



**VIVA CHINA HOLDINGS LIMITED**

**非凡中國控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 8032

First Quarterly Report 2012 第一季度業績報告

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*This report, for which the directors (the “Directors”) of Viva China Holdings Limited (the “Company” or “Viva China”, which together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this report misleading.*

# MANAGEMENT DISCUSSION AND ANALYSIS

## RESULTS

For the first quarter ended 31 March 2012, the Group achieved a consolidated revenue of HK\$7.7 million (2011: HK\$3.1 million), representing a growth by HK\$4.6 million or 1.5 times. Gross profit in the same period was HK\$6.0 million (2011: HK\$2.2 million). Improvement in both the revenue and gross profit was attributed to the improving performance of our sports businesses.

Other income and gains in the first quarter amounted to HK\$5.5 million (2011: HK\$9.4 million), mainly comprised bank interest income of HK\$5.2 million (2011: HK\$2.2 million). Included in 2011 figures were fair value changes of derivative financial assets and liabilities of HK\$6.6 million of non-cash and non-recurring income (2012: Nil), accounting for the drop against the same period last year.

Selling and distribution costs of the quarter totaled HK\$5.3 million (2011: HK\$2.4 million), an expected rise given the increase in marketing and promotional activities of our sports businesses. Administrative and other operating expenses of the period amounted to HK\$32.1 million (2011: HK\$29.2 million). Excluding non-cash expenses or adjustments, which was mainly comprised of non-cash amortization of share options expenses of HK\$7.8 million (2011: HK\$10.2 million) and other intangible assets of HK\$4.0 million (2011: HK\$4.0 million), the administrative expenses and other expenses totaled HK\$20.3 million (2011: HK\$15.0 million). Not including the effect of non-cash items, the rise in administrative expenses kept pace with the growth strategy of the Group.

As heavy investments continue to be made in the start-up phase of our company, the Group recorded a net loss of HK\$24.9 million (2011: HK\$19.0 million).

## SEGMENT

### Sports

The sports business currently encompasses sports talent management, sport and athletic related consulting, and event production. Currently, the Group manages some of China's most desirable athletes and national sports teams. The Group has also secured rights to world-class badminton tournaments in China while continually expanding our tournament portfolio. This segment will soon grow and become a professional consulting service provider in facilities management and sports media and content distribution.

In the first quarter of 2012, our sports segment generated HK\$4.3 million and HK\$3.4 million in revenue and gross profit respectively, representing a significant growth over corresponding period in the previous year (2011: revenue of HK\$2.1million and gross profit of HK\$2.1 million). The growth was achieved mainly through the agency business.

For the period, the segment recorded an operating loss of HK\$3.3 million (2011: HK\$2.5 million) as a result of increase in operating expenses. The Group made a strategic decision to enhance the commercial value and public awareness of our existing talents and to expand the scale of the segment. Therefore we have invested heavily in human resources and marketing to fully promote these assets. With the 2012 London Olympic Games on the horizon, the Group is making a concerted effort to invest and capitalize on these opportunities.

### Sports Community

The sports community segment generated revenue of HK\$2.9 million in the period (2011: Nil), which was mainly attributed to Shenyang Zhaohuan. In the period, the segment reported an operating loss of HK\$3.7 million (2011: Nil) given increased operating expenses.

Currently the Group has two projects in this segment:

#### *Changbai Land*

On 11 May 2011, the Group successfully bid for a parcel of land (with an area of approximately 117,200 sq.m.) situated at Changbai Dao of Heping District, Shenyang at a consideration of approximately RMB1 billion (equivalent to approximately HK\$1.2 billion). Up to the date of the report, the Group has paid HK\$230.0 million as deposit and has a capital commitment of RMB816 million (equivalent to approximately HK\$1.0 billion).

The land was intended to become a residential and commercial complex with a gross floor area of approximately 350,000 sq.m. However, given the capital requirement of the project, the Group is actively searching for parties interested in co-developing or even fully taking over the project. The Group will also consider canceling the project provided that the cancellation will not attract material claims from the seller.

#### *Shenyang Zhaohuan*

The project has a piece of industrial land of approximately 411,600 sq.m. in size. The Group's strategy is to develop Shenyang Zhaohuan into an environmentally friendly construction materials manufacturing hub. The Group has entered into lease agreements with a construction company for an aggregate site area of roughly 60,000 sq.m. to manufacture environmentally friendly pre-fabricated cement blocks.

