



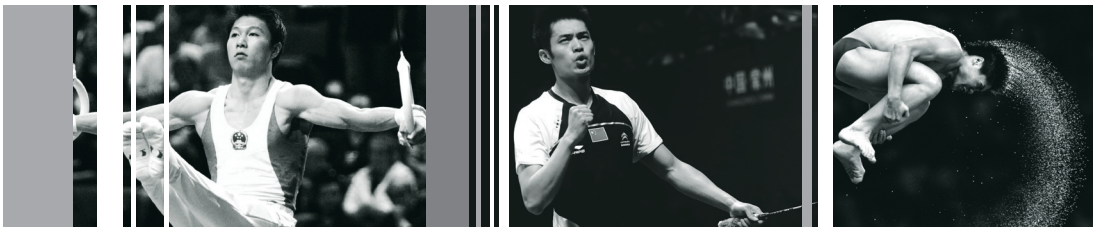
VIVA CHINA HOLDINGS LIMITED
非凡中國控股有限公司

(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 2011 第一季度業績報告



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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.

Corporate Profile

Viva China Holdings Limited (Stock Code: 08032HK) aims to become one of China's leading and most dynamic sports and green conglomerates. We are striving to raise the standards and values within the sports industry and to link up different components of the sports value chain in China. Currently we have three main business segments, namely Sports, Sports Community Development and Green Energy.

Sports business specializes in sports talent management, competition and event production, sports related premiums and merchandising, sports consultancy, sports media and content distribution. We manage some of China's most desirable individual athletes and national sports teams. We have secured rights to world class badminton tournaments in the PRC and will further build up our pipelines. Our new business model integrates elements related to sports and entertainment to form a new genre of captivating spectacles. We aim to enhance the profile and economic value of these sports resources and to raise the bar for the presentation of games and competitions within China.

Our Sports Community Development business capitalizes on our strong capabilities in sports and environmental technology to develop sports and green communities throughout China. Our strategy is to utilize our resources and related expertise to build communities with key sports facilities and to manage both the facilities and related programs. These projects will create a sports and leisure oriented environment, and align with our mission of promoting a higher quality lifestyle in China.

Our Green Energy business develops and manufactures energy-saving air-conditioning systems. Currently, we have a licensing agreement with Tsingdao Haier Air-Conditioner Company Limited ("Haier"), to use our patented technology to produce energy saving air conditioners. We have also entered into a supply agreement for the supply of certain parts for production of the units before the reporting date and we are working hard to prepare for the summer launch of products.

Management Discussion and Analysis

Business Review

Sports

2 The annual Badminton Asian Championships (“BAC”), which we own and actively participate in management and production, was held in Chengdu, China from April 19 to 24 this year. The BAC is one of the highest level and most important badminton tournaments of the Badminton World Federation (“BWF”) in Asia. The game was very well received with 249 participants from 21 countries. Besides BAC, we currently also hold the rights for the China Masters Superseries and help manage the China Open Tournaments which will be held in Changzhou in September this year and in Shanghai in November this year respectively. During the quarter, we also secured commercial rights in connection with the 2011 and 2012 editions of the BWF Super Series Finals. Together with our agency relationship with China’s national badminton team, we have an unparalleled advantage in the badminton sports arena in China.

We also made good progress in enhancing the value of our current sports resources. Up to the reporting date we have successfully sealed various new endorsement and other agreements during the period under review with reputable commercial entities of gross contract amount of about HK\$15.3 million. This reflects not only our efforts but also the potential of the sports industry in China.

Besides talent management and producing sports games and competitions, we will also explore new business models, such as crossing over from sports into entertainment and the media. On April 1 and 2 of this year, we made a successful debut with our first sports-entertainment crossover performance in the Water Cube of Beijing (the Beijing National Aquatics Centre), presenting stunning performances by the National Diving & Synchronized Swimming Team and top notch musical artists like Eason Chan and Leehom Wang.

Green Energy

The Group’s green energy business is working closely with Haier to prepare the launch of the first series energy-saving air-conditioning products this summer using our patented technology. At the same time, we are placing great emphasis on perfecting the design of products to maximize on their efficiency. We are still in the process of preparing the launch, therefore no income was generated from this source in the first quarter of 2011.

