Group Limited (formerly known as Luck Pro Limited)	British Virgin Islands	US\$10,000	100%	-	Investment holding
Win Horse Investments Limited	British Virgin Islands	US\$50,000	-	100%	Investment holding
ViaGOLD Mining Group Limited	British Virgin Islands	US\$1	100%	-	Investment holding
ViaGOLD Mining Group Limited (formerly known as Longda Education Management Group Limited)	Hong Kong	HK\$2	-	100%	Trading of minerals
珠海众智企业管理服务有限公司 (Zhongzhi Enterprise Management Service Co. Limited* <sup>(a)</sup> )	PRC	HK\$200,000	-	100%	Provision of management and consultancy services to educational institutions

## VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

## 26. Particulars of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ registration and operation	Issued and fully paid up share capital/registered capital	Attributable equity interests held by the Company		Principal activities
			Directly	Indirectly	
珠海大智网络科技有限公司 (Dazhi Network Technology Co. Limited* <sup>@</sup> )	PRC	HK\$500,000	-	100%	Provision of management and consultancy services to educational institutions
珠海蓝白金智企业咨询服务有限公司 (Lanbaijin Education Consulting Service Co., Limited* <sup>@</sup> )	PRC	HK\$200,000	-	100%	Provision of management and consultancy services to educational institutions
珠海金网教育咨询有限公司 (Zhuhai ViaGOLD Education Consulting Limited* <sup>@</sup> )	PRC	HK\$1,000,000	-	100%	Provision of management and consultancy services to educational institutions
北京华宝时代国际设备租赁有限公司 (Beijing Hua Bao Times International Leasing Company Limited* <sup>@</sup> )	PRC	US\$2,600,000	-	70%	Leasing and capital financing

## VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

## 26. Particulars of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ registration and operation	Issued and fully paid up share capital/registered capital	Attributable equity interests held by the Company		Principal activities
			Directly	Indirectly	
Goldwin Century Limited	Hong Kong	HK\$1	-	100%	Investment holding
Goldwin Century Limited	British Virgin Islands	US\$1	-	100%	Investment holding
ViaGOLD International Education Management Group Holdings Limited (formerly known as Gold Master Gold Limited)	British Virgin Islands	US\$1	100%	-	Investment holding

## Note:

\* Wholly foreign-owned enterprises registered in the PRC  
@ The English names are for identification purpose only

## VIAGOLD CAPITAL LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

#### 26. Particulars of principal subsidiaries (Continued)

Details of the Group's subsidiary that has material no-controlling interests is set out below:

	2016	2015
Percentage of equity interest held by non-controlling interests:		
Beijing Hua Bao Times International Leasing Company Limited	<u>30%</u>	<u>30%</u>
	<b>2016</b>	<b>2015</b>
	<b>A\$'000</b>	<b>A\$'000</b>
Total comprehensive income for the year allocated to non-controlling interests	<u>(16)</u>	<u>(58)</u>
Accumulated balances of non-controlling interests at the reporting dates	<u>510</u>	<u>526</u>

# VIAGOLD CAPITAL LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

### 26. Particulars of principal subsidiaries (Continued)

The following tables illustrate the summarised financial information of the above subsidiary that has material non-controlling interests. The amounts disclosed are before any inter-company eliminations:

	2016 A\$'000	2015 A\$'000
<u>Beijing Hua Bao Times International Leasing Company Limited</u>		
Non-current assets	1,382	1,597
Current assets	778	664
Current liabilities	(94)	(146)
Turnover	493	431
Cost of income	(388)	(405)
Other income	205	49
Expenses	(257)	(229)
Profit/(loss) for the year	53	(154)
Profit/(loss) attribution to owners of the Company	37	(108)
Profit/(loss) attribution to non-controlling interests	16	(46)
Profit/(loss) for the year	53	(154)
Other comprehensive (loss)/income attributable to owners of the Company	(75)	(28)
Other comprehensive (loss)/income attributable to non-controlling interests	(32)	(12)
Other comprehensive (loss)/income for the year	(107)	(40)
Total comprehensive (loss)/income attributable to owners of the Company	(38)	(136)
Total comprehensive (loss)/income attributable to non-controlling interests	(16)	(58)
Total comprehensive (loss)/income for the year	(54)	(194)
Dividends paid to non-controlling interests	-	-
Net cash generated from/(used in) operating activities	409	(176)
Net cash generated from/(used in) investing activities	7	(245)
Net cash generated from financing activities	-	-
Effect of foreign exchange rate changes	(27)	58
Net cash inflow/(outflow)	389	(363)