### Green Energy

Since 2010, the Group has been working closely with Tsingdao Haier Air-Conditioner Co., Limited to launch a series of energy-saving air-conditioning products. Owing to delay in launching of the products for the period in question, the green energy business posted a modest revenue of HK\$0.5 million (2011: HK\$1.0 million) with operating losses amounting to HK\$2.0 million (2011: HK\$1.1 million).

The project is in its final stages of development and commercialization of its products. However, should these products fail to launch successfully later this year, the Group will timely revisit any possible impairment on assets related to the project.

### Borrowing and Financial Resources

The Group has no other bank borrowing or any committed bank borrowing facility as at the period-end date. The Group has a borrowing of HK\$1.2 million as at the end of the period, or a gross gearing ratio (% of borrowings to total assets) of only 0.06%. As at the period end date, the current ratio (ratio of current assets to current liabilities) of the Group was approximately 11 (31 December 2011: 10).

The cash and bank balance as at the period end date was HK\$1,099.3 million, compared to HK\$1,120.7 million on 31 December 2011. The Group's gearing level and liquidity position remain healthy.

# UNAUDITED CONSOLIDATED RESULTS

The board of Directors (the "Board") of the Company announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the period from 1 January 2012 to 31 March 2012 (the "Quarterly Period") together with the comparative unaudited consolidated results for the corresponding period in 2011 as follows:

## Consolidated Statement of Comprehensive Income

	Notes	For the three months ended 31 March	
		2012	2011
		(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Revenue</b>	3	7,654	3,106
Cost of sales		(1,640)	(929)
<b>Gross profit</b>		6,014	2,177
Other income and gains, net	3	5,543	9,389
Selling and distribution costs		(5,324)	(2,371)
Administrative and other operating expenses		(32,089)	(29,241)
Finance costs		(25)	—
<b>Loss before tax</b>	4	(25,881)	(20,046)
Income tax	5	1,003	1,003
<b>Loss for the period</b>		(24,878)	(19,043)
<b>Other comprehensive loss for the period, net of income tax of nil</b>			
— Exchange differences on translation of foreign operations		(180)	(37)
<b>Total comprehensive loss for the period</b>		(25,058)	(19,080)

Consolidated Statement of Comprehensive Income (continued)

	Note	For the three months ended 31 March	
		2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
<b>Profit/(loss) for the period attributable to:</b>			
Shareholders of the Company		(24,801)	(19,198)
Non-controlling interests		(77)	155
		(24,878)	(19,043)
<b>Total comprehensive income/(loss) attributable to:</b>			
Shareholders of the Company		(24,981)	(19,235)
Non-controlling interests		(77)	155
		(25,058)	(19,080)
<b>Loss per share attributable to shareholders of the Company</b>			
Basic and diluted (HK cents)	6	(0.13)	(0.10)

The accompany notes form part of these consolidated results.

# NOTES TO THE UNAUDITED CONSOLIDATED RESULTS

## 1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands and the ordinary shares of the Company are listed on the GEM.

The Group was involved in the following principal activities:

- production and distribution of sports content, management and marketing of sports talent and provision of sports consultancy service
- development of properties for generating rental income and/or for capital appreciation potential
- manufacturing, marketing and installation of proprietary energy-saving air conditioning systems and water heating equipment

In the opinion of the Directors, the immediate holding company and the ultimate holding company of the Company is Lead Ahead Limited ("Lead Ahead"), which is incorporated in the British Virgin Islands with limited liability.

## 2. BASIS OF PRESENTATION AND PREPARATION

### Basis of presentation

As further explained in note 9 to the consolidated results, as at 31 March 2012, the Group had a capital commitment in relation to the acquisition of a parcel of land (the "Changbai Land") in Changbai Dao, Shenyang, Liaoning Province, the People's Republic of China (the "PRC"), which amounted to approximately HK\$1,008 million. The Directors of the Company are currently negotiating with independent third parties either to co-develop the project with the Group, or to buy out the entire project from the Group or directly from the local land bureau. The Group will also consider canceling the corresponding bidding confirmation (the "Bidding Confirmation"), provided that the cancellation will not attract material claims from the land bureau. Should the negotiations not proceed, the Directors of the Company, having obtained legal advice, are of the opinion that the Group will be able to terminate the aforesaid acquisition without significantly impairing the liquidity of the Group. Therefore, notwithstanding the capital commitment, in the opinion of the Directors of the Company, it is appropriate for these consolidated results to be prepared on a going concern basis.

