# VIAGOLD CAPITAL LIMITED

*(Incorporated in Bermuda with limited liability)*

(ARBN: 070 352 500)

## Reports and Financial Statements
## For the year ended March 31, 2009

# VIAGOLD CAPITAL LIMITED

# REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009

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## VIAGOLD CAPITAL LIMITED

# CHAIRMAN'S ADDRESS TO SHAREHOLDERS

It is my duty as Chief Executive Officer of ViaGold Capital Limited (VIA), to present the following report.

2008 is a year to remember by many companies worldwide. The financial tsunami has hit many of the companies by surprise. ViaGold Capital Limited (VIA) was not spared from that either. Our revenue for the year end March 31, 2009 is approximately A$8,000 (2008: Approximately A$44,074,000). The significant drop in revenue is due to the disposal of the GlobalRes Group Limited in December 2007. There is no revenue from travel agency services for the year ended March 31, 2009 (2008: Approximately A$43,968,000).

Moreover, the loss for the year ended March 31, 2009 was approximately A$8,902,000 while there was a profit of approximately A$11,737,000 for the previous year.

This significant adversity mainly comes from two factors. There was an exceptional gain on deemed disposal of GlobalRes Group Limited of approximately A$13,648,000 in year 2008. On the other hand, the financial tsunami in 2009 has badly affected the company, which caused a fair value loss on financial assets of approximately A$6,386,000 when the loss for previous year is of approximately A$2,880,000. These two factors combined has turned the company from a gain in 2008 to a loss in this financial year.

Given the trend we have the group will consider for a better control on operating expenses and we are also looking for new businesses opportunities in the retail business in China, as over the past few years, China's retail market has continued to develop rapidly. New chain store networks, malls and shopping streets are now emerging outside the top three cities of Beijing, Guangzhou and Shanghai, as retailers extend their reach to other first-tier cities, and now many second-, third- and other-tier cities. Nationwide retail sales in China for the first three months of 2009 were up 15% from a year earlier in nominal terms. But prices were down in that period, which means growth in real terms would be higher than 15.9%, according to the National Bureau of Statistics (NBS). The data seem to point to a surprisingly fast expansion in the consumption market in China.

We are very optimistic about our new direction and looking forward to completing a more sophisticated business plan on the retail business in China.

**Jack Chik Ming Chu**
*Deputy Chairman*
June 17, 2009

# CORPORATE GOVERNANCE STATEMENT

The directors of ViaGOLD Capital Limited ("the Company") are primarily responsible for the corporate governance practices of the Company. This Statement sets out the main corporate governance practices in operation through out the Company for the financial year ended March 31, 2009 (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 (Revised Principles) dated August 2, 2007 (**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 14 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 |
|---|---|---|---|
| **1** | **Lay solid foundations for management and oversight.** | | |
| 1.1 | Companies should establish the functions reserved to the board and management. | The Company has adopted a Board Charter and Code of Conduct to guide executives, management and employees in carrying out their duties and responsibilities.<br><br>The Board Charter sets out the responsibilities of the Board and the matters delegated to the Chief Executive Officer. | Not applicable. |
| 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. |
| **2** | **Structure the board to add value** | | |
| 2.1 | A majority of the board should be independent directors. | Currently, the Board comprises 6 directors, of which 3 are non-executive directors. Only one, Mr. James Anthony Wigginton, can be characterized 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 14 in this Report.<br><br>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. | The Board recognizes 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 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. |

| No. | ASX Key Governance Principles | Compliance | Non-compliance |
|---|---|---|---|
| 2.2 | The chair should be an independent director. | The chair, Mr. Henry Chang Manayan, is an non-executive director of the Company. Mr. Manayan is not considered to be an independent director by reason of him being a former founder and executive director of the Company.<br><br>The Board regards Mr. Manayan as the best person to chair the Company in the interests of all shareholders. | The Board recognizes the importance of the chair being held by an independent director, however, it believes Mr. Manayan 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. | 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.<br><br>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 12 in this Report.<br><br>The appointment of non-executive directors are to deals with the following matters:<br><br>• expectations concerning preparation and attendance at Board meetings;<br><br>• conflict resolution; and<br><br>• the right to seek independent legal and professional advice (subject to prior approval of the Chairman).<br><br>The Committee also assesses and reviews the independence of all non-executive directors. | Not applicable. |

| No. | ASX Key Governance Principles | Compliance | Non-compliance |
|---|---|---|---|
| 2.5 | Companies should disclose the process for evaluating the performance of the board, its committees and individual directors. | The Charter of the Nomination Committee requires that it:<br>• annually reviews the composition of the Board;<br>• assesses the independence of non-executive directors;<br>• assesses the processes of the Board and Board committees;<br>• assesses the Board's performance;<br>• assesses each director's performance before the director stands for re-election; and<br>• seeks advice of external advisors in connection with the suitability of applicants for Board membership. | Not applicable. |
| 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. |

| No. | ASX Key Governance Principles | Compliance | Non-compliance |
|---|---|---|---|
| **3** | **Promote ethical and responsible decision making.** | | |
| 3.1 | Establish a code of conduct and disclose the code or a summary of the code as to:<br><br>(a) the practices necessary to maintain the confidence in the Company's integrity;<br><br>(b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and<br><br>(c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. | 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.<br><br>The code of conduct covers such matters as:<br><br>• responsibilities to shareholders;<br><br>• compliance with laws and regulations;<br><br>• ethical responsibilities;<br><br>• relations with customers and suppliers;<br><br>• employment practices; and<br><br>• responsibilities to the environment and the community. | Not applicable. |
| 3.2 | Companies should establish a policy concerning trading in Company's securities by directors, senior executives and employees, and disclose the policy or a summary of that policy. | The Company's Share Trading Policy contains guidelines and restrictions concerning trading in the Company's securities. | Not applicable. |
| 3.3 | 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 – 3.2 (inclusive) in its future annual reports. | Not applicable. |

| No. | ASX Key Governance Principles | Compliance | Non-compliance |
|---|---|---|---|
| **4.** | **Safeguard integrity in financial reporting.** | | |
| 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 12 in this Report. | Not applicable. |
| 4.2 | The audit committee should be structured so that it:<br>(a) consists only of non-executive directors;<br>(b) consists of a majority of independent directors;<br>(c) is chaired by an independent chair, who is not the chair of the board; and<br>(d) has at least 3 members. | The Audit Committee presently consists of one independent non-executive director, being Mr. James Anthony Wigginton (Chairman), and one executive officer, Mr. Man Lung Chen (CFO).<br><br>The Audit Committee provides a forum for the effective communication between the Board and external auditors. The audit committee reviews:<br>• the annual and half-year financial statements prior to their approval by the Board.<br>• the effectiveness of management information systems and systems of internal control;<br>• the appointment of external auditors; and<br>• the efficiency and effectiveness of the external audit functions, including reviewing the relevant audit plans. | 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.<br><br>The Company is also satisfied that the composition of the Audit Committee suits the present geographic diversity of the Company. |
| 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. |

| No. | ASX Key Governance Principles | Compliance | Non-compliance |
|---|---|---|---|
| **5** | **Make timely and balanced disclosure** | | |
| 5.1 | Companies should establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies. | The Company's Board Charter and disclosure protocol sets out the procedure for:<br>• protecting confidential information from unauthorized disclosure;<br>• identifying price sensitive information;<br>• reporting material price sensitive information to the company secretary for review;<br>• 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<br>• ensuring the Company and individual officers do not contravene the Corporations Act or the ASX Listing Rules (including restrictions on media interviews or presentations).<br>The Board considers issues of continuous disclosure at each of its meetings.<br>The Company also regularly reviews such matters as:<br>• continuing education/provision of relevant parts of the ASX Listing Rules the right of its officers to seek independent legal advice;<br>• directors and officers insurance;<br>• setting and promulgation of ethical standards;<br>• auditing arrangements;<br>• identification and management of business risks;<br>• related party transactions; and<br>• compliance with the ASX Listing Rules.<br>The Company Secretary and the local Australian agent, the independent non-executive director, Mr. Wigginton, has primary responsibility for all communications with the ASX in relation to the ASX Listing Rules matters. | Not applicable. |

| No. | ASX Key Governance Principles | Compliance | Non-compliance |
|---|---|---|---|
| 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. |
| **6** | **Respect the rights of shareholders.** | | |
| 6.1 | Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. | The Company places a high priority on communications with shareholders and is aware of the obligations it has 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.<br><br>Information is communicated to shareholders as follows:<br><br>• through the ASX company announcements platform;<br><br>• through notices of meetings of shareholders; and<br><br>• by provision of documents that are released to the public on the Company's website. | Not applicable. |
| 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. |
| **7** | **Recognize and manage risk.** | | |
| 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. |

| No. | ASX Key Governance Principles | Compliance | Non-compliance |
|---|---|---|---|
| 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. |
| 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 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. |
| **8** | **Remunerate reasonably and fairly.** | | |
| 8.1 | The board should establish a remuneration committee | The Board has a Remuneration Committee. | Not applicable. |

| No. | ASX Key Governance Principles | Compliance | Non-compliance |
|---|---|---|---|
| 8.2 | Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. | 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 13 in this Report.<br><br>***Executive's remuneration***<br><br>Remuneration packages may contain any or all of the following:<br><br>• annual salary based on the relevant market;<br><br>• ad hoc rewards, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution;<br><br>• a lump sum payment related to achievement of identified business drivers and personal key performance indicators measured over a year; and<br><br>• other benefits such as holidays, sickness benefits, superannuation payments.<br><br>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. | Not applicable. |

| No. | ASX Key Governance Principles | Compliance | Non-compliance |
|---|---|---|---|
| | | ***Director's remuneration*** | |
| | | 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. Each year, the Board reviews directors' remuneration. The total amount of remuneration paid to directors must not exceed the maximum amount the shareholders authorise at general meeting (which amount is currently A$250,000 per annum). | |
| | | From time to time, the Board may ask individual directors 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. | |
| 8.3 | 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 and 8.2 (inclusive) in its future annual reports. | Not applicable. |

## NOMINATION COMMITTEE

The Board has established a nomination committee consisting of the following directors and officers:

Mr. Cheong Sao Tai
Mr. Pierre Seligman
Mr. Jack Chik Ming Chu
Mr. William Kam Biu Tam
Mr. James Anthony Wigginton
Mr. Man Lung Chen

## AUDIT COMMITTEE

The Board has established an audit committee consisting of the following Non-executive director and officer:

Mr. James Anthony Wigginton
Mr. Man Lung Chen

# VIAGOLD CAPITAL LIMITED

## CORPORATE GOVERNANCE COMMITTEE

The Board has established a corporate governance committee consisting of the following directors and officers:

Mr. Pierre Seligman
Mr. Jack Chik Ming Chu
Mr. William Kam Biu Tam
Mr. James Anthony Wigginton
Mr. Man Lung Chen

## REMUNERATION COMMITTEE

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

Mr. Cheong Sao Tai
Mr. Pierre Seligman
Mr. Jack Chik Ming Chu
Mr. William Kam Biu Tam
Mr. James Anthony Wigginton
Mr. Man Lung Chen

