

非凡中國控股有限公司2013第三季度業績報告
VIVA CHINA HOLDINGS LIMITED
THIRD QUARTERLY REPORT 2013



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

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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 (the “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.

RESULTS

For the nine months period ended 30 September 2013, the Group's consolidated revenue soared from HK\$40.3 million in the same period in prior year to HK\$83.0 million this year representing an encouraging increase of HK\$42.7 million or 106.0%. The increase in revenue was mainly driven by revenue derived from the commercial rights the Group secured in relation to certain basketball leagues in the People's Republic of China (the "PRC") and the 2013 Li Ning BWF Sudirman Cup held in Malaysia together with Wang Lao Ji BWF World Championships 2013 held in Guangzhou. The production and marketing of precast concrete products and glass-fiber reinforced concrete products that were manufactured by a subsidiary of the Group in the current period also contributed to the upsurge of revenue. Gross profit in the period under review was HK\$16.1 million (2012: HK\$23.0 million). The decline in gross profit was mainly caused by the significant drop in the rental income generated from leases of industrial plants in Shenyang, the PRC.

The Group also recorded other income and gains for the nine months period ended 30 September 2013 amounted to HK\$86.3 million as compared to HK\$20.1 million in the same period in 2012. The increase was mainly attributable to the underwriting commission fee received of HK\$13.0 million recognised for acting as one of the underwriters in relation to the open offer of convertible securities by Li Ning Company Limited ("Li Ning Co"), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2331), in the principal amount of HK\$3.50 for every two existing ordinary shares held by the qualifying shareholders of Li Ning Co on the terms and subject to the conditions set out in its prospectus dated 27 March 2013 ("Li Ning Open Offer") (details of the Li Ning Open Offer were set out in the Company's circular dated 25 February 2013). In addition, a fair value gain on derivative financial assets was recorded at the reporting date amounted to HK\$54.1 million (2012: HK\$5.5 million) in relation to the profit guarantees (the "Profit Guarantees") given by the vendors at the time the Group acquired the sports business segment. Details of Profit Guarantees were set out in the section "Profit Guarantees".

Selling and distribution expenses for the nine months period ended 30 September 2013 amounted to HK\$19.6 million (2012: HK\$16.2 million) represented an increase of HK\$3.4 million as compared to the same period in prior year. The increase was attributable to the expenditures incurred in relation to the basketball leagues and badminton tournaments in the period under review. Administrative expenses and other operating expenses (the "Administrative Expenses") incurred for the period amounted to HK\$89.7 million (2012: HK\$ 89.3 million). The non-cash items in Administrative Expenses, which amounted to HK\$30.8 million (2012: HK\$30.0 million), mainly included share options expenses, amortisation and impairment of intangible assets and depreciation of fixed assets etc. Excluding these major non-cash items, Administrative Expenses in the period under review amounted to HK\$58.9 million (2012: HK\$59.3 million).

During the period under review, the Group also recorded a loss arising from the change in fair value of derivative financial liabilities amounted to HK\$60.0 million (2012: Nil) from the fair value of these derivative financial liabilities as at 31 December 2012. The derivative financial liabilities related to the contingent consideration arose from the possible issuance of earn-out convertible bonds in relation to the acquisition of approximately 25.23% equity interest of Li Ning Co, in December 2012 (the "Acquisition"). The fair values of the contingent consideration at the date of the reporting period were determined by reference to the market value of the Company's listed shares as at 30 September 2013 for the purpose of preparing this report. The change in fair value was mainly due to the rise in share price of the Company at the end of the reporting period as compared to the share price at the beginning of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Li Ning Co is accounted for as an associate of the Group. The Group has adopted the provision contained in HKAS 28 *Investments in Associates* whereby it is permitted to include the attributable share of associate's results based on the financial statements drawn up to a non-coterminous period end where the difference must be no greater than three months. During the period under review, the Group shared the loss of an associate amounting to HK\$167.5 million (2012: Nil) based on its unaudited adjusted results for the nine months ended 30 June 2013 adjusted by any significant events or transactions for the period from 1 July 2013 to 30 September 2013.

For the nine months period ended 30 September 2013, the Group has recorded a net loss amounted to HK\$233.4 million comparing to a net loss of HK\$213.2 million for the corresponding period in 2012. The net loss in 2013 was mainly due to the share of loss of an associate of HK\$167.5 million and fair value loss on derivative financial liabilities of HK\$60.0 million together with other non-cash items with an aggregate negative impact to the Group's results of HK\$258.3 million whereas the substantial loss in the same period in 2012 was due to the impairment of the Group's green energy's goodwill of HK\$155.4 million and impairment of intangible assets of HK\$6.4 million together with other non-cash items with an aggregate negative impact of HK\$185.4 million. In the absence of such significant non-cash negative impacts, the Group would have recorded a net profit of HK\$24.9 million for the period under review (2012: net loss of HK\$27.8 million on the same basis).