Based on the above consideration, the Directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future and therefore, the consolidated results have been prepared on the going concern basis and do not include any adjustments that would be required should the Group not be able to continue as a going concern.

### Basis of preparation

The unaudited consolidated results have been prepared to comply with the disclosure requirements of the GEM Listing Rules.

The accounting policies used in the preparation of the unaudited consolidated results are consistent with those adopted in preparing the annual audited financial statements for the year ended 31 December 2011.

2. BASIS OF PRESENTATION AND PREPARATION (continued)

In the current period, the Group has adopted the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") that are relevant to its operations and effective for its accounting year beginning on 1 January 2012. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current and prior periods.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. REVENUE, OTHER INCOME AND GAINS, NET

	For the three months ended 31 March	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
<b>Revenue</b>		
Sports talent management income	4,275	2,151
Gross rental income	2,568	—
Sports community consultancy service income	290	—
Sale of air-conditioners and ventilation systems and related service income	521	955
	<b>7,654</b>	<b>3,106</b>
<b>Other income</b>		
Bank interest income	5,246	2,216
Others	111	496
	<b>5,357</b>	<b>2,712</b>
<b>Gains, net</b>		
Fair value gains on derivative financial asset and liabilities	—	6,643
Foreign exchange gains, net	107	34
Others	79	—
	<b>186</b>	<b>6,677</b>
Other income and gains, net	<b>5,543</b>	<b>9,389</b>

#### 4. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	For the three months ended 31 March	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Cost of inventories sold	495	929
Cost of services provided	1,145	—
Depreciation	1,029	407
Amortisation of land use rights	44	44
Amortisation of other intangible assets	4,013	4,013
Minimum lease payments under operating leases in respect of land and buildings	1,515	1,598
Employee benefit expense including directors' remuneration:		
Wages and salaries	13,048	8,840
Equity-settled share option arrangement	6,996	7,724
Pension scheme contributions	784	410
	<b>20,828</b>	<b>16,974</b>

#### 5. INCOME TAX

No provision for Hong Kong profits tax and PRC corporate income tax have been made for the three months ended 31 March 2012 as the Group did not generate any assessable profits arising in Hong Kong and Mainland China, respectively, during the period (2011: Nil).

Income tax credit for the three months ended 31 March 2012 of HK\$1,003,000 (2011: HK\$1,003,000) represents release of deferred tax liabilities of the Group during the period, which arose from the fair value adjustment in connection with acquisition of subsidiaries in 2010.

There was no significant unprovided deferred tax for the three months ended 31 March 2012 (2011: Nil).

## 6. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss attributable to shareholders of the Company for the three months ended 31 March 2012 of HK\$24,801,000 (2011: HK\$19,198,000) and the weighted average number of ordinary shares of 19,081,859,785 (2011: 19,081,859,785) in issue during the three months ended 31 March 2012.

In respect of diluted loss per share amounts, no adjustment has been made to the basic loss per share amounts presented as the impact of the share warrants and share options of the Company outstanding during the three months ended 31 March 2012 and the corresponding period in 2011 had no diluting effect on the basic loss per share in respect of those periods.

## 7. GOODWILL

At 31 March 2012, the Group has goodwill arose from the acquisitions of subsidiaries operating in the green energy business and sports-related business in prior years of net carrying amounts of approximately HK\$155 million and HK\$270 million respectively. With respect to the goodwill allocated to the green energy business, its recoverable amount has been solely determined based on the anticipated profitability that could be derived from the future launch of certain energy saving air-conditioning products by an independent third party which involve the use of the Group's technical know-how and the supply of certain spare parts by the Group to the independent third party. While the Group continues to work closely with the independent third party as at the date of approval of these unaudited consolidated results to prepare for the commercialisation of these new energy saving air-conditioning products later in the year, the ultimate successful launch of such energy saving air-conditioning products is not of absolute certainty. Accordingly, the Group will continue to closely monitor the development and commercialisation of these energy saving air-conditioning products and will perform an impairment test on the goodwill allocated to the green energy business if events or changes in circumstances indicate that the carrying amount of the goodwill may be impaired.