## DIRECTORS' AND EXECUTIVES' EMOLUMENTS

For the year ended March 31, 2009, the annual directors' remunerations are as follows:

| **Name of Directors** | **Amount** |
|---|---|
| | *A$'000* |
| Mr. Cheong Sao Tai | – |
| Mr. Pierre Seligman | – |
| Mr. Jack Chik Ming Chu | 18 |
| Mr. William Kam Biu Tam | – |
| Mr. James Anthony Wigginton | 70 |
| Mr. Henry Chang Manayan | 65 |

For the year ended March 31, 2009, the annual remunerations of executives are as follows:

| **Name of Executives** | **Amount** |
|---|---|
| | *A$'000* |
| Mr. Man Lung Chen | – |
| Mr. Kenneth Kwing Chuen Tang | 26 |

# DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended March 31, 2009.

## 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 holding, organic food trading, the provision of internet, leasing and capital financing services. Details of the Company's subsidiaries are set out in note 33 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment from both a business and geographical perspective 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 were:

*Executive directors:*

Mr. Cheong Sao Tai
Mr. Pierre Seligman
Mr. Jack Chik Ming Chu *(Deputy Chairmen and Chief Executive Officer ("CEO"))*

*Non-executive directors:*

Mr. Henry Chang Manayan *(Chairman)*
Mr. William Kam Biu Tam

*Independent Non-executive director:*

Mr. James Anthony Wigginton

In accordance with Article 19.1 of the Company's Bye-Laws, Messrs. Pierre Seligman and James Anthony Wigginton 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 above Bye-Laws.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## VIAGOLD – MANAGEMENT TEAM

**Chairman and Non-executive Director – Mr. Henry Chang Manayan, Esq.**

Mr. Henry Chang Manayan, was appointed as Chairman and non-executive director of the Company in August 2006. A lawyer and management consultant based in Silicon Valley, California, Mr. Manayan served three-terms as the Mayor of the City of Milpitas, California, the first Asian-American ever elected to the position. He was educated at Syracuse University, Oxford University (Great Britain), Yale-in-China College, Golden Gate University Graduate College of Banking and Finance, and received his Juris Doctor from University of Santa Clara School of Law. He also completed post-graduate work at the London Business School and Harvard University. Mr. Manayan has been a college professor and lecturer at the University of Washington (Seattle, Washington USA). His experience includes commercial real estate development in five Western States and investment banking. He was one of the original co-founding directors of the Company and helped to take it public on the Australian Securities Exchange. Currently, Mr. Manayan is also the President and General Counsel of Transpacific Capital Corporation, a finance and investment company based in the Silicon Valley, California. He is also a board director, officer and legal counsel to several hi-tech companies and organizations.

**Deputy Chairman, CEO and executive Director – Mr. Jack Chik Ming Chu**

Mr. Jack Chik Ming Chu, currently is the Deputy Chairman, CEO and executive director of the Company, Mr. Chu is responsible for the strategic planning and development of a number of investment projects and business focused at developing area of China. He is also a 20 years veteran of Certified Commercial Investment Member (CCIM), is an astute businessman and high-tech visionary with an established track record of building successful projects and other ventures throughout Greater China. Raised in the United States, but have been lived and worked in the Greater China Area doing a number of successful projects and investments included in his group are 5 publicly listed companies, 4 in Hong Kong and one in Australia. Through his wealth of experience, he indeed has a very clear understanding of doing business in both sides of the world. A native of Portland, he graduated from Portland State University with a Bachelor of Science degree in Business Management as well as a construction associate degree from Portland Community College. He completed his MBA degree from Golden Gate University in San Francisco, California almost 20 years ago.

Through the various information technology and development projects he has conceived, deployed and managed, he has cultivated numerous relationships across China in commercial and government spheres. Those valuable relationships are critical to the successfully navigating the intricacies of China’s complex and ever changing business environment and market dynamics. Mr. Chu firmly understands the business and technological climates on both sides of the Pacific. His background and experiences in Asia, combined with those from the U.S. (Department of Energy and various American investment and brokerage houses) provide him additional insights and understandings that are useful for Western companies wishing to do business in China, as well as for Asian businesses seeking to access the U.S. marketplace.

**Executive Director – Mr. Pierre Seligman**

Mr. Pierre Seligman worked as a senior executive for 15 years in a Hong Kong leading buying office that represented major retailers and importers of garments throughout Europe and the United States. He studied in Europe and in the United States of America. He has a Bachelors degree in French Literature and a textile degree in knitwear from the University of Leeds.

## VIAGOLD – MANAGEMENT TEAM – continued

**Executive Directors – Mr. Cheong Sao Tai**

Mr. Cheong Sao Tai is an executive director of the Company. Mr. Tai was educated in Macao, Hong Kong and at the University of London, United Kingdom. Mr. Tai was a teacher for several years and then joined the Hong Kong Government where he spent the next twenty-six years in a law enforcement department and worked his way up to hold senior ranks. After leaving the public service, Mr. Tai joined a well-established real estate development company as an Executive General Manager and was responsible for its business development and office administration. Prior to joining the Group, Mr. Tai was the Controller of Human Resources and Administration in Culturecom Holdings Limited ("Culturecom"), a company listed on the Stock Exchange of Hong Kong Limited.

**Non-Executive Directors – Mr. William Kam Biu Tam**

Mr. William Kam Biu Tam was once the chief financial officer, Company Secretary and executive director of the Company. Mr. Tam has remained as an non-executive director of the Company. He has over eighteen years of experience in financial management and corporate finance, gained with a number of Hong Kong listed companies and international groups. Mr. Tam obtained a degree in Master of Business Administration in 1981 from York University in Toronto, Canada and become an associate member of the Hong Kong Institute of Certified Public Accountants in September 1987 and a fellow of the Association of Chartered Accountants in May 1988.

**Independent Non-Executive Director – Mr. James Anthony Wigginton**

Mr. James Anthony Wigginton is an independent non-executive director of the Company. Mr. Wigginton, who is a qualified accountant, is currently an authorised representative of Falconer, Bellomo & Company Limited, an Australian based investment bank. He has had over 28 years experience in the banking and stockbroking industry, both in Australia and overseas. He has held executive management positions with a number of major international banks in Australia, the United States and Asia and has considerable experience in international banking and corporate finance. He has been responsible for a number of initial public offerings in Australia. He has been a director of a number of private companies both in Australia and overseas.

## SENIOR MANAGEMENT TEAM

**Mr. Man Lung Chen**

Mr. Man Lung Chen joined the Group as Chief Financial Officer and Company Secretary in 2000 till 2005. In 2007, Mr. Chen is again invited as the Group's Chief Financial Officer, responsible for corporate reorganisation and global strategic development. He is currently Vice President of Culturecom. He also serves as an non-executive director of Mobile Telecom Network (Holdings) Ltd., a company listed on the Stock Exchange of Hong Kong Limited, one of the investment projects of Culturecom. Mr. Chen holds a Bachelor degree in Social Sciences and a Master degree in Chinese Studies.

**Mr. Kenneth Kwing Chuen Tang**

Mr. Kenneth Kwing Chuen Tang was appointed as Company Secretary of the Company in January 2007, holds a Master of Commerce degree in Finance and a Bachelor of Science degree 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 May 24, 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.

However, with the expiry of the directors & officers insurance of the Company on June 29, 2003, the Company has not made any other relevant agreement to indemnify the directors and officers or of any related body corporate of the Company for the financial year ended March 31, 2009.

## MEETINGS OF DIRECTORS

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

| | Board Meetings | |
|---|---|---|
| **Directors** | **Held** | **Attended** |
| Mr. Cheong Sao Tai | 19 | 19 |
| Mr. Pierre Seligman | 19 | 19 |
| Mr. Jack Chik Ming Chu | 19 | 19 |
| Mr. William Kam Biu Tam | 19 | 19 |
| Mr. James Anthony Wigginton | 19 | 18 |
| Mr. Henry Chang Manayan | 19 | 3 |

## RESULTS

The results of the Group for the year ended March 31, 2009 are set out in the consolidated income statement on page 27. The directors do not recommend the payment of a dividend.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment 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 22 to the consolidated financial statements.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the financial year, there was no significant change in the state of affairs of the Group other than those referred in the consolidated financial statements or notes thereto.

## SIGNIFICANT POST BALANCE SHEET EVENTS

No matter or circumstance has arisen since March 31, 2009 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.

## DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS

**(i) Shares**

At March 31, 2009, the interests of the Company's directors and their associates in the issued share capital are as follows:

| | Number of shares held | |
|---|---|---|
| **Name** | **Personal interests** | **Corporate interests** |
| Mr. Cheong Sao Tai | 9,400 | 105,175 *(Note 1)* |
| Mr. Jack Chik Ming Chu | 15,950 *(Note 2)* | – |
| Mr. William Kam Biu Tam | 35,332 | – |
| Mr. Henry Chang Manayan | 5,000 | – |

*Notes:*

1. The 105,175 shares are held by Carleton Trading Limited, a company beneficially wholly-owned by Mr. Cheong Sao Tai.

2. (i) 10,950 shares are beneficially held by Mr. Jack Chik Ming Chu.

   (ii) 2,500 shares are jointly held by Mr. Jack Chik Ming Chu and Mr. Mun Bun Chung.

   (iii) 2,500 shares are jointly held by Mr. Jack Chik Ming Chu and Mr. Koi Lin Sin.

## DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS – continued

**(ii) Share options**

***Employee share option scheme***

On December 19, 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 November 28, 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 an employee as at the date of grant, or the Plan Committee determines otherwise.

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 date of the offer.

## DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS – continued

**(ii) Share options – continued**

***Employee share option scheme – continued***

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.

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 compulsory acquires 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 December 19, 2007.

## 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 | Number of underlying shares<br>Balance as at April 1, 2008 | Granted during the year ended March 31, 2009 | Exercised during the year ended March 31, 2009 | Lapsed during the year ended March 31, 2009 | Balance as at March 31, 2009 | Exercise price per share | Date of grant (dd/mm/yyyy) | Exercisable period (dd/mm/yyyy) |
|---|---|---|---|---|---|---|---|---|
| | | | | | | *$A* | | |
| **Directors** | | | | | | | | |
| Mr. Jack Chik Ming Chu | 100,000 | – | – | – | 100,000 | 2 | 19/12/2007 | 08/04/2008 – 08/04/2018 |
| Mr. Pierre Seligman | 100,000 | – | – | – | 100,000 | 2 | 19/12/2007 | 08/04/2008 – 08/04/2018 |
| Mr. James Anthony Wigginton | 50,000 | – | – | – | 50,000 | 2 | 19/12/2007 | 08/04/2008 – 08/04/2018 |
| Mr. William Kam Biu Tam | 50,000 | – | – | – | 50,000 | 2 | 19/12/2007 | 08/04/2008 – 08/04/2018 |
| Mr. Cheong Sao Tai | 50,000 | – | – | – | 50,000 | 2 | 19/12/2007 | 08/04/2008 – 08/04/2018 |
| Mr. Henry Chang Manayan | – | 50,000 | – | – | 50,000 | 2 | 17/12/2008 | 17/12/08 – 08/04/2018 |
| **Employees** | 130,000 | – | – | – | 130,000 | 2 | 19/12/2007 | 08/04/2008 – 08/04/2018 |
| **Consultants** | 1,418,792 | – | – | – | 1,418,792 | 2 | 19/12/2007 | 08/04/2008 – 08/04/2018 |
| **Total** | 1,898,792 | 50,000 | – | – | 1,948,792 | | | |

The closing price of the share immediately before December 17, 2008 was A$1.30

The Company adopts the Black-Scholes-Merton 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.

## DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS – continued

**(ii) Share options – continued**

***Employee share option scheme – continued***

Significant assumptions are used in the Black-Scholes-Merton 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 Australia Government Bonds.
- Expected volatility – the historical volatility of the share.

Black-Scholes-Merton 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.

The total value of the share options granted on the grant date, estimated to be approximately A$65,000.

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 or any of its 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

No contract of significance in relation to the Group business to which the Company, its ultimate holding company or any of 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

Pursuant to the resolutions passed by the shareholders of the Company on October 7, 2002, the total amount of remuneration payable by the Company to its directors by way of directors' fees shall not exceed A$250,000 per annum.

Other than as disclosed in note 8 to the 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.

## 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.

## AUDITORS

The financial statements have been audited by Lau & Au Yeung C.P.A. Limited who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

**Jack Chik Ming Chu**
*Director*

June 17, 2009

## DIRECTORS' DECLARATION

The directors of the Company declare that, for the year ended March 31, 2009:

1. The attached financial statements and notes thereto as set out on pages 27 to 75:

   (a) comply with the International Financial Reporting Standards; and

   (b) a present fairly of the Group's financial position as at March 31, 2009 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 the Board of directors.

**Pierre Seligman**
*Director*

June 17, 2009

LAU AU YEUNG 劉歐陽會計師事務所有限公司 LAU & AU YEUNG C.P.A. LIMITED

**Lau & Au Yeung C.P.A. Limited**
21/F., Tai Yau Building,
181 Johnston Road, Wanchai,
Hong Kong.

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VIAGOLD CAPITAL LIMITED

*(incorporated in 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 27 to 75, which comprise the consolidated balance sheet as at March 31, 2009, and the consolidated income statement, the consolidated statement of recognised income and expense and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## AUDITOR'S RESPONSIBILITIES

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 contents 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 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 and fair presentation of the consolidated financial statements 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 management, 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.

## VIAGOLD CAPITAL LIMITED

### OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, of the financial position of the Group as of March 31, 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Lau & Au Yeung C.P.A. Limited**
*Certified Public Accountants*
Hong Kong, June 17, 2009

**Au Yeung Tin Wah**
Practising Certificate Number P02343

# CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

| | Note | 2009<br>A$'000 | 2008<br>A$'000 |
|---|---|---|---|
| **Turnover** | 5 | **8** | 44,074 |
| Cost of sales | | **(14)** | (41,521) |
| **Gross (loss)/profit** | | **(6)** | 2,553 |
| Other income | 6 | **138** | 209 |
| Administrative expenses | | **(1,806)** | (6,446) |
| Finance costs | 9 | **(101)** | (76) |
| Bad debts recovery | | **–** | 260 |
| Bad debts written off | | **–** | (1) |
| Fair value loss on financial assets at fair value through profit or loss | | **(6,386)** | (2,880) |
| Gain on deemed disposal of subsidiaries | 28 | **–** | 13,648 |
| Gain on disposal of partial interest in a subsidiary | 32 | **–** | 879 |
| Guarantee profit paid | | **(440)** | – |
| Impairment loss on receivables | | **(1)** | (602) |
| (Loss)/Gain on disposal of financial assets at fair value through profit or loss | | **(12)** | 1,808 |
| Loss on disposal of property, plant and equipment | | **(13)** | – |
| Net exchange (losses)/gains | | **(217)** | 46 |
| Property, plant and equipment written off | | **(59)** | – |
| Reversal of impairment on receivables | | **1** | 2,351 |
| **(Loss)/Profit before income tax** | 7 | **(8,902)** | 11,749 |
| Income tax expense | 10 | **–** | (12) |
| **(Loss)/Profit for the year** | | **(8,902)** | 11,737 |
| **Attributable to:** | | | |
| Equity holders of the Company | | **(8,831)** | 11,795 |
| Minority interests | | **(71)** | (58) |
| | | **(8,902)** | 11,737 |

| | Note | 2009 | 2008 |
|---|---|---|---|
| **(Loss)/Earnings per share for (loss)/profit attributable to the equity holders of the Company during the year** (expressed in Australian dollar per share) | | | |
| – basic | 12 | **(0.70)** | 0.93 |
| – diluted | 12 | **(0.70)** | 0.93 |

The notes on pages 31 to 75 form an integral part of these financial statements.

# CONSOLIDATED BALANCE SHEET
# AS AT MARCH 31, 2009

| | Note | 2009<br>A$'000 | 2008<br>A$'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Leasehold land and land use rights | 13 | **298** | 223 |
| Property, plant and equipment | 14 | **1,570** | 988 |
| Construction in progress | 15 | **–** | 35 |
| Intangible assets | 16 | **–** | – |
| Goodwill | 17 | **–** | – |
| Available-for-sale financial assets | 18 | **–** | – |
| | | **1,868** | 1,246 |
| **Current assets** | | | |
| Trade and other receivables | 19 | **2,359** | 1,585 |
| Financial assets at fair value through profit or loss | 20 | **5,002** | 8,962 |
| Leasehold land and land use rights | 13 | **9** | 7 |
| Cash and cash equivalents | 21 | **3,130** | 3,976 |
| | | **10,500** | 14,530 |
| **Total assets** | | **12,368** | 15,776 |
| **EQUITY** | | | |
| **Capital and reserves attributable to the Company's equity holders** | | | |
| Share capital | 22 | **2,531** | 2,531 |
| Reserves | 23 | **(535)** | 6,222 |
| | | **1,996** | 8,753 |
| **Minority interests** | 23 | **1,091** | 869 |
| | | **3,087** | 9,622 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 24 | **4,125** | 2,327 |
| Borrowings | 25 | **3,589** | 2,664 |
| Income tax payable | | **1,567** | 1,163 |
| **Total liabilities** | | **9,281** | 6,154 |
| **Total equity and liabilities** | | **12,368** | 15,776 |

**Jack Chik Ming Chu** — *Director*

**Pierre Seligman** — *Director*

The notes on pages 31 to 75 form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED MARCH 31, 2009

| | *Note* | **2009** **A$'000** | 2008 A$'000 |
|---|---|---|---|
| Exchange differences arising on translation of operations not denominated in Australian Dollars | 23 | **2,302** | (811) |
| Net income/(expense) recognised directly in equity | | **2,302** | (811) |
| Release of reserve upon disposal of partial interest in a subsidiary | | **–** | 836 |
| Release of reserve upon deemed disposal of subsidiaries | | **–** | (274) |
| Share options granted during the year | | **65** | 1,967 |
| Net (loss)/profit for the year | | **(8,902)** | 11,737 |
| Total recognised (expense)/income for the year | | **(6,535)** | 13,455 |
| **Attributable to:** | | | |
| Equity holders of the Company | | **(6,757)** | 12,877 |
| Minority interests | | **222** | 578 |
| | | **(6,535)** | 13,455 |

The notes on pages 31 to 75 form an integral part of these financial statements.

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

| | Note | 2009 A$'000 | 2008 A$'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash (used in)/generated from operations | 26 | **(1,647)** | 12,693 |
| Interest paid | | **–** | (12) |
| Net cash (used in)/generated from operating activities | | **(1,647)** | 12,681 |
| **Cash flows from investing activities** | | | |
| Acquisition of property, plant and equipment | 14 | **(348)** | (200) |
| Decrease in loan receivables | | **–** | 1,675 |
| Decrease in pledged bank deposits | | **–** | 690 |
| Increase in construction in progress | 15 | **–** | (34) |
| Deemed disposal of subsidiaries, net of cash disposed of | | **–** | (875) |
| Dividends received | | **–** | 1 |
| Interests received | | **33** | 1,289 |
| Payments on purchase of financial assets at fair value through profit or loss | | **(279)** | (6,323) |
| Proceeds from disposal of property, plant and equipment | | **17** | – |
| Proceeds from disposal of partial interest in a subsidiary | | **–** | 1,682 |
| Proceeds from sales of financial assets at fair value through profit or loss | | **122** | 3,379 |
| Net cash (used in)/generated from investing activities | | **(455)** | 1,284 |
| **Cash flows from financing activities** | | | |
| Increase in short term loans | | **–** | 2,664 |
| Advance from/(repayment to) the ultimate holding company | | **–** | (48) |
| Repayment to related companies | | **–** | (60) |
| Repayment to subsidiaries of a minority shareholder | | **–** | (15,478) |
| Net cash generated from/(used in) financing activities | | **–** | (12,922) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(2,102)** | 1,043 |
| Cash and cash equivalents at the beginning of the year | | **3,976** | 2,666 |
| Exchange gains on cash and cash equivalents | | **1,256** | 267 |
| **Cash and cash equivalents at the end of the year** | 21 | **3,130** | 3,976 |

The notes on pages 31 to 75 form an integral part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009

## 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"). Its holding company is Harvest Smart Overseas Limited, which was incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are disclosed on page 78.

The Company and its subsidiaries (together the "Group") are principally engaged in investment holding business. Details of the activities of the Company's principal subsidiaries are set out in note 33.

These consolidated financial statements are presented in units of Australian dollars (A$), unless otherwise stated. These consolidated financial statements was approved for issue by the Board of directors on 17 June 2009.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of preparation

The consolidated financial statements of ViaGOLD Capital Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss.

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 4.

***(i) Standards, amendments and interpretations effective in 2009 which are relevant to the Group's operation***

- IAS 39 and IFRS 7 (Amendments) – Reclassification of Financial Assets

The adoption of the above standards, amendments and interpretations does not have any significant impact on the Group's consolidated financial statements.