Sports Community

We successfully acquired Shenyang Zhaohuan Industrial Park (“Shenyang Zhaohuan”) subsequent to the reporting period for an aggregate consideration of RMB100 million (equivalent to approximately HK\$118.0 million). Details of the transactions were set out in our announcement dated 6 March 2011. Currently Shenyang Zhaohuan possesses a piece of land in Shenyang Economic and Technology Development Zone with an area of approximately 411,600 sq.m. Based on an independent valuation, the value of the land was RMB180 million (equivalent to approximately

Management Discussion and Analysis (continued)

HK\$212.4 million) as of 31 January 2011. Our strategy is to develop Shenyang Zhaohuan into a low-carbon, energy-saving and quality construction materials manufacturing hub in the area. The acquisition of Shenyang Zhaohuan has also enhanced our competitive strength to enter into potential sports and green community development projects in the region.

Besides the acquisition of Shenyang Zhaohuan, on 11 May 2011, the Group was successful in bidding for a parcel of land of approximately 117,200 sq.m. ("Changbai Dao Land") in area situated at Changbai Dao of the Heping District, Shenyang City at a transfer price of approximately RMB1,006.3 million (equivalent to approximately HK\$1,207.5 million) in an open auction organised and held in Shenyang. The land is mainly for residential development purpose. The Group plans to apply its green technology in the property development and to create synergy between such development and its investment in Shenyang Zhaohuan. With the hosting of the 2013 National Game in Shenyang and given the proximity of the land to where the 2013 National Game will be hosted, it is expected that further investment from the government will also be made on developing and improving the infrastructure as well as various sports facilities in the region, which is in line with the sports themed community development concept of the Group. Details of the transaction are set out in the Company's announcement dated 11 May 2011. The transaction will mark the successful start of the sports and green themed community development strategy of the Group and is expected to bring forth premium business opportunities and economic benefits to the Group.

3

Financial Review

Results

The Group's consolidated revenue in the first quarter of 2011 was HK\$3.1 million compared to HK\$0.3 million during the same period in 2010. Gross profit in the quarter was HK\$2.2 million (2010: gross loss of HK\$0.2 million). Substantial improvement in our top line was mainly driven by our newly acquired sports business platform in China in the fourth quarter of 2010.

Other income and gains of HK\$9.4 million (2010: HK\$28,000) mainly represented gains derived from changes in the fair value of derivative financial assets and liabilities of an aggregate amount of HK\$6.6 million (2010: Nil) and bank interest income arising from fixed bank deposits of HK\$2.2 million (2010: HK\$2,000). Selling and distribution costs were HK\$2.4 million (2010: HK\$0.2 million) which was in line with an increase in promotion activities in our sports business. Administrative and other operating expenses reached HK\$29.2 million (2010: HK\$2.6 million), representing a significant increase mainly due to non-cash amortization of share options expense of HK\$10.2 million and other intangible assets of HK\$4.0 million. Excluding the effect of non-cash amortization, the rise in administrative and other operating expenses kept pace with the growth strategy of the Group.

Management Discussion and Analysis (continued)

The Group's net loss for the period was HK\$19.0 million. Excluding major non-cash items, namely equity-settled share option expenses, amortization of other intangible assets and gains derived from changes in fair value of derivative financial assets and liabilities, the net loss for the Group in the quarter was HK\$11.5 million. Given the Group was operating according to new management directives from late 2010 the contribution from the new businesses was yet to be reflected in the results.

Segments

4

Sports

During the quarter under review, the Group achieved HK\$2.1 million in revenues (2010: Nil). The revenues were basically related to income from sponsorships and endorsements. No income from competitions and events were recorded in the quarter under review. During the quarter, the business recorded a marginal operating loss of HK\$2.5 million (2010: Nil). Given the sports platform was only acquired in the fourth quarter of last year, much work still need to be done to grow our sports resources and produce quality games and events in order to fully reveal their value.

Green Energy

The effect of the Haier's project has not yet been reflected in the financial results for the quarter under review. Therefore the business only posted HK\$1.0 million in revenues (2010: HK\$0.3 million) and marginal operating losses amounted to HK\$1.1 million (2010: HK\$3.0 million).

Sports Community

Except for the acquisition of Shenyang Zhaohuan and the successful bidding of the Changbai Dao Land, various business plans and financial studies related to potential projects in this segment are still underway. The business did not have any significant financial impact in the first quarter.