## 8. RESERVES

	Share premium account (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>For the three months ended</b>					
<b>31 March 2012</b>					
Balance at 1 January 2012	2,256,863	61,102	6,520	(435,438)	1,889,047
Loss for the period	—	—	—	(24,801)	(24,801)
Exchange differences on translation of foreign operations	—	—	(180)	—	(180)
Total comprehensive loss for the period	—	—	(180)	(24,801)	(24,981)
Equity-settled share option arrangements	—	7,783	—	—	7,783
Transfer of share option reserve upon forfeiture of share options	—	(149)	—	149	—
Balance at 31 March 2012	2,256,863	68,736	6,340	(460,090)	1,871,849
<b>For the three months ended</b>					
<b>31 March 2011</b>					
Balance at 1 January 2011	2,256,863	26,053	314	(476,540)	1,806,690
Loss for the period	—	—	—	(19,198)	(19,198)
Exchange differences on translation of foreign operations	—	—	(37)	—	(37)
Total comprehensive loss for the period	—	—	(37)	(19,198)	(19,235)
Equity-settled share option arrangements	—	10,212	—	—	10,212
Balance at 31 March 2011	2,256,863	36,265	277	(495,738)	1,797,667

## 9. CAPITAL COMMITMENTS

As at 31 March 2012, the Group had following capital commitments:

	<b>31 March 2012</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31 December 2011 (Audited) HK\$'000
Contracted, but not provided for:		
Acquisition of land use right	<b>1,007,719</b>	1,007,719

In May 2011, the Group paid a deposit of RMB190 million (equivalent to approximately HK\$230 million) to Shenyang Planning and Land and Resources Bureau (the "Land Bureau") for the acquisition of the Changbai Land. The deposit will be applied as part of the consideration payment. As at 31 March 2012 and the date of approval of these consolidated results, the Group has not yet signed the relevant sales and purchase agreement and has not settled the remaining consideration payment, and therefore the land certificate of the Changbai Land has not yet been obtained. The unpaid portion, pursuant to the Bidding Confirmation entered into between the Group and the Land Bureau on 11 May 2011, was disclosed above as a capital commitment. Pursuant to the Bidding Confirmation, the unpaid portion was due to be settled before the end of the reporting period and as a result, the Group may be held liable to claims of late payment penalties, forfeiture of deposits and other damages from the Land Bureau. By reference to a legal opinion, the Directors of the Company estimate the claims, if any, would only be limited to RMB190 million (equivalent to approximately HK\$230 million) representing the forfeiture of the deposit. Furthermore, as at the end of the reporting period and at the date of approval of the consolidated results, neither demand note nor indictment from the Land Bureau in respect of the Group not fulfilling the Bidding Confirmation has been received by the Group. Therefore, the Directors of the Company considered that no impairment is needed for the aforesaid deposit.

## 10. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the three months ended 31 March 2012 (2011: Nil).

## PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2012.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2012, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

### Long Positions in the ordinary shares of the Company (the "Shares")

Name of Directors	Capacity	Number of Shares held			Total interests	Approximate % of shareholding
		Personal interests	Corporate interests	Number of share options held <sup>(2)</sup>		
Li Ning <sup>(1)</sup>	Interest in controlled corporation	—	14,771,690,951	—	14,771,690,951	77.41%
Ng Chi Man, Michael	Beneficial owner	—	—	260,000,000	260,000,000	1.36%
Li Chunyang	Beneficial owner	49,978,348	—	90,000,000	139,978,348	0.73%
Chan Ling	Beneficial owner	49,978,348	—	90,000,000	139,978,348	0.73%
Lee Wa Lun, Warren	Beneficial owner	—	—	14,000,000	14,000,000	0.07%
Li Chun <sup>(1)</sup>	(i) Interest in controlled corporation	—	14,771,690,951	—	—	—
	(ii) Beneficial owner	—	—	14,000,000	14,785,690,951	77.48%
Ma Wing Man	Beneficial owner	—	—	14,000,000	14,000,000	0.07%
Chen Johnny	Beneficial owner	—	—	14,000,000	14,000,000	0.07%
Ip Shu Kwan, Stephen	Beneficial owner	400,000	—	14,000,000	14,400,000	0.07%
Ng Sau Kei, Wilfred	Beneficial owner	17,000,000	—	14,000,000	31,000,000	0.16%

#### Notes:

- Lead Ahead is owned as to 60% by Mr. Li Ning and 40% by his brother, Mr. Li Chun. Mr. Li Ning is also a director of Lead Ahead. The 14,771,690,951 Shares in which Lead Ahead is interested comprises (i) 10,662,101,910 Shares held by Lead Ahead as at 31 March 2012; and (ii) 4,109,589,041 Shares representing the Shares to be issued upon conversion of the convertible bonds to be issued to it by the Company.
- These represented the share options granted by the Company to the respective Directors, the details of which are provided in the section headed "Share Option Scheme" in this report.