***(ii) Standards, amendments and interpretations effective in 2009 but not relevant to the Group's operations***

- IFRIC – Int 12 – Service Concession Arrangements
- IFRIC – Int 14 – IAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

### (a) Basis of preparation – continued

#### *(iii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

| | | |
|---|---|---|
| • IFRSs (Amendments) | – | Improvements to IFRSs[1] |
| • IAS 1 (Revised) | – | Presentation of Financial Statements[2] |
| • IAS 23 (Revised) | – | Borrowing Costs[2] |
| • IAS 27 (Revised) | – | Consolidated and Separate Financial Statements[3] |
| • IFRS 1 (Revised) | – | First-time Adoption of International Financial Reporting Standards[3] |
| • IAS 32 and IAS 1 (Amendments) | – | Puttable Financial Instruments and Obligations Arising on Liquidation[2] |
| • IAS 39 (Amendment) | – | Eligible Hedged Items[3] |
| • IFRS 1 and IAS 27 (Amendments) | – | Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2] |
| • IFRS 2 (Amendment) | – | Share-based Payment – Vesting Conditions and Cancellations[2] |
| • IFRS 3 (Revised) | – | Business Combinations[3] |
| • IFRS 7 (Amendment) | – | Improving Disclosures about Financial Instruments[2] |
| • IFRS 8 | – | Operating Segments[2] |
| • IFRIC – Int 9 and IAS 39 (Amendments) | – | Embedded Derivatives[4] |
| • IFRIC – Int 13 | – | Customer Loyalty Programmes[5] |
| • IFRIC – Int 15 | – | Agreements for the Construction of Real Estate[2] |
| • IFRIC – Int 16 | – | Hedges of a Net Investment in a Foreign Operation[6] |
| • IFRIC – Int 17 | – | Distributions of Non-cash Assets to Owners[3] |
| • IFRIC – Int 18 | – | Transfers of Assets from Customers[7] |

[1] *Effective for annual periods beginning on or after January 1, 2009 except the amendments to IFRS 5, effective for annual periods beginning on or after July 1, 2009*

[2] *Effective for annual periods beginning on or after January 1, 2009*

[3] *Effective for annual periods beginning on or after July 1, 2009*

[4] *Effective for annual periods ending on or after June 30, 2009*

[5] *Effective for annual periods beginning on or after July 1, 2008*

[6] *Effective for annual periods beginning on or after October 1, 2008*

[7] *Effective for transfer on or after July 1, 2009*

The above standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after July 1, 2008 or later periods. The company has started considering their potential impact. Based on the preliminary assessment, the company believes that the adoption of these standards and interpretations to existing standards, if applicable, will not result in substantial changes to the company's accounting policies. The company has not early adopted these standards and interpretations to existing standards, if applicable, in the consolidated financial statements for the year ended March 31, 2009.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

### (b) Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to March 31, 2009.

#### *(i) Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. 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 purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement *(Note 2(h))*.

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 in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

#### *(ii) Transactions with minority interests*

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

### (c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

### (d) Foreign currency translation

#### *(i) 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 while the Group's transactions are denominated in multiple currencies, including Hong Kong Dollars ("HKD"), Renminbi ("RMB"), Canadian Dollars ("CAD") and Macau Pataca ("MOP").

#### *(ii) 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 the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

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 available-for-sale reserve in equity.

#### *(iii) 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 balance sheet presented are translated at the closing rate at the date of that balance sheet;

- 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 as a separate component of equity.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

### (d) Foreign currency translation – continued

#### *(iii) Group companies – continued*

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 shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement 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.

### (e) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and 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 specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. 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.

#### *(i) Sales of travel agency and internet services*

Revenue from travel agency and internet services are recognised when the services are rendered.

#### *(ii) Sales of equity securities*

Sales of listed securities are recognised when instructions for sales which are given to securities brokers/ purchasers are properly executed thereafter.

#### *(iii) Sales of organic food – retail*

Sales of organic food are recognised when a group entity sells a product to the customer. Retail sales are usually in cash.

#### *(iv) Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

### (e) Revenue recognition – continued

#### *(v) Dividend income*

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

### (f) Leases

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) including upfront payment made for leasehold land and land use rights, are charged to the consolidated income statement on a straight-line basis over the period of the lease.

### (g) Property, plant and equipment

Building comprises mainly an office. Building and all 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 consolidated income statement 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 | 5-10 years |
| – | Buildings | over the lease terms |

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount *(note 2(i))*.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

### (h) Intangible assets

#### *(i) Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

#### *(ii) Patent*

Acquired patents are shown at historical cost less impairment losses. Patents with finite useful lives are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of patent over their estimated useful lives.

### (i) Impairment of investment of subsidiaries and 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 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 to sell 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.

### (j) Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. 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 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

### (j) Financial assets – continued

#### *(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 balance sheet date. These 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 balance sheet *(note 2(k) and 2(l))*.

#### *(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 management intends to dispose of the investment within 12 months of the balance sheet date.

Regular way 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 consolidated income statement. 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 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 consolidated income statement as part of "other income" when the Group's right to receive payments is established.

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 amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement 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 consolidated income statement as part of "other income" when the Group's right to receive payments is established.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

### (j) Financial assets – continued

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities 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 consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. Impairment testing of trade and other trade receivables is described in note 2(k).

### (k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated income statement.

### (l) 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.

### (m) Share capital

Ordinary shares are classified as equity.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

### (n) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### (o) Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the balance sheet date 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, the 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 balance sheet date 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 to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except 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.

### (p) Employee benefits

#### *(i) Employee leave entitlements*

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 consolidated balance sheet date.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

### (p) Employee benefits – continued

#### *(ii) Pension obligations*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' relevant income and are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

#### *(iii) Share-based compensation*

The Group operates a share-based compensation plan, 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 amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, 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.

### (q) 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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

### (r) Construction in progress

Construction in progress represents capital assets under construction or being installed and is stated at cost. Cost comprises original cost of plant and equipment, installation, construction and other direct costs, prior to the date of reaching the expected usable condition. Construction in progress is transferred to the appropriate category of property, plant and equipment and depreciation commences when the asset has been completed and is available for use.

### (s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated 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.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### (t) Leasehold land and land use rights

Use rights for land is stated at cost less accumulated amortisation and accumulated impairment losses (if any). Cost mainly represents consideration paid for the rights to use the land on which various buildings are situated for a period of 37 years from the date the respective right was granted. Amortisation of lease premium for land is calculated on a straight-line basis over the period of the remaining lease.

## 3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price 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. FINANCIAL RISK MANAGEMENT – continued

### (a) Market risk

#### *(i) Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, including the HKD, RMB, MOP, USD and CAD.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency (Hong Kong dollars) and net investments in foreign operations. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and maintains RMB, MOP, HKD, CAD bank accounts which are used by the Group to pay for the transactions denominated in these currencies.

RMB, CAD and MOP have experienced certain appreciation in recent years which is the major reason for the exchange gains recognised by the Group in the income statement for the year. Further depreciation or appreciation of HKD against RMB, CAD and MOP will affect the Group's financial position and results of operations.

The Group considers that there is a relatively low foreign exchange risk in USD because of the linked exchange rate system between USD and HKD.

Based on the financial instruments held at March 31, 2009, if the Hong Kong dollars had weakened/strengthened by 5% against the following foreign currencies, with all other variables held constant, the Group's post-tax (loss)/profit would have been higher/lower as the following:

| | 2009<br>*A$'000*<br>higher/(lower) | 2008<br>*A$'000*<br>higher/(lower) |
|---|---|---|
| MOP | **(9)** | (2) |
| RMB | **115** | 86 |
| | **106** | 84 |

## 3. FINANCIAL RISK MANAGEMENT – continued

### (a) Market risk – continued

#### *(ii) Price risk*

The company is exposed to equity price risk through its financial assets at fair value through profit or loss. The management manages the exposure by maintaining a portfolio of equity investments with different risk profiles.

The Group's investments consist mainly of the shares, which are listed on the Stock Exchange of Hong Kong Limited. The fair value of the investments of the Group is determined with reference to quoted market prices.

With all other variables held constant, if the average future price of financial assets at fair value through profit or loss increase/decreased by 5%, the impact on the Group's equity would be a maximum increase/decrease of approximately A$250,000 (2008: A$473,000). This sensitivity analysis has been determined assuming that the change in the future prices had occurred at the balance sheet date and had been applied to the exposure to the price risk in existence at that date. The 5% shift represents the management's assessment of a reasonable possible change in those future prices in shares listed on the Stock Exchange of Hong Kong Limited.

#### *(iii) 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, amount due to the ultimate holding company and borrowings, details of which have been disclosed in notes 21, 24 and 25. Since the bank interest income is insignificant and the interest rates on borrowings and amount due to the ultimate holding company are fixed, management considers that cash flow and fair value interest rate risks of the Group are insignificant and therefore no sensitivity analysis is presented thereon.

### (b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from other receivables and bank balances.

The credit risk on other receivables is limited because the Group manages the credit risk by taking into account the debtors' financial positions, past creditability records or request securities on the receivables, if applicable.

The credit risk on bank balances 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.

## 3. FINANCIAL RISK MANAGEMENT – continued

### (b) Credit risk – continued

The table below is the past due analysis of the Group's financial assets.

| **As at March 31, 2009** | **Carrying amount** | **Neither past due nor impaired** | **Less than 1 month to 3 months past due** | **Past due for over 3 months** |
|---|---|---|---|---|
| | ***A'000*** | ***A'000*** | ***A'000*** | ***A'000*** |
| **Debtors, deposits and prepayments** | **2,290** | **2,290** | **–** | **–** |
| **Amounts due from related parties** | **69** | **69** | **–** | **–** |
| **Financial assets at fair value through profit or loss** | **5,002** | **5,002** | **–** | **–** |
| **Cash and cash equivalents** | **3,130** | **3,130** | **–** | **–** |
| **Total** | **10,491** | **10,491** | **–** | **–** |

| As at March 31, 2008 | Carrying amount | Neither past due nor impaired | Less than 1 month to 3 months past due | Past due for over 3 months |
|---|---|---|---|---|
| | *A'000* | *A'000* | *A'000* | *A'000* |
| Debtors, deposits and prepayments | 1,534 | 1,534 | – | – |
| Amounts due from related parties | 51 | 51 | – | – |
| Financial assets at fair value through profit or loss | 8,962 | 8,962 | – | – |
| Cash and cash equivalents | 3,976 | 3,976 | – | – |
| Total | 14,523 | 14,523 | – | – |

## 3. FINANCIAL RISK MANAGEMENT – continued

### (c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The maximum exposure to liquidity risk is at the reporting date is the carrying amount of amounts due to the related companies. The management of the Group believes that the related companies will not request for the repayment of the amount due to the related companies until the Group is able to make such repayment.

The table below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

| **As at March 31, 2009** | **Carrying amount** *A'000* | **On demand** *A'000* | **Less than 1 year** *A'000* | **Between 1 and 2 years** *A'000* | **Between 2 and 5 years** *A'000* | **Over 5 years** *A'000* |
|---|---|---|---|---|---|---|
| **Borrowings** | **3,589** | **3,589** | **–** | **–** | **–** | **–** |
| **Other payables and accrued charges** | **3,670** | **–** | **3,670** | **–** | **–** | **–** |
| **Amount due to the ultimate holding company** | **455** | **455** | **–** | **–** | **–** | **–** |
| **Total** | **7,714** | **4,044** | **3,670** | **–** | **–** | **–** |

| As at March 31, 2008 | Carrying amount *A'000* | On demand *A'000* | Less than 1 year *A'000* | Between 1 and 2 years *A'000* | Between 2 and 5 years *A'000* | Over 5 years *A'000* |
|---|---|---|---|---|---|---|
| Borrowings | 2,664 | – | 2,664 | – | – | – |
| Other payables and accrued charges | 1,996 | 888 | 1,108 | – | – | – |
| Amount due to the ultimate holding company | 331 | 331 | – | – | – | – |
| Total | 4,991 | 1,219 | 3,772 | – | – | – |

## 3. FINANCIAL RISK MANAGEMENT – continued

### (d) 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.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity", as shown in the consolidated balance sheet, plus net debt.

| | **2009** | 2008 |
|---|---|---|
| | ***A$000*** | *A$000* |
| Total borrowings *(Note 25)* | **3,589** | 2,664 |
| *Less:* Cash and cash equivalents *(Note 21)* | **(3,130)** | (3,976) |
| Net debt | **459** | (1,312) |
| Total equity | **3,087** | 9,622 |
| Total capital | **3,546** | 8,310 |
| Gearing ratio | **13%** | (16%) |

The gearing ratio increased mainly because of the huge unrealised fair value losses of approximately A$6,386,000 on financial assets at fair value through profit or loss.