Looking Forward

The Group will continue with its strategy of developing sports-related businesses in China, namely sports talent management, games and events management and production, sports and green themed community development and green energy business. Growth will either be achieved through organic expansion or acquisitions when opportunities arise. With regards to a proposed acquisition of a stake in Li Ning Company Limited (as stated in the Company's announcement dated 31 August 2010), we will continue our efforts to complete this acquisition in compliance with the Stock Exchange's rules and requirements.

Unaudited Consolidated Results

The board of Directors (the “Board”) announces the unaudited consolidated results of the Company and its subsidiaries for the period from 1 January 2011 to 31 March 2011 (the “Quarterly Period”) together with the comparative unaudited consolidated results for the corresponding period in 2010 as follows:

Consolidated Statement of Comprehensive Income

	<i>Notes</i>	For the three months ended 31 March	
		2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Revenue	3	3,106	334
Cost of sales		(929)	(552)
Gross profit/(loss)		2,177	(218)
Other income and gains, net	3	9,355	28
Selling and distribution costs		(2,371)	(213)
Administrative and other operating expenses		(29,207)	(2,637)
Finance costs		—	(1)
Loss before tax	4	(20,046)	(3,041)
Income tax	5	1,003	—
Loss for the period		(19,043)	(3,041)
Other comprehensive loss for the period, net of income tax of nil			
— Exchange differences on translation of foreign operations		(37)	—
Total comprehensive loss for the period		(19,080)	(3,041)

Unaudited Consolidated Results (continued)

		For the three months ended 31 March	
		2011	2010
		(Unaudited)	(Unaudited)
<i>Notes</i>		HK\$'000	<i>HK\$'000</i>
Profit/(loss) for the period attributable to:			
	Shareholders of the Company	(19,198)	(2,863)
	Non-controlling interests	155	(178)
6		(19,043)	(3,041)
Total comprehensive income/(loss) attributable to:			
	Shareholders of the Company	(19,235)	(2,863)
	Non-controlling interests	155	(178)
		(19,080)	(3,041)
Loss per share attributable to shareholders of the Company			
	Basic and diluted (HK cents)	(0.10)	(0.09)

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 Company and its subsidiaries (collectively the “Group”) were involved in the following principal activities:

- Manufacturing, marketing and installation of proprietary energy-saving air-conditioning systems and water heating equipment
- Production and distribution of sports content, management and marketing of sports talents
- Trading of health-related products, including western medicine and Chinese herbal products

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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 2010.

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 2011. 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.

Notes to the Unaudited Consolidated Results (continued)

3. REVENUE, OTHER INCOME AND GAINS, NET

	For the three months ended 31 March	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Revenue		
Sales of air-conditioning and ventilation systems	955	315
Sale of western medicine & Chinese herbal products	—	19
Sports talent management income	2,151	—
	3,106	334
Other income		
Bank interest income	2,216	2
Sundry income	496	26
	2,712	28
Gains, net		
Fair value gain on a derivative financial asset	2,114	—
Fair value gain on derivative financial liabilities	4,529	—
	6,643	—
Other income and gains, net	9,355	28

Notes to the Unaudited Consolidated Results (continued)

4. LOSS BEFORE TAX

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

	For the three months ended 31 March	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Depreciation	407	15
Amortisation of other intangible assets	4,013	—
Amortisation of land use rights	44	40
Minimum lease payments under operating leases in respect of land and buildings	1,598	50
Employee benefit expense including directors' remuneration:		
Wages and salaries	8,840	1,661
Equity-settled share option arrangement	7,724	—
Pension scheme contributions	410	64
	16,974	1,725

5. INCOME TAX

No provision for Hong Kong profits tax has been made for the three months ended 31 March 2011 as the Group did not generate any assessable profits arising in Hong Kong during the period (2010: Nil). No PRC corporate income tax was provided for the three months ended 31 March 2011 as the Group did not generate any assessable profits arising in Mainland China during the period (2010: Nil).

Income tax credit for the three months ended 31 March 2011 of HK\$1,003,000 (2010: Nil) 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 2011 (2010: 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 2011 of HK\$19,198,000 (2010: HK\$2,863,000) and the weighted average number of ordinary shares of 19,081,859,785 (2010: 3,311,916,027) in issue during the three months ended 31 March 2011.

Notes to the Unaudited Consolidated Results (continued)

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 warrants and share options of the Company outstanding during the three months ended 31 March 2011 and the impact of share options of the Company outstanding during the three months ended 31 March 2010 had an anti-dilutive effect on the basic loss per share in respect of those periods.