Save as disclosed above, none of the Directors nor the chief executive of the Company had, as at 31 March 2012, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2012, so far as was known to the Directors, the interests and short positions of the persons (other than the interests and short positions of the Directors or chief executive of the Company as disclosed above) in the shares and/or underlying shares of the Company (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company are set out below:

### Long Positions in Shares

	Number of Shares held		Total interests	Approximate % of shareholding
	Beneficial owner	Interest in controlled corporation		
<b>Substantial shareholders</b>				
Lead Ahead <sup>(1)</sup>	14,771,690,951	—	14,771,690,951	77.41%
<b>Other persons</b>				
Blue Bright Limited <sup>(2)</sup>	959,702,374	—	959,702,374	5.03%
Well Harvest Properties Limited <sup>(2)</sup>	—	959,702,374	959,702,374	5.03%
Fairmate Investment Limited <sup>(2)</sup>	—	959,702,374	959,702,374	5.03%
Axenia Holdings (PTC) Limited <sup>(2)</sup>	—	959,702,374	959,702,374	5.03%
Fung Wing Cheung, Tony <sup>(2)</sup>	—	959,702,374	959,702,374	5.03%
Fung Yee Kei, Kay <sup>(2)</sup>	—	959,702,374	959,702,374	5.03%
Fung Yee Ling, Lynn <sup>(2)</sup>	—	959,702,374	959,702,374	5.03%

#### Notes:

- (1) Lead Ahead, substantial shareholder of the Company, is owned as to 60% by Mr. Li Ning and 40% by his brother, Mr. Li Chun. The 14,771,690,951 Shares which Lead Ahead is interested in comprises (i) 10,662,101,910 Shares held by Lead Ahead as at 31 March 2012; and (ii) 4,109,589,041 Shares representing the Shares to be issued upon conversion of the convertible bonds to be issued to it by the Company.

- (2) Blue Bright Limited ("Blue Bright") is a corporation in which Well Harvest Properties Limited ("Well Harvest") has 100% controlling interest. Well Harvest is a corporation in which Mr. Fung Wing Cheung, Tony and Fairmate Investment Limited ("Fairmate") have controlling interest of 60% and 40% respectively. Fairmate is a corporation in which Axenia Holdings (PTC) Limited ("Axenia") has 100% controlling interest. Axenia is a corporation in which Ms. Fung Yee Kei, Kay and Ms. Fung Yee Ling, Lynn each has 50% controlling interest. For avoidance of doubt and double counting, it should be noted that duplication occurs in respect of the shareholdings stated against parties under the category of the Other Persons above.

As at 31 March 2012, save as disclosed above, so far as was known to the Directors, no other person (other than the Directors or chief executive of the Company) had any interests or short position in the shares and/or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company.

## SHARE OPTION SCHEME

On 29 June 2010, the Company passed an ordinary resolution to adopt a share option scheme (the "Share Option Scheme") for the purpose of providing incentives to participants to contribute to the Group and/or to enable the Group to recruit high-calibre employees and/or attract human resources that are valuable to the Group. Participants of the Share Option Scheme include employee, officer, agent, consultant, business associate or representative of the Company or any subsidiary or otherwise contributes to the success of the Group, including any executive, non-executive or independent non-executive director of the Company or any subsidiary who, as the board of Directors (the "Board") or a committee comprising Directors and members of the senior management of the Company (as the case may be) may determine in its absolute discretion, is regarded as valuable human resources of the Group based on his work experience, knowledge in the industry and other relevant factors, and subject to such conditions as the Board or such committee (as the case may be) may think fit. The Share Option Scheme will remain in force for a period of ten years commencing on 29 June 2010.