### (e) Fair value estimation

The carrying amounts of the Group's current financial assets, including trade and other receivables, financial assets at fair value through profit or loss and cash and cash equivalents and current financial liabilities including trade and other payables, borrowings and income tax payable 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.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (a) 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.

#### *(i) Estimated impairment of intangible assets and goodwill*

The Group determines whether intangible assets and goodwill are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the intangible assets and goodwill are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. More details are given in notes 16 and 17 to the consolidated financial statements on the impairment testing of intangible assets and goodwill.

#### *(ii) Estimated impairment of trade and other receivables*

The estimated impairment of trade and other receivables of the Group is based on the evaluation of collectibility 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.

#### *(iii) Income tax expense*

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.

#### *(iv) Useful lives of property, plant and equipment*

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of store renovation and relocation. Management will increase the depreciation charges where useful lives are less than previously estimated lives.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – continued

### (b) Critical judgments in applying the entity's accounting policies

#### *(i) Impairment of available-for-sale financial assets*

The Group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

## 5. SEGMENT INFORMATION

### (a) Business segment

The Group is currently organised into four operating businesses: investment holding, internet services provider ("ISP"), leasing and capital financing, and trading of organic food (2008: five operating businesses: travel agency services, investment holding, ISP, leasing and capital financing, and trading of organic food). These businesses are the basis on which the Group reports its primary segment information.

The segment results for the year ended March 31, 2009 are as follows:

| | Travel agency services | Investment holding | ISP | Leasing and capital financing | Trading of organic food | Unallocated | Consolidation |
|---|---|---|---|---|---|---|---|
| | *A$'000* | *A$'000* | *A$'000* | *A$'000* | *A$'000* | *A$'000* | *A$'000* |
| **Revenue** | – | – | 3 | – | 5 | – | 8 |
| **Elimination** | | | | | | | – |
| | | | | | | | 8 |
| **Loss before income tax** | – | (6,397) | (3) | (259) | (476) | (1,767) | (8,902) |
| **Income tax expense** | | | | | | | – |
| **Loss for the year** | | | | | | | (8,902) |

## 5. SEGMENT INFORMATION – continued

### (a) Business segment – continued

The segment results for the year ended March 31, 2008 are as follows:

| | Travel agency services | Investment holding | ISP | Leasing and capital financing | Trading of organic food | Unallocated | Consolidation |
|---|---|---|---|---|---|---|---|
| | *A$'000* | *A$'000* | *A$'000* | *A$'000* | *A$'000* | *A$'000* | *A$'000* |
| Revenue | 43,968 | – | 30 | – | 2 | 74 | 44,074 |
| Elimination | | | | | | | – |
| | | | | | | | 44,074 |
| Profit/(Loss) before income tax | (354) | 77 | (64) | (70) | (249) | 12,409 | 11,749 |
| Income tax expense | | | | | | | (12) |
| Profit for the year | | | | | | | 11,737 |

## 5. SEGMENT INFORMATION – continued

### (a) Business segment – continued

Other segment items included in the consolidated financial statements for the year ended March 31, 2009 are as follows:

| | Travel agency services A$'000 | Investment holding A$'000 | ISP A$'000 | Leasing and capital financing A$'000 | Trading of organic food A$'000 | Unallocated A$'000 | Consolidation A$'000 |
|---|---|---|---|---|---|---|---|
| **Other information** | | | | | | | |
| Acquisition of property, plant and equipment | – | – | – | – | 347 | 1 | 348 |
| Amortisation of leasehold land and land use rights | – | – | – | – | 8 | – | 8 |
| Depreciation of property, plant and equipment | – | – | – | 12 | 87 | 17 | 116 |
| Fair value loss on financial assets at fair value through profit or loss | – | 6,386 | – | – | – | – | 6,386 |
| Guarantee profit paid | – | – | – | – | – | 440 | 440 |
| Impairment loss on receivables | – | – | 1 | – | – | – | 1 |
| Loss on disposal of financial assets at fair value through profit or loss | – | 12 | – | – | – | – | 12 |
| Loss on disposal of property, plant and equipment | – | – | – | – | – | 13 | 13 |
| Property, plant and equipment written off | – | – | – | – | – | 59 | 59 |
| Reversal of impairment on receivables | – | – | – | – | (1) | – | (1) |
| Transfer from construction in progress to property, plant and equipment | – | – | – | – | 42 | – | 42 |
| **Balance sheet** | | | | | | | |
| Segment assets before elimination | – | 36,629 | 3,962 | 892 | 6,104 | 178,396 | 225,983 |
| Elimination | | | | | | | (213,615) |
| Segment assets after elimination | | | | | | | 12,368 |
| Segment liabilities before elimination | – | – | 6,525 | 10 | 17 | 143,537 | 150,089 |
| Income tax payable | – | 1,567 | – | – | – | – | 1,567 |
| | – | 1,567 | 6,525 | 10 | 17 | 143,537 | 151,656 |
| Elimination | | | | | | | (142,375) |
| Segment assets after elimination | | | | | | | 9,281 |

## 5. SEGMENT INFORMATION – continued

### (a) Business segment – continued

Other segment items included in the consolidated financial statements for the year ended March 31, 2008 are as follows:

| | Travel agency services A$'000 | Investment holding A$'000 | ISP A$'000 | Leasing and capital financing A$'000 | Trading of organic food A$'000 | Unallocated A$'000 | Consolidation A$'000 |
|---|---|---|---|---|---|---|---|
| Other information | | | | | | | |
| Acquisition of property, plant and equipment | 41 | – | – | 41 | 116 | 2 | 200 |
| Acquisition of construction in progress | – | – | – | – | 34 | – | 34 |
| Amortisation of leasehold land and land use rights | – | – | – | – | 7 | – | 7 |
| Bad debts recovery | – | – | – | – | – | (260) | (260) |
| Bad debts written off | – | – | – | – | – | 1 | 1 |
| Depreciation of property, plant and equipment | 23 | – | 3 | 2 | 12 | 17 | 57 |
| Fair value loss on financial assets at fair value through profit or loss | – | 2,880 | – | – | – | – | 2,880 |
| Gain on disposal of financial assets at fair value through profit or loss | – | (1,808) | – | – | – | – | (1,808) |
| Impairment loss on receivables | – | – | 68 | – | – | 534 | 602 |
| Reversal of impairment on receivables | – | (1,090) | – | – | – | (1,261) | (2,351) |
| Transfer from construction in progress to property, plant and equipment | – | – | – | – | 706 | – | 706 |
| **Balance sheet** | | | | | | | |
| **Segment assets before elimination** | **–** | **32,570** | **2,944** | **865** | **4,822** | **133,145** | **174,346** |
| **Elimination** | | | | | | | **(158,570)** |
| **Segment assets after elimination** | | | | | | | **15,776** |
| **Segment liabilities before elimination** | **–** | **–** | **4,844** | **11** | **7** | **105,831** | **110,693** |
| **Income tax payable** | **–** | **1,163** | **–** | **–** | **–** | **–** | **1,163** |
| | **–** | **1,163** | **4,844** | **11** | **7** | **105,831** | **111,856** |
| **Elimination** | | | | | | | **(105,702)** |
| **Segment assets after elimination** | | | | | | | **6,154** |

## 5. SEGMENT INFORMATION – continued

### (b) Geographical segments

The Group's operations are located in North America, Hong Kong, Singapore and other regions in The People's Republic of China (the "PRC").

The following table provides an analysis of the Group's sales by geographical markets, irrespective of the origin of the services.

| | Sales revenue by geographical market | |
|---|---|---|
| | **2009** | 2008 |
| | ***A$'000*** | *A$'000* |
| North America | **–** | 17,125 |
| Hong Kong | **3** | 13,173 |
| Singapore | **–** | 13,773 |
| PRC | **5** | 3 |
| | **8** | 44,074 |

Segment assets and additions to property, plant and equipment and intangible asset, analysed by the geographical areas in which the assets are located:

| | Carrying amount of segment assets | | Additions to property, plant and equipment | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| | ***A$'000*** | *A$'000* | ***A$'000*** | *A$'000* |
| Hong Kong | **5,795** | 10,215 | **1** | 41 |
| PRC | **6,573** | 5,561 | **347** | 159 |
| | **12,368** | 15,776 | **348** | 200 |

## 6. OTHER INCOME

| | 2009 A$'000 | 2008 A$'000 |
|---|---|---|
| Bank interest income | **33** | 95 |
| Dividend income | **–** | 1 |
| Loan interest income | **–** | 104 |
| Sundry income | **105** | 9 |
| | **138** | 209 |

## 7. (LOSS)/PROFIT BEFORE INCOME TAX

| | 2009 A$'000 | 2008 A$'000 |
|---|---|---|
| (Loss)/profit before income tax is arrived at: | | |
| **After crediting the following items:** | | |
| Net exchange gains | **–** | 46 |
| Gain on disposal of financial assets at fair value through profit or loss | **–** | 1,808 |
| Reversal of impairment on receivables | **1** | 2,351 |
| Bad debts recovery | **–** | 260 |
| Gain on deemed disposal of subsidiaries | **–** | 13,648 |
| Gain on disposal of partial interest in a subsidiary | **–** | 879 |
| **And after charging the following items:** | | |
| Amortisation of leasehold land and land use rights | **8** | 7 |
| Auditors' remuneration | **106** | 117 |
| Bad debts written off | **–** | 1 |
| Depreciation of property, plant and equipment *(Note 14)* | **116** | 57 |
| Employee benefit expense *(Note 8)* | **699** | 2,921 |
| Fair value loss on financial assets at fair value through profit or loss | **6,386** | 2,880 |
| Guarantee profit paid *(Note a)* | **440** | – |
| Impairment loss on receivables | **1** | 602 |
| Loss on disposal of financial assets at fair value through profit or loss | **12** | – |
| Loss on disposal of property, plant and equipment | **13** | – |
| Net exchanges losses | **217** | – |
| Operating lease rentals in respect of rental premises and equipment | **122** | 417 |
| Property, plant and equipment written off | **59** | – |
| Research and development expense | **19** | 31 |

## 7. (LOSS)/PROFIT BEFORE INCOME TAX – continued

*Note a:*

Guarantee profit paid of approximate A$440,000 (2008: Nil) has been recognized for the year. A wholly owned subsidiary, ViaGOLD USA Limited ("VUL") has entered into an agreement with the minority shareholder of its subsidiary, 北京華寶時代國際設備租賃有限公司 (Beijing Hua Bao International Leasing Company Limited*) ("MI of HBI") to guarantee the MI of HBI an amount of attributable profit. If the profit attributed to the MI of HBI as shown in its audited financial statements for each of the three years ending December 31, 2008, 2009 and 2010 prepared in accordance with the accounting principles generally accepted in the PRC is less than HK$2,640,000, VUL is required to compensate the MI of HBI in cash on a dollar for dollar basis. As Beijing Hua Bao International Leasing Company Limited incurred a loss for the year, a guarantee profit of HK$2,640,000 (approximately equal to A$440,000) has been paid to the MI of HBI.