7. RESERVES

10

	Attributable to shareholders of the Company				
	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
For the three months ended 31 March 2011					
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 arrangement	—	10,212	—	—	10,212
Balance at 31 March 2011	2,256,863	36,265	277	(495,738)	1,797,667
For the three months ended 31 March 2010					
Balance at 1 January 2010	605,435	12,613	15	(413,583)	204,480
Loss for the period and total comprehensive loss for the period	—	—	—	(2,863)	(2,863)
Balance at 31 March 2010	605,435	12,613	15	(416,446)	201,617

8. EVENTS AFTER THE REPORTING PERIOD

The Group has successfully acquired Shenyang Zhaohuan subsequent to the reporting period for an aggregate consideration of RMB100 million (equivalent to approximately HK\$118.0 million). Currently Shenyang Zhaohuan possesses a piece of land in Shenyang Economic and Technology Development Zone with area of approximately 411,600 sq.m. Based on an independent valuation, the value of the land was RMB180 million (equivalent to approximately HK\$212.4 million) as of 31 January 2011. Details of the transaction are set out in the Company's announcement dated 6 March 2011.

On 11 May 2011, the Group was successful in bidding for the Stated-owned land use rights in respect of a parcel of land of approximately 117,200 sq.m. in area situated at Changbai Dao of the Heping District, Shenyang City, Liaoning Province, the PRC at a transfer price of approximately RMB1,006.3 million (equivalent to approximately HK\$1,207.5 million) in an open auction organised and held in Shenyang. Details of the transaction are set out in the Company's announcement dated 11 May 2011.

9. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the three months ended 31 March 2011 (2010: Nil).

Directors' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2011, 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:

12

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

Name of Directors	Capacity	Number of Shares held		Number of share options held	Exercise price of share options HK\$	Total interests	Approximate % of shareholding
		Personal interests	Corporate interests				
Li Ning ⁽¹⁾	Interest in controlled corporation	—	14,771,690,951	—	—	14,771,690,951	77.41%
Ng Chi Man, Michael	Beneficial owner	—	—	90,000,000 ⁽²⁾	0.78	90,000,000	0.47%
		—	—	40,000,000 ⁽³⁾	0.83	40,000,000	0.21%
Li Chunyang	Beneficial owner	49,978,348	—	30,000,000 ⁽⁴⁾	0.78	79,978,348	0.42%
Chan Ling	Beneficial owner	49,978,348	—	30,000,000 ⁽⁴⁾	0.78	79,978,348	0.42%
Lee Wa Lun, Warren	Beneficial owner	—	—	5,000,000 ⁽⁵⁾	0.78	5,000,000	0.03%
Li Chun ⁽¹⁾	Interest in controlled corporation	—	14,771,690,951	—	—	14,771,690,951	77.41%
	Beneficial owner	—	—	5,000,000 ⁽⁵⁾	0.78	5,000,000	0.03%
Ma Wing Man	Beneficial owner	—	—	5,000,000 ⁽⁵⁾	0.78	5,000,000	0.03%
Ng Sau Kei, Wilfred	Beneficial owner	17,000,000	—	5,000,000 ⁽⁵⁾	0.78	22,000,000	0.11%
Ip Shu Kwan, Stephen	Beneficial owner	400,000	—	5,000,000 ⁽⁵⁾	0.78	5,400,000	0.03%
Chen Johnny	Beneficial owner	—	—	5,000,000 ⁽⁵⁾	0.78	5,000,000	0.03%

Directors' Interests and Short Positions in Shares and Underlying Shares (continued)

Notes:

1. Lead Ahead Limited ("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 in comprises (i) 10,662,101,910 Shares held by Lead Ahead as at 31 March 2011; 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. 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; (iii) 30,000,000 share options with exercisable period from 2 July 2013 to 1 July 2018.
3. 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.
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) 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.

Save as disclosed above, none of the Directors nor the chief executive of the Company had, as at 31 March 2011, 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 2011, so far as was known to the Directors or chief executive of the Company, the interests and short positions of the persons (other than the Directors or chief executive of the Company) 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

14	Name of Shareholders	Capacity	Number of Shares held ⁽¹⁾	Number of share options held		Total interests	Approximate % of total shareholding
	Lead Ahead ⁽²⁾	Beneficial owner	14,771,690,951	—	14,771,690,951	77.41%	
	Li Chun ⁽²⁾	Interest in controlled corporation	14,771,690,951	—	14,771,690,951	77.41%	
		Beneficial owner	—	5,000,000	5,000,000	0.03%	
	Li Ning ⁽²⁾	Interest in controlled corporation	14,771,690,951	—	14,771,690,951	77.41%	

Notes:

1. This represented the number of Shares over which the Shareholders, directly or indirectly exercise control.
2. Lead Ahead, substantial shareholders 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 in which Lead Ahead is interested in comprises (i) 10,662,101,910 Shares held by Lead Ahead as at 31 March 2011; 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.