Particulars of the share options under the Share Option Scheme and their movements during the three months ended 31 March 2012 are set out below:

	Date of Grant	Exercise Price per Share (HK\$)	Number of Share Options		
			Balance as at 1.1.2012	Cancelled during the period	Balance as at 31.3.2012
<b>Directors</b>					
Ng Chi Man, Michael	02.07.2010	0.78	90,000,000	—	90,000,000 <sup>(1)</sup>
	06.09.2010	0.83	40,000,000	—	40,000,000 <sup>(2)</sup>
	20.09.2011	0.15	130,000,000	—	130,000,000 <sup>(3)</sup>
Chan Ling	02.07.2010	0.78	30,000,000	—	30,000,000 <sup>(4)</sup>
	20.09.2011	0.15	60,000,000	—	60,000,000 <sup>(5)</sup>
Li Chunyang	02.07.2010	0.78	30,000,000	—	30,000,000 <sup>(4)</sup>
	20.09.2011	0.15	60,000,000	—	60,000,000 <sup>(5)</sup>
Lee Wa Lun, Warren	02.07.2010	0.78	5,000,000	—	5,000,000 <sup>(6)</sup>
	20.09.2011	0.15	9,000,000	—	9,000,000 <sup>(7)</sup>
Li Chun	02.07.2010	0.78	5,000,000	—	5,000,000 <sup>(6)</sup>
	20.09.2011	0.15	9,000,000	—	9,000,000 <sup>(7)</sup>
Ma Wing Man	02.07.2010	0.78	5,000,000	—	5,000,000 <sup>(6)</sup>
	20.09.2011	0.15	9,000,000	—	9,000,000 <sup>(7)</sup>
Chen Johnny	02.07.2010	0.78	5,000,000	—	5,000,000 <sup>(6)</sup>
	20.09.2011	0.15	9,000,000	—	9,000,000 <sup>(7)</sup>
Ip Shu Kwan, Stephen	02.07.2010	0.78	5,000,000	—	5,000,000 <sup>(6)</sup>
	20.09.2011	0.15	9,000,000	—	9,000,000 <sup>(7)</sup>
Ng Sau Kei, Wilfred	02.07.2010	0.78	5,000,000	—	5,000,000 <sup>(6)</sup>
	20.09.2011	0.15	9,000,000	—	9,000,000 <sup>(7)</sup>
			524,000,000	—	524,000,000
<b>Other employees</b>					
In aggregate	02.07.2010	0.78	26,000,000	—	26,000,000 <sup>(8)</sup>
In aggregate	06.09.2010	0.83	42,050,000	—	42,050,000 <sup>(9)</sup>
In aggregate	20.09.2011	0.15	220,550,000	(22,233,334)	198,316,666 <sup>(10)</sup>
			288,600,000	(22,233,334)	266,366,666
<b>Other grantees</b>					
In aggregate	06.09.2010	0.83	14,100,000	—	14,100,000 <sup>(11)</sup>
In aggregate	20.09.2011	0.15	130,000,000	—	130,000,000 <sup>(12)</sup>
			144,100,000	—	144,100,000
			956,700,000	(22,233,334)	934,466,666