* *The English name is for identification purpose only*

## 8. EMPLOYEE BENEFIT EXPENSE

| | **2009** | 2008 |
|---|---|---|
| | ***A$'000*** | *A$'000* |
| Directors' remuneration | | |
| – fees | **60** | 53 |
| – share options granted | **65** | 360 |
| – salaries, allowances and benefits in kind | **28** | 30 |
| | **153** | 443 |
| Wages and salaries | **474** | 2,199 |
| Mandatory provident fund contributions | **–** | 96 |
| Share options granted to employees | **–** | 134 |
| Social insurance | **44** | 14 |
| Other staff benefits | **28** | 35 |
| | **546** | 2,478 |
| | **699** | 2,921 |

## 8. EMPLOYEE BENEFIT EXPENSE – continued

**Directors' and senior management's emoluments**

The remuneration of every director for the year ended March 31, 2009 is set out below:

| **Name of director** | **Fees** | **Share options granted** | **Salaries, allowances and benefits in kind** | **Total** |
|---|---|---|---|---|
| | ***A$'000*** | ***A$'000*** | ***A$'000*** | ***A$'000*** |
| **Mr. Cheong Sao Tai** | **–** | **–** | **–** | **–** |
| **Mr. Pierre Seligman** | **–** | **–** | **–** | **–** |
| **Mr. Jack Chik Ming Chu** | **–** | **–** | **18** | **18** |
| **Mr. William Kam Biu Tam** | **–** | **–** | **–** | **–** |
| **Mr. Henry Chang Manayan** | **–** | **65** | **–** | **65** |
| **Mr. James Anthony Wigginton** | **60** | **–** | **10** | **70** |
| | **60** | **65** | **28** | **153** |

The remuneration of every director for the year ended March 31, 2008 is set out below:

| Name of director | Fees | Share options granted | Salaries, allowances and benefits in kind | Total |
|---|---|---|---|---|
| | *A$'000* | *A$'000* | *A$'000* | *A$'000* |
| Mr. Cheong Sao Tai | – | 51 | – | 51 |
| Mr. Pierre Seligman | – | 103 | – | 103 |
| Mr. Jack Chik Ming Chu | – | 103 | 30 | 133 |
| Mr. William Kam Biu Tam | – | 51 | – | 51 |
| Mr. Henry Chang Manayan | – | – | – | – |
| Mr. James Anthony Wigginton | 53 | 52 | – | 105 |
| | 53 | 360 | 30 | 443 |

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2008: Nil).

During the year, no emoluments were paid by the Company to the directors as an inducement to join, or upon joining the Company, or as compensation for loss of office (2008: Nil).

## 9. FINANCE COSTS

| | 2009<br>A$'000 | 2008<br>A$'000 |
|---|---|---|
| Interest on bank overdrafts | – | 12 |
| Interest on amount due to the ultimate holding company | 8 | 7 |
| Loan interests | 93 | 57 |
| | 101 | 76 |

## 10. INCOME TAX EXPENSE

No provision for taxation has been made in the consolidated financial statements for the current year as the Group had no estimated assessable profits for the year (2008: Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit for the year).

| | 2009<br>A$'000 | 2008<br>A$'000 |
|---|---|---|
| Current income tax | | |
| – Hong Kong profits tax | – | 12 |
| Deferred income tax *(Note 27)* | – | – |
| | – | 12 |

The tax on the Group's (loss)/profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to (losses)/profits of the consolidated entities as follows:

| | 2009<br>A$'000 | 2008<br>A$'000 |
|---|---|---|
| (Loss)/Profit before income tax | (8,902) | 11,749 |
| Tax calculated at the Hong Kong profits tax rate of 16.5% (2008: 17.5%) | (1,469) | 2,056 |
| Tax effect of: | | |
| Expenses not deductible for tax purposes | 124 | 3,503 |
| Income not subject to tax | (2) | (5,202) |
| Utilization of previously unrecognised tax losses | – | (9) |
| Unrecognised deferred tax assets arising from tax losses and other temporary differences | 1,397 | 4 |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | (50) | (340) |
| Income tax expense | – | 12 |

## 11. EMPLOYEE SHARE OPTION SCHEME

On December 19, 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 was adopted on November 28, 1995.

On December 19, 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 were granted to certain employees with an exercise price at A$2.00 per share on December 19, 2007. The share options can be exercised from April 8, 2008 and to be expired on April 8, 2018.

On December 17, 2008, share options were granted to directors of the Group pursuant to the Group's New Scheme. Share options with rights to subscribe for a total of 50,000 shares were granted to a director with an exercise price at A$2.00 per share on December 17, 2008. The share options can be exercised from December 17, 2008 and to be expired on April 8, 2018.

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

| | Weighed average exercise price per share<br>*A$* | Number of underlying shares |
|---|---|---|
| As at April 1, 2007 | – | – |
| Granted | 2.00 | 1,898,792 |
| Exercised | – | – |
| Lapsed | – | – |
| As at March 31, 2008 | 2.00 | 1,898,792 |
| **As at April 1, 2008** | **2.00** | **1,898,792** |
| **Granted** | **2.00** | **50,000** |
| **Exercised** | **–** | **–** |
| **Lapsed** | **–** | **–** |
| **As at March 31, 2009** | **2.00** | **1,948,792** |

## 11. EMPLOYEE SHARE OPTION SCHEME – continued

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

| Expiry date | Exercise price per share | **2009 Number of underlying shares** | 2008 Number of underlying shares |
|---|---|---|---|
| | *A$* | | |
| April 8, 2018 | 2.00 | **1,948,792** | 1,898,792 |

The estimated fair value of the share options granted for the year ended March 31, 2009 was amounted to approximately A$65,000 (2008: approximately A$1,967,000). It was estimated as at the date of grant by using the Black-Scholes-Merton Option Pricing Model, taking into account the terms and condition upon which the options were granted. The significant assumptions and inputs used in the valuation model are as follows:

| | **2009** | 2008 |
|---|---|---|
| Spot price | **A$1.30** | A$1.70 |
| Exercise price | **A$2.00** | A$2.00 |
| Expected volatility | **290.92%** | 68.52% |
| Expected life | **5 years** | 5 years and 103 days |
| Risk free rate | **3.530%** | 6.556% |

The expected volatility was based on the historical volatility of the share prices of the Company.

The risk-free interest rate was determined with reference to the yield of the Australia Government Bonds.

The expected life was determined based on the information provided by the management of the Company.

The Black-Scholes-Merton 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 limitations of the model itself. Any changes in the above assumptions or inputs may materially affect the fair value estimation.

## 11. EMPLOYEE SHARE OPTION SCHEME – continued

The fair value of the share options granted for the years ended 2009 and 2008 are as follows:

| | **2009** | 2008 |
|---|---|---|
| | ***A$000*** | *A$'000* |
| Directors' remuneration | **65** | 360 |
| Employees | **–** | 134 |
| Consultants | **–** | 1,473 |
| | **65** | 1,967 |

## 12. (LOSS)/EARNINGS PER SHARE

### (a) Basic

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

| | **2009** | 2008 |
|---|---|---|
| | ***A$'000*** | *A$'000* |
| (Loss)/Profit attributable to equity holders of the Company | **(8,831)** | 11,795 |
| Weighted average number of ordinary shares in issue (thousands) | **12,659** | 12,659 |
| Basic (loss)/earnings per share (A$ per share) | **(0.70)** | 0.93 |

### (b) Diluted

Diluted (loss)/earnings 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. For the share options, 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. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. Accordingly, the fair value was less than the exercise price, thus no adjustment need be made to the weighted average number of ordinary shares in issue.

## 12. (LOSS)/EARNINGS PER SHARE – continued

### (b) Diluted – continued

| | 2009 | 2008 |
|---|---|---|
| | **A$'000** | *A$'000* |
| (Loss)/Profit attributable to equity holders of the Company | **(8,831)** | 11,795 |
| Weighted average number of ordinary shares in issue (thousands) | **12,659** | 12,659 |
| Adjustment for: | | |
| –Share options | **–** | – |
| Weighted average number of ordinary shares for diluted (loss)/earnings per share (thousands) | **12,659** | 12,659 |
| Diluted loss/earnings per share (A$ per share) | **(0.70)** | 0.93 |

## 13. LEASEHOLD LAND AND LAND USE RIGHTS

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

| | 2009 | 2008 |
|---|---|---|
| | **A$'000** | *A$'000* |
| Leasehold land in the PRC | | |
| Leases between 10 and 50 years | **307** | 230 |
| Analysed for reporting purpose as: | | |
| Non-current assets | **298** | 223 |
| Current assets | **9** | 7 |
| | **307** | 230 |

## 14. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold improvements | Plant and equipment | Furniture and fixtures | Buildings | Motor vehicles | Total |
|---|---|---|---|---|---|---|
| | *A$'000* | *A$'000* | *A$'000* | *A$'000* | *A$'000* | *A$'000* |
| **Cost** | | | | | | |
| As at April 1, 2007 | 270 | 741 | 250 | – | 175 | 1,436 |
| Additions | 5 | 118 | – | 40 | 37 | 200 |
| Eliminated on deemed disposal of subsidiaries *(Note 28)* | (187) | (504) | (201) | – | (101) | (993) |
| Transfer from construction in progress *(Note 15)* | – | – | – | 706 | – | 706 |
| Exchange adjustments | (14) | (16) | (2) | 3 | (2) | (31) |
| **As at March 31, 2008** | **74** | **339** | **47** | **749** | **109** | **1,318** |
| **Additions** | **343** | **5** | **–** | **–** | **–** | **348** |
| **Disposals** | **–** | **(18)** | **–** | **–** | **(88)** | **(106)** |
| **Written off** | **–** | **(142)** | **–** | **–** | **–** | **(142)** |
| **Transfer from construction in progress *(Note 15)*** | **–** | **–** | **–** | **42** | **–** | **42** |
| **Exchange adjustments** | **69** | **104** | **20** | **288** | **30** | **511** |
| **As at March 31, 2009** | **486** | **288** | **67** | **1,079** | **51** | **1,971** |
| **Accumulated depreciation and impairment losses** | | | | | | |
| As at April 1, 2007 | 234 | 558 | 236 | – | 127 | 1,155 |
| Depreciation | 5 | 38 | 5 | – | 9 | 57 |
| Eliminated on deemed disposal of subsidiaries *(Note 28)* | (154) | (408) | (188) | – | (88) | (838) |
| Exchange adjustments | (12) | (20) | (7) | – | (5) | (44) |
| **As at March 31, 2008** | **73** | **168** | **46** | **–** | **43** | **330** |
| **Depreciation** | **12** | **34** | **1** | **53** | **16** | **116** |
| **Disposals** | **–** | **(18)** | **–** | **–** | **(58)** | **(76)** |
| **Written off** | **–** | **(83)** | **–** | **–** | **–** | **(83)** |
| **Exchange adjustments** | **27** | **53** | **16** | **7** | **11** | **114** |
| **As at March 31, 2009** | **112** | **154** | **63** | **60** | **12** | **401** |
| **Net book value** | | | | | | |
| **As at March 31, 2009** | **374** | **134** | **4** | **1,019** | **39** | **1,570** |
| As at March 31, 2008 | 1 | 171 | 1 | 749 | 66 | 988 |

Lease rentals amounting to Nil (2008: A$11,000) relating to the lease of plant and equipment is included in the consolidated income statement *(Note 7)*.