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## VIAGOLD CAPITAL LIMITED

### ADDITIONAL INFORMATION PURSUANT TO THE OFFICIAL LISTING RULES OF THE AUSTRALIAN SECURITIES EXCHANGE LIMITED

1. The statement of interests in share capital as at 18 May 2016 is as follows:

a. Distribution of shareholdings:

Size of holding	No. of ordinary shareholders
1 - 1,000	454
1,001 - 5,000	36
5,001 - 10,000	8
10,001- 100,000	18
100,001 - 999,999,999	16
1,000,000,000 - 9,999,999,999	-
	532
	532

b. The name of the substantial shareholder and the number of securities held as at 18 May 2016 are:

Names	No. of ordinary shares held
Harvest Smart Overseas Limited	10,962,290
Capital Luck Group Limited	10,000,000
Pershing Australia Nominees Pty Limited	3,572,314
Mr. Chen Wei Qing	1,235,862
J P Morgan Nominees Australia Limited	1,217,800
	26,988,266
	26,988,266

c. The 20 largest holders of the Company's securities are:

Names	No. of ordinary shares held	% of total issued of ordinary capital held
Harvest Smart Overseas Limited	10,962,290	35.18
Capital Luck Group Limited	10,000,000	32.10
Pershing Australia Nominees Pty Limited	3,572,314	11.47
Mr. Chen Wei Qing	1,235,862	3.97
J P Morgan Nominees Australia Limited	1,217,800	3.91
HSBC Custody Nominees (Australia) Limited	646,933	2.08
Citicorp Nominees Pty Limited	373,709	1.20
ABN AMRO Clearing Sydney Nominees Pty Ltd	336,460	1.08
Mr. Sio Kai Kuan	301,750	0.97



## VIAGOLD CAPITAL LIMITED

### ADDITIONAL INFORMATION PURSUANT TO THE OFFICIAL LISTING RULES OF THE AUSTRALIAN SECURITIES EXCHANGE LIMITED

#### 1. The statement of interests in share capital as at 18 May 2016 is as follows: (Continued)

##### c. The 20 largest holders of the Company's securities are: (Continued)

Names	No. of ordinary shares held	% of total issued of ordinary capital held
Kam Tong Cheong	300,000	0.96
Monex Noom Securities (HK) Ltd	292,485	0.94
Bay Square Holdings Ltd	291,250	0.93
Lamstone Investment Limited	225,000	0.72
Chow Lai Wah	217,500	0.70
Haihan Finance Limited	154,600	0.50
Carleton Trading Ltd	105,175	0.34
Fong Hong Kei	100,000	0.32
Mr Chan Shuk King	72,500	0.23
Bnp Paribas Noms Pty Ltd	64,737	0.21
Li Hoi Lun	43,000	0.14

##### d. Voting rights

Subject to the ASX Listing Rules and to any special rights, privileges or restrictions attaching to any class or classes of shares, every member is entitled to be present at a meeting in person, by proxy, representative or attorney. On a show of hands, every member who is present in person or by proxy has one vote for every share of which he is the holder, and on a poll; every member has (i) one vote for each fully paid share held by that person or (ii) voting rights pro-rata to the amount paid up on each partly paid share held by that person.

#### 2. Share options outstanding as at 18 May 2016

Total number of outstanding share options	6,248,792
Total number of option holders	<u>19</u>

#### 3. The name of the Company Secretary

Mr. King Choi Leung

## VIAGOLD CAPITAL LIMITED

### ADDITIONAL INFORMATION PURSUANT TO THE OFFICIAL LISTING RULES OF THE AUSTRALIAN SECURITIES EXCHANGE LIMITED

#### 4. Address and contact number:

The address and contact number of the principal registered office in Zhuhai is:

Floor 7, 53 Bailian Road,  
Jida, Zhuhai,  
Guangdong Province, PRC  
Telephone: (86-756) 3320 271  
Website: <http://www.viagold.ws>

The address and contact number of the principal registered office in Macao is:

Av. Xian Xing Hai, Ed. Golden Dragon Center (formerly known as Zhu Kuan)  
6I-K, Macao  
Telephone: (853) 2875 1881  
Website: <http://www.viagold.ws>

The address and contact number of the principal registered office in Australia is:

Suite 1102, Level 11,  
370 Pitt Street, Sydney, NSW,  
Australia  
Area Code: 2000  
Telephone: 61-411 313332 and 61-2 9283 3933

#### 5. Registers of securities are kept at the following address:

##### a. Australia

Computershare Investor Services Pty Limited  
Yarra Falls, 452 Johnston Street  
Abbotsford, Victoria, 3067  
Australia  
Telephone: (613) 9611 5774

##### b. Bermuda

Codan Services Limited  
Clarendon House  
PO Box HM 1022  
Hamilton HM DX  
Bermuda  
Telephone: 1 (441) 295 5950