*Notes:*

- (1) The share options granted comprise the following: (i) 30,000,000 share options with exercisable period from 2 July 2011 to 1 July 2016; (ii) 30,000,000 share options with exercisable period from 2 July 2012 to 1 July 2017; and (iii) 30,000,000 share options with exercisable period from 2 July 2013 to 1 July 2018.
- (2) The share options granted comprise the following: (i) 20,000,000 share options with exercisable period from 6 September 2014 to 5 September 2019; and (ii) 20,000,000 share options with exercisable period from 6 September 2015 to 5 September 2020.
- (3) The share options granted comprise the following: (i) 43,333,333 share options with exercisable period from 20 September 2011 to 19 September 2013; (ii) 43,333,333 share options with exercisable period from 20 September 2012 to 19 September 2014; and (iii) 43,333,334 share options with exercisable period from 20 September 2013 to 19 September 2015.
- (4) The share options granted comprise the following: (i) 10,000,000 share options with exercisable period from 2 July 2011 to 1 July 2016; (ii) 10,000,000 share options with exercisable period from 2 July 2012 to 1 July 2017; and (iii) 10,000,000 share options with exercisable period from 2 July 2013 to 1 July 2018.
- (5) The share options granted comprise the following: (i) 20,000,000 share options with exercisable period from 20 September 2011 to 19 September 2013; (ii) 20,000,000 share options with exercisable period from 20 September 2012 to 19 September 2014; and (iii) 20,000,000 share options with exercisable period from 20 September 2013 to 19 September 2015.
- (6) The share options granted comprise the following: (i) 1,666,666 share options with exercisable period from 2 July 2011 to 1 July 2016; (ii) 1,666,667 share options with exercisable period from 2 July 2012 to 1 July 2017; and (iii) 1,666,667 share options with exercisable period from 2 July 2013 to 1 July 2018.
- (7) The share options granted comprise the following: (i) 3,000,000 share options with exercisable period from 20 September 2011 to 19 September 2013; (ii) 3,000,000 share options with exercisable period from 20 September 2012 to 19 September 2014; and (iii) 3,000,000 share options with exercisable period from 20 September 2013 to 19 September 2015.
- (8) The share options granted comprise the following: (i) 8,666,666 share options with exercisable period from 2 July 2011 to 1 July 2016; (ii) 8,666,667 share options with exercisable period from 2 July 2012 to 1 July 2017; and (iii) 8,666,667 share options with exercisable period from 2 July 2013 to 1 July 2018.
- (9) The share options granted comprise the following: (i) 8,350,000 share options with exercisable period from 6 September 2011 to 5 September 2016; (ii) 8,350,000 share options with exercisable period from 6 September 2012 to 5 September 2017, (iii) 8,350,000 share options with exercisable period from 6 September 2013 to 5 September 2018; (iv) 11,000,000 share options with exercisable period from 6 September 2014 to 5 September 2019; and (v) 6,000,000 share options with exercisable period from 6 September 2015 to 5 September 2020.

- (10) The share options balance as at 1 January 2012 comprise the following: (i) 32,749,996 share options with exercisable period from 20 September 2011 to 19 September 2013; (ii) 63,649,998 share options with exercisable period from 20 September 2012 to 19 September 2014; and (iii) 63,650,003 share options with exercisable period from 20 September 2013 to 19 September 2015; (iv) 37,000,003 share options with exercisable period from 20 September 2014 to 19 September 2016; and (v) 23,500,000 share options with exercisable period from 20 September 2015 to 19 September 2017. Following the cancellation of 22,233,334 share options, the number of share options under each of (i), (ii), (iii), (iv) and (v) of this note reduced to 32,649,996, 56,249,998, 56,250,003, 30,666,669 and 22,500,000 respectively as at 31 March 2012.
- (11) The share options granted comprise the following: (i) 4,700,000 share options with exercisable period from 6 September 2011 to 5 September 2016; (ii) 4,700,000 share options with exercisable period from 6 September 2012 to 5 September 2017; and (iii) 4,700,000 share options with exercisable period from 6 September 2013 to 5 September 2018.
- (12) The share options granted comprise the following: (i) 24,000,000 share options with exercisable period from 20 September 2011 to 19 September 2013; (ii) 32,000,000 share options with exercisable period from 20 September 2012 to 19 September 2014; (iii) 32,000,000 share options with exercisable period from 20 September 2013 to 19 September 2015; (iv) 25,000,000 share options with exercisable period from 20 September 2014 to 19 September 2016; and (v) 17,000,000 share options with exercisable period from 20 September 2015 to 19 September 2017.
- (13) No share options were granted, exercised or lapsed during the three months period ended 31 March 2012.

## DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the three months ended 31 March 2012, the Directors are not aware of any business or interest of the Directors, the controlling shareholders and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

## AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's internal control procedures, annual reports, financial statements, half-year reports and quarterly reports and to provide advice and comments thereon to the Board.

The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. Chen Johnny (the Chairman of the Audit Committee), Mr. Ip Shu Kwan, Stephen and Mr. Ng Sau Kei, Wilfred and one non-executive Director, Mr. Ma Wing Man. The unaudited consolidated results of the Group for the three months ended 31 March 2012 have been reviewed by the Audit Committee.