## 15. CONSTRUCTION IN PROGRESS

| | *A$'000* |
|---|---|
| As at April 1, 2007 | 730 |
| Transfer to property, plant and equipment *(Note 14)* | (706) |
| Additions | 34 |
| Exchange adjustments | (23) |
| **As at March 31, 2008** | **35** |
| **Transfer to property, plant and equipment *(Note 14)*** | **(42)** |
| **Exchange adjustments** | **7** |
| **As at March 31, 2009** | **–** |

## 16. INTANGIBLE ASSETS

| | **Development costs** *A$'000* |
|---|---|
| **Cost** | |
| As at April 1, 2007 | 780 |
| Eliminated on deemed disposal of subsidiaries *(Note 28)* | (686) |
| Exchange adjustments | (90) |
| **As at March 31, 2008** | **4** |
| **Exchange adjustments** | **1** |
| **As at March 31, 2009** | **5** |
| **Accumulated amortisation and impairment losses** | |
| As at April 1, 2007 | 780 |
| Eliminated on deemed disposal of subsidiaries *(Note 28)* | (686) |
| Exchange adjustments | (90) |
| **As at March 31, 2008** | **4** |
| **Exchange adjustments** | **1** |
| **As at March 31, 2009** | **5** |
| **Net book value** | |
| **As at March 31, 2009** | **–** |
| As at March 31, 2008 | – |

## 16. INTANGIBLE ASSETS – continued

The amount of elimination of A$686,000 for the year ended March 31, 2008 represents costs for the development of the Group's 4th Generation GlobalRes online reservation system for the use in the travel agency services business. The amount has been reversed on deemed disposal of subsidiaries *(Note 28)*.

The intangible assets of the Group as at March 31, 2009 represent the patent of the Group. The patent refers to the web site development technique.

The Group tests annually or when there is an indicator whether intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2(h). The recoverable amount of the asset is estimated in order to determine the extent to the impairment loss. Based on the estimated recoverable amount, in the opinion of the directors, no reversal of impairment loss should be recognised in current year (2008: Nil).

## 17. GOODWILL

| | *A$'000* |
|---|---|
| **Cost** | |
| As at April 1, 2007 | 71,081 |
| Eliminated on deemed disposal of subsidiaries *(Note 28)* | (948) |
| Exchange adjustments | (6,271) |
| **As at March 31, 2008** | **63,862** |
| **Exchange adjustments** | **22,183** |
| **As at March 31, 2009** | **86,045** |
| **Accumulated amortisation and impairment losses** | |
| As at April 1, 2007 | 71,081 |
| Eliminated on deemed disposal of subsidiaries *(Note 28)* | (948) |
| Exchange adjustments | (6,271) |
| **As at March 31, 2008** | **63,862** |
| **Exchange adjustments** | **22,183** |
| **As at March 31, 2009** | **86,045** |
| **Net book value** | |
| **As at March 31, 2009** | **–** |
| As at March 31, 2008 | – |

## 17. GOODWILL – continued

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2(h).

The recoverable amounts have been determined based on a value-in-use calculation which in turn is based on financial projections of the Group. The discount rate applied to the cash flow projections is 8%. The balance of goodwill is nil as at March 31, 2009, no impairment loss was charged to the consolidated income statement for the current year (2008: Nil).

Key assumptions used in value-in-use calculations:

The key assumptions on which the management has based its cash flow projections of five years to undertake impairment testing of goodwill are set out below:

(a) Budgeted turnover was projected with reference to the expected earnings from each segment;
(b) Budgeted operating expenses with reference to the latest management account;
(c) Budgeted finance costs were projected with reference to i) the expected future interest rates and ii) the expected level of borrowings; and
(d) For the business environment, there will be no material changes in the existing political, legal, regulatory, fiscal or economic conditions, bases or rates of taxation or duties in Hong Kong, or any of the countries in which the Group companies are incorporated or registered.

## 18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | **2009** | 2008 |
|---|---|---|
| | ***A$'000*** | *A$'000* |
| Unquoted equity shares | | |
| At cost | **19,030,249** | 14,184,537 |
| Provision of impairment losses | **(19,030,249)** | (14,184,537) |
| | **–** | – |

The unquoted equity shares are denominated in Hong Kong dollars, are stated at cost less impairment losses and have been fully impaired.

There is no movement in available-for-sale financial assets for the year, the increase in values is due to the exchange adjustments.

## 19. TRADE AND OTHER RECEIVABLES

| | 2009 | 2008 |
|---|---|---|
| | *A$'000* | *A$'000* |
| Debtors, deposits and prepayments | **10,481** | 7,412 |
| *Less:* Impairment losses | **(8,191)** | (5,878) |
| Debtors, deposits and prepayments – net | **2,290** | 1,534 |
| Amounts due from related parties | **69** | 51 |
| Current portion | **2,359** | 1,585 |

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

The directors consider that the carrying amount of trade and other receivables approximates to its fair value due to its short term maturity.

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

| | 2009 | 2008 |
|---|---|---|
| | *A$'000* | *A$'000* |
| HKD | **87** | 69 |
| USD | **3** | – |
| MOP | **74** | 186 |
| RMB | **2,195** | 1,330 |
| | **2,359** | 1,585 |

## 20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2009 | 2008 |
|---|---|---|
| | *A$'000* | *A$'000* |
| Market value of listed securities | | |
| Equity securities – Hong Kong | **5,002** | 8,962 |

Financial assets at fair value through profit or loss are presented within the section of investing activities in the consolidated cash flow statement.

Changes in fair values of financial assets at fair value through profit or loss are recorded in the consolidated income statement.

The fair values of all equity securities are based on their current bid prices in an active market.

## 21. CASH AND CASH EQUIVALENTS

| | **2009** | 2008 |
|---|---|---|
| | ***A$'000*** | *A$'000* |
| Cash at bank and in hand | **3,130** | 3,976 |

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

| | **2009** | 2008 |
|---|---|---|
| | ***A$'000*** | *A$'000* |
| HKD | **408** | 770 |
| USD | **1,655** | 2,231 |
| AUD | **5** | 7 |
| CAD | **151** | – |
| MOP | **15** | 18 |
| RMB | **896** | 950 |
| | **3,130** | 3,976 |
| Maximum exposure to credit risk | **3,126** | 3,973 |

## 22. SHARE CAPITAL

| | **Number of shares** | Ordinary shares |
|---|---|---|
| | | *A$'000* |
| As at March 31, 2008 and March 31, 2009 | **12,659,000** | 2,531 |

The total authorized number of ordinary shares is 50 million shares (2008: 50 million shares) with a par value of Australian twenty cents per share (2008: Australian twenty cents per share).

All issued shares are fully paid.

## 23. RESERVES

| | Attributable to equity holders of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share premium | Exchange reserve | Contri-buted surplus | Available-for-sale reserve | Share-based compensation reserve | Accumu-lated losses | Total | Minority interests | Total |
| | *A$'000* | *A$'000* | *A$'000* | *A$'000* | *A$'000* | *A$'000* | *A$'000* | *A$'000* | *A$'000* |
| As at April 1, 2007 | 17,576 | (16,506) | 48,103 | (23) | – | (55,805) | (6,655) | 291 | (6,364) |
| Release of reserve upon disposal of partial interest in a subsidiary | – | (13) | – | – | – | – | (13) | 849 | 836 |
| Release of reserve upon deemed disposal of subsidiaries | – | (92) | – | 23 | – | – | (69) | (205) | (274) |
| Share options granted during the year | – | – | – | – | 1,967 | – | 1,967 | – | 1,967 |
| Profit for the year | – | – | – | – | – | 11,795 | 11,795 | (58) | 11,737 |
| Exchange adjustments | – | (685) | – | – | (118) | – | (803) | (8) | (811) |
| As at March 31, 2008 | 17,576 | (17,296) | 48,103 | – | 1,849 | (44,010) | 6,222 | 869 | 7,091 |
| **As at April 1, 2008** | **17,576** | **(17,296)** | **48,103** | **–** | **1,849** | **(44,010)** | **6,222** | **869** | **7,091** |
| **Share options granted during the year** | **–** | **–** | **–** | **–** | **65** | **–** | **65** | **–** | **65** |
| **Loss for the year** | **–** | **–** | **–** | **–** | **–** | **(8,831)** | **(8,831)** | **(71)** | **(8,902)** |
| **Exchange adjustments** | **–** | **2,009** | **–** | **–** | **–** | **–** | **2,009** | **293** | **2,302** |
| **As at March 31, 2009** | **17,576** | **(15,287)** | **48,103** | **–** | **1,914** | **(52,841)** | **(535)** | **1,091** | **556** |

*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:

(i) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) 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.

## 24. TRADE AND OTHER PAYABLES

| | 2009 | 2008 |
|---|---|---|
| | *A$'000* | *A$'000* |
| Other payables and accrued charges | **3,670** | 1,996 |
| Amount due to the ultimate holding company | **455** | 331 |
| | **4,125** | 2,327 |

Amount due to the ultimate holding company is interest bearing at 2% (2008: 2%), unsecured and is repayable on demand.

The directors consider that the carrying amount of trade and other payables approximates to its fair value due to its short term maturity.

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

| | 2009 | 2008 |
|---|---|---|
| | *A$'000* | *A$'000* |
| HKD | **2,898** | 1,527 |
| AUD | **2** | – |
| CAD | **151** | – |
| MOP | **278** | 242 |
| RMB | **796** | 558 |
| | **4,125** | 2,327 |

## 25. BORROWINGS

| | **2009** | 2008 |
|---|---|---|
| | ***A$'000*** | *A$'000* |
| **Current** | | |
| Short-term borrowings | **3,589** | 2,664 |

The carrying amount of short-term borrowings approximate to its fair value due to its short term maturity.

The total short-term borrowings comprise of the following loans:

**For the year ended March 31, 2009,**

**Approximately A$1,133,400 of the short-term borrowings bear a fixed interest rate of 5% annually and are repayable on demand.**

**Approximately A$2,455,700 of the short-term borrowing bears a fixed interest rate of 2% annually and is repayable on demand.**

For the year ended March 31, 2008,

Approximately A$421,000 of the short-term borrowing matures until May 2008 and bear a fixed interest rate of 5% annually.

Approximately A$421,000 of the short-term borrowing matures until June 2008 and bear a fixed interest rate of 5% annually.