As at 31 March 2011, 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 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 period of ten years commencing on 29 June 2010.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

During the three months ended 31 March 2011, no share options were granted, exercised, cancelled or lapsed under the Share Option Scheme. Details of the share options outstanding under the Share Option Scheme are set out below:

	Date of grant	Exercise price	Number of share options outstanding as at 31 March 2011
Directors			
Ng Chi Man, Michael	02.07.2010	HK\$0.78	90,000,000 ⁽¹⁾
Ng Chi Man, Michael	06.09.2010	HK\$0.83	40,000,000 ⁽²⁾
Chan Ling	02.07.2010	HK\$0.78	30,000,000 ⁽³⁾
Li Chunyang	02.07.2010	HK\$0.78	30,000,000 ⁽³⁾
Lee Wa Lun, Warren	02.07.2010	HK\$0.78	5,000,000 ⁽⁴⁾
Li Chun	02.07.2010	HK\$0.78	5,000,000 ⁽⁴⁾
Ma Wing Man	02.07.2010	HK\$0.78	5,000,000 ⁽⁴⁾
Ip Shu Kwan, Stephen	02.07.2010	HK\$0.78	5,000,000 ⁽⁴⁾
Chen Johnny	02.07.2010	HK\$0.78	5,000,000 ⁽⁴⁾
Ng Sau Kei, Wilfred	02.07.2010	HK\$0.78	5,000,000 ⁽⁴⁾
			220,000,000

Share Option Scheme (continued)

16

	Date of grant	Exercise price	Number of share options outstanding as at 31 March 2011
Other employees			
In aggregate	02.07.2010	HK\$0.78	38,000,000 ⁽⁵⁾
In aggregate	06.09.2010	HK\$0.83	52,050,000 ⁽⁶⁾
			90,050,000
Other grantees			
In aggregate	02.07.2010	HK\$0.78	50,000,000 ⁽⁷⁾
In aggregate	06.09.2010	HK\$0.83	14,100,000 ⁽⁸⁾
			64,100,000
			374,150,000

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; (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) 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.
- (4) 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.

Share Option Scheme (continued)

- (5) The share options granted comprise the following: (i) 12,666,666 share options with exercisable period from 2 July 2011 to 1 July 2016; (ii) 12,666,667 share options with exercisable period from 2 July 2012 to 1 July 2017; and (iii) 12,666,667 share options with exercisable period from 2 July 2013 to 1 July 2018.
- (6) 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) 16,000,000 share options with exercisable period from 6 September 2014 to 5 September 2019; and (v) 11,000,000 share options with exercisable period from 6 September 2015 to 5 September 2020.
- (7) The share options granted comprise 50,000,000 share options which are exercisable for a period of 5 years from the date of grant.
- (8) 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.

Other Information

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 2011 have been reviewed by the Audit Committee.

18

Directors' Interests in a Competing Business

For the three months ended 31 March 2011, 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.

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 2011.

Other Information (continued)

Appointment of New Member of Nomination Committee and Remuneration Committee

Mr. Ng Chi Man, Michael, executive Director, has been appointed as a member of both the nomination committee (the "Nomination Committee") and the remuneration committee (the "Remuneration Committee") of the Company with effect from 12 May 2011. Following the aforesaid appointment, the Nomination Committee comprises three members namely, Mr. Chan Ling (chairman of the Nomination Committee), Mr. Ng Chi Man, Michael and Mr. Ma Wing Man. The Remuneration Committee has five members namely, Mr. Ip Shu Kwan, Stephen (chairman of the Remuneration Committee), Mr. Ng Chi Man, Michael, Mr. Chan Ling, Mr. Chen Johnny and Mr. Ng Sau Kei, Wilfred.

By order of the Board

Viva China Holdings Limited

Li Ning

Chairman and Executive Director

Hong Kong, 12 May 2011

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
非凡中國控股有限公司