By order of the Board  
**Viva China Holdings Limited**  
**Li Ning**  
*Chairman and Executive Director*

Hong Kong, 15 May 2012

As at the date of this report, the Board comprises the following members:

*Executive Directors:*

Mr. Li Ning (*Chairman*)

Mr. Ng Chi Man, Michael (*Chief Executive Officer*)

Mr. Li Chunyang

Mr. Chan Ling

Mr. Lee Wa Lun, Warren

*Non-executive Directors:*

Mr. Li Chun

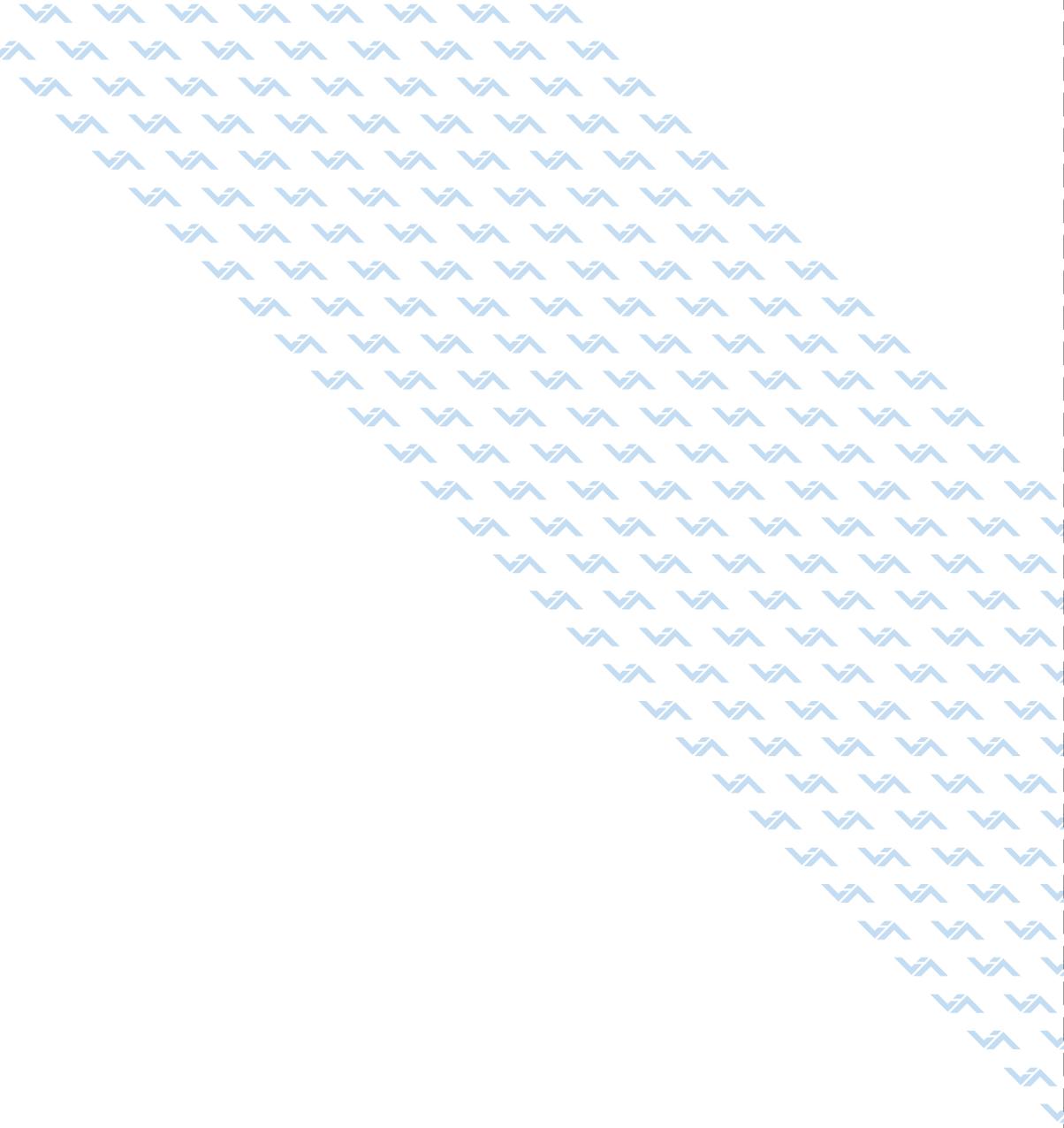
Mr. Ma Wing Man

*Independent Non-executive Directors:*

Mr. Chen Johnny

Mr. Ip Shu Kwan, Stephen

Mr. Ng Sau Kei, Wilfred



VIVA CHINA HOLDINGS LIMITED

VIVA CHINA 非凡中國控股有限公司