Approximately A$1,822,000 of the short-term borrowing is repayable on demand and bears a fixed interest rate of 2% annually.

The company's borrowings were repayable as follows:

| | **2009** | 2008 |
|---|---|---|
| | ***A$'000*** | *A$'000* |
| Within one year or on demand | 3,589 | 2,664 |

The above balances are denominated in Hong Kong dollars.

## 26. CASH (USED IN)/GENERATED FROM OPERATIONS

| | **2009** | 2008 |
|---|---|---|
| | ***A$'000*** | *A$'000* |
| (Loss)/profit before income tax | **(8,902)** | 11,749 |
| Adjustments for: | | |
| – Amortisaton of leasehold land and land use rights *(Note 7)* | **8** | 7 |
| – Bad debts recovery *(Note 7)* | **–** | (260) |
| – Bad debts written off *(Note 7)* | **–** | 1 |
| – Depreciation of property, plant and equipment *(Note 14)* | **116** | 57 |
| – Dividend income *(Note 6)* | **–** | (1) |
| – Fair value loss on financial assets at fair value through profit or loss *(Note 7)* | **6,386** | 2,880 |
| – Gain on deemed disposal of subsidiaries *(Note 28)* | **–** | (13,648) |
| – Gain on disposal of partial interest in a subsidiary *(Note 32)* | **–** | (879) |
| – Loss on disposal of property, plant and equipment *(Note 7)* | **13** | – |
| – Impairment loss on receivables *(Note 7)* | **1** | 602 |
| – Interest income *(Note 6)* | **(33)** | (199) |
| – Interest expenses *(Note 9)* | **101** | 76 |
| – Loss/(Gain) on disposal of financial assets at fair value through profit or loss *(Note 7)* | **12** | (1,808) |
| – Property, plant and equipment written off *(Note 7)* | **59** | – |
| – Reversal of impairment on receivables *(Note 7)* | **(1)** | (2,351) |
| – Share-based payments | **65** | 1,967 |
| Changes in working capital: (excluding the effects of exchange differences on consolidation) | | |
| – Debtors, deposits and prepayments | **(213)** | (1,351) |
| – Other payables and accrued charges | **741** | 15,851 |
| Cash (used in)/generated from operations | **(1,647)** | 12,693 |

Non-cash transactions:

Interest expense of approximately A$8,000 (2008: approximately A$7,000) was charged by the ultimate holding company. The interest expenses were recognised by crediting the current account.

Interest expenses of approximately A$93,000 (2008: approximately A$57,000) was charged by the third parties. The interest expenses were recognised by crediting the other payables account.

## 27. DEFERRED INCOME TAX

| | Tax losses |
|---|---|
| | *A$'000* |
| At March 31, 2008 and at March 31, 2009 | – |

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately A$1,798,000 (2008: A$1,409,000) that can be carried forward against future taxable income. The estimated tax losses at March 31, 2009 may be carried forward indefinitely.

## 28. GAIN ON DEEMED DISPOSAL OF SUBSIDIARIES

On December 21, 2007, GlobalRes Group Limited (the "GlobalRes Group"), a subsidiary of the Company, issued 200 new shares since the number of shares held by the Company in the GlobalRes Group remains unchanged, the equity interest of the GlobalRes Group decreased from 53% to 17.67%. As a result, a gain on deemed disposal of approximately A$13,648,000 was recognized in the consolidated income statement in 2008.

## 29. RELATED-PARTY TRANSACTIONS

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

| Related party | Nature of transactions | 2009 | 2008 |
|---|---|---|---|
| | | ***A$'000*** | *A$'000* |
| Ultimate holding company | Interest paid and payable by the Group | **8** | 7 |
| | Amount owed by the Group at the balance sheet | **455** | 331 |
| | Consultancy fee paid and payable | **83** | 74 |
| Subsidiaries and associates of a minority shareholder | Sales by the Group | **–** | 40 |
| Related parties | Amounts owed to the Group at the balance sheet date | **69** | 51 |
| Minority shareholder of a subsidiary | Guarantee profit paid and payable | **440** | – |
| Directors of the Company | Consultancy fee paid and payable by the Group | **18** | 30 |
| Chief Financial Officer of the Group | Share-based payments | **–** | 31 |

## 30. OPERATING LEASE COMMITMENTS

The Group leases various offices and staff quarters under non-cancellable operating lease agreements. The lease terms are between 1 month and 1 year, 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:

| | **2009** | 2009 |
|---|---|---|
| | ***A$'000*** | *A$'000* |
| **Leasehold land and buildings** | | |
| Not later than 1 year | **48** | 54 |
| Later than 1 year but not later than 5 years | **–** | 30 |
| | **48** | 84 |

## 31. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees, subject to a cap of monthly relevant income of HK$20,000.

The Group did not incur any mandatory provident fund contributions for the year. For the year ended March 31, 2008, the total cost charged to the consolidated income statement of approximately A$96,000 represented contributions payable to this scheme by the Company in respect of the current accounting year.

## 32. GAIN ON DISPOSAL OF PARTIAL INTEREST IN A SUBSIDIARY

There was no disposal of any interest in subsidiaries in the year ended March 31, 2009.

During the year ended March 31, 2008, the Group has disposed of 30% of interest in a subsidiary, 北京華寶時代國際設備租賃有限公司 (Beijing Hua Bao International Leasing Company Limited*) to a third party at a gain of approximately A$879,000.

* *The English name is for identification purpose only.*

## 33. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at March 31, 2009 and March 31,2008 are as follows:

| Name of subsidiary | Place of incorporation/ registration and operation | Issued and fully paid up share capital/ registered capital | Attributable equity interest held by the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | *Directly* | *Indirectly* | |
| Chamberlin Investments Limited | British Virgin Islands | US$1 | 100% | – | Securities investment |
| ViaGOLD (BVI) Limited | British Virgin Islands | US$10 | 100% | – | Investment holding |
| Golden Sun International Group Limited | British Virgin Islands | US$1 | 100% | – | Investment holding |
| ViaGOLD Direct Network Limited | Hong Kong | HK$10,000 | – | 100% | ISP in Hong Kong |
| ViaGOLD (USA) Limited | Hong Kong | HK$100 (Voting ordinary shares) HK$10,000 (Non-voting ordinary shares) | – | 100% | Investment holding |
| Yun Tong Gold Mind Technology Company Limited | Macao | MOP$2,000,000 | – | 100% | Group treasury |
| 北京華寶時代國際設備租賃有限公司 (Beijing Hua Bao International Leasing Company Limited*) | PRC | US$800,000 | – | 70% | Leasing and capital financing |
| 羅定市豐智發展有限公司 (Luoding Fengzhi Development Company Limited*) | PRC | US$5,000,000 | – | 100% | Trading organic food |

*Note:*

The directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the above list only contains subsidiaries which principally affect the results or assets or liabilities of the Group.

北京華寶時代國際設備租賃有限公司 (Beijing Hua Bao International Leasing Company Limited*) is a wholly foreign-owned enterprise registered in the PRC on September 20, 2007.

The registered capital of 北京華寶時代國際設備租賃有限公司 (Beijing Hua Bao International Leasing Company Limited*) is US$2,600,000, out of which US$800,000 was injected on November 21, 2007.

* *The English names are for identification purpose only*

## 34. CONTINGENT LIABILITIES

A wholly owned subsidiary, ViaGOLD USA Limited ("VUL") has entered into an agreement with the minority shareholder of its subsidiary, 北京華寶時代國際設備租賃有限公司 (Beijing Hua Bao International Leasing Company Limited*) ("MI of HBI") to guarantee the minority shareholder for an amount of attributable profit. If the profit attributed to the MI of HBI as shown in its audited financial statements for each of the three years ending December 31, 2008, 2009 and 2010 prepared in accordance with the accounting principles generally accepted in the PRC is less than HK$2,640,000 (approximately equal to A$440,000), VUL is required to compensate the MI of HBI in cash on a dollar for dollar basis.

* *The English name is for identification purpose only*

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

## 1. The statement of interests in share capital as at June 4, 2009 is as follows:

**(a) Distribution of shareholdings:**

| Size of holding | No. of ordinary Shareholders |
|---|---|
| 1-1,000 | 463 |
| 1,001-5,000 | 39 |
| 5,001-10,000 | 12 |
| 10,001-100,000 | 22 |
| 100,001 and over | 14 |
| | 550 |

**(b) The name of the substantial shareholder and the number of securities held as at June 4, 2009 are:**

| Names | No. of ordinary Shares held |
|---|---|
| Harvest Smart Overseas Limited | 4,615,000 |
| Evergoal International Holdings Limited | 1,669,399 |
| Boom Securities (HK) Limited | 1,484,385 |
| Sociedade Gold Mind Limitada | 781,250 |
| Target Breaker Holdings Limited | 781,250 |
| | 9,331,284 |

## VIAGOLD CAPITAL LIMITED

## 1. The statement of interests in share capital as at June 4, 2009 is as follows:– continued

**(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 | 4,615,000 | 36.46% |
| Evergoal International Holdings Limited | 1,669,399 | 13.19% |
| Boom Securities (HK) Limited | 1,484,385 | 11.73% |
| Sociedade Gold Mind Limitada | 781,250 | 6.17% |
| Target Breaker Holdings Limited | 781,250 | 6.17% |
| Scandata Consultants Limited | 583,668 | 4.61% |
| Bay Square Holdings Limited | 291,250 | 2.30% |
| Mr. Sio Kai Kuan | 286,250 | 2.26% |
| HSBC Custoday Nominees (Australia) Limited | 282,265 | 2.23% |
| Landstone Investment Limited | 225,000 | 1.78% |
| Ms. Chow Lai Wah | 217,500 | 1.72% |
| Hainan Finance Limited | 154,600 | 1.22% |
| UOB Kay Kian (Hong Kong) Limited | 150,867 | 1.19% |
| Carleton Trading Limited | 105,175 | 0.83% |
| Mr. Fong Hong Kei | 100,000 | 0.79% |
| Mr. Chan Shuk King | 72,500 | 0.57% |
| Guangdong Credit Limited | 50,000 | 0.39% |
| Mr. Li Hoi Lun | 43,000 | 0.34% |
| Mrs. Liliana Teofilova | 41,060 | 0.32% |
| Citicorp Nominees Pty Limited | 39,963 | 0.32% |

**(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 option outstanding as at June 4, 2009

| | |
|---|---|
| Total number of outstanding share options | 1,948,792 |
| Total number of option holders | 15 |

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

Mr. Kenneth Kwing Chuen Tang

## 4. Address and contact number:

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

Room 3201
32/F Singga Commercial Centre
148 Connaught Road West
Hong Kong
Telephone: (852) 2509 3112
Website: http://www.viagold.ws

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

AV, Xian Xing Hai, Ed. Zhu Kuan,
6I-K, Macao
Telephone: (853) 2875 1881

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

Suite 404
73 Flinders Lane
Melbourne Vic 3000
Australia
Telephone: (613) 9650 8911

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

**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 HM1022
Hamilton HM DX
Bermuda
Telephone: 1 (441) 295 5950