SEGMENT

Sports

The sports segment continued its business which encompasses sports talent management, sports and athletic related consulting, event production and organisation of sports competitions. During the period under review, the Group secured commercial rights to a series of world-class badminton tournaments both in the PRC and overseas. One of these tournaments, namely, the 2013 Li Ning BWF Sudirman Cup, was successfully held in May 2013 with 30 member associations represented. Wang Lao Ji BWF World Championships 2013 was held in August 2013 and approximately 400 of the world's top players representing five continents participated in competing for the title of World Champion. Apart from the badminton sector, the Group also secured commercial rights to certain basketball leagues in the PRC, namely, Chinese University Basketball Association (CUBA), Chinese University Basketball Super League (CUBS), Chinese High School Basketball League (CHBL) and Chinese Junior School Basketball League (CJBL). The abovementioned commercial rights generated revenue of an aggregate amount of HK\$50.5 million representing a significant contribution to the Group's overall revenue during the period under review. During the period, the Group has produced another "sports crossover entertainment" event, namely, "Viva Fiesta" which was staged in Macau. The event featured the PRC National Diving Team and certain Hong Kong and PRC pop artists performing a great show to the audiences.

In the nine months ended 30 September 2013, our sports segment generated HK\$62.5 million (2012: HK\$28.6 million) in revenue which is more than double of that in the corresponding period in 2012. The upsurge in revenue was driven by the revenue derived from the aforementioned commercial rights to the basketball leagues and badminton tournaments as well as from the "Viva Fiesta" held in Macau. Despite of the strong growth in revenue, the segment still recorded an operating loss of HK\$10.0 million (2012: HK\$5.4 million) indicating the Group's continued investment in this segment to obtain, enhance and develop sports resources. Nevertheless, it is the Group's strategy to build an integrated platform based on this segment and the Group's investment in Li Ning Co in order to create synergies and reap crossover benefits by utilising the growing sports resources. The Group is dedicated to continue to explore the commercial values of this business segment.

Sports Community Development

In 2012, this segment's major business activity was the leasing of industrial plants located in Shenyang, the PRC to a tenant for manufacture of precast concrete products. The tenancy agreement was terminated near year end of 2012. The segment commenced its own production and sale of such precast concrete products and glass-fiber reinforced concrete products from the second quarter of 2013. The total revenue generated from such business operation amounted to HK\$18.6 million whereas the revenue from leasing operation in the same period in 2012 amounted to HK\$7.6 million. The segment reported an operating loss of HK\$15.2 million (2012: HK\$14.6 million) mainly due to the transition period from leasing operation to manufacturing operation during which revenue from leasing operation dropped to minimal. With the entering of various products supply contracts, we expect a continuing growth in revenue and with the mastering of the production techniques and streamlining the workflows, the management expects a lowered cost can be achieved which in turn boosting the profitability of this segment in future. In addition, with the local government's intention to promote environmental-friendly building techniques, we expect there will be a continuing growth in demand of the segment's products. Management also expects these building techniques can contribute to the success of sports-themed communities development.

It is the Board's intention to continue in identifying profitable community development opportunities in different cities in the PRC. With the continuous process of urbanisation and commercialisation of sports industry in the PRC, the Board is confident about the medium and long term development of sports-themed communities in the PRC. As such, the Group is actively looking for and studying the feasibility of various potential projects in those cities with large growth prospects with an aim to invest and participate in commercial development of sports-themed communities in the PRC. Together with the existing sports talents and sports resources, the Board believes that the Group's expected expansion in this segment will create synergies and deliver long-term benefits to shareholders.

Green Energy

During the period under review, the green energy segment is still undergoing an internal restructuring. The Group is discussing with a potential buyer to dispose of its interests in a subsidiary in Zhongshan, the PRC. The process is still on-going at the date of this report. Revenue generated from this segment for the period was HK\$1.5 million (2012: HK\$3.3 million). This segment recorded an operating loss of HK\$5.1 million (2012: HK\$10.2 million) for the nine months ended 30 September 2013.

Charge on Deposit

As at the reporting date, a charge over bank deposit amounting to RMB15.0 million (equivalent to approximately HK\$19.1 million) had been given by the Group to secure RMB15.0 million banking facilities of a PRC subsidiary.

Profit Guarantees

In October 2010, the Company acquired the entire interest of Viva China Sports Holding Limited and its subsidiary (the "Target Group") at the consideration of HK\$332.0 million (the "Acquisition"). Under the Acquisition, the vendors of the Target Group (the "Vendors") guaranteed the Company that the consolidated attributable net profit after taxation (net of minority interests) of the Target Group as ascertained from the audited financial statements of the Target Group prepared Hong Kong Financial Reporting Standards ("HKFRSs") a guarantee period of three financial years (i.e. for the three financial years ending 31 December 2013 ("Profit Guarantee Period") shall not be less than HK\$30.0 million, HK\$40.0 million and HK\$50.0 million for the years ended/ ending 31 December 2011, 2012 and 2013 respectively (the "Profit Guarantee"). Under the agreement of the Acquisition, the Vendors shall compensate the shortfall to the Company on a dollar-to-dollar basis where the guaranteed profit for a financial year during the Profit Guarantee Period is not met. The audited consolidated attributable net profit after taxation of the Target Group for the year ended 31 December 2012, which was derived from its ordinary course of business, has a shortfall amounted to approximately HK\$39.7 million. The Vendors compensated the Company for the shortfall amount by cash and the amount has been received in full.

Material Transactions

During the period under review, the Group entered into the following material transactions:

- (a) On 21 February 2013, the Company entered into a subscription agreement with Atlantis Investment Management (Hong Kong) Limited, an independent third party, pursuant to which the Company would issue 480.0 million ordinary shares of the Company (representing approximately 7.90% of the entire issued share capital of the Company as enlarged by such issue) at the cash subscription price of HK\$0.50 per share, which was completed on 8 March 2013. The net proceeds of such issue amounted to approximately HK\$240.0 million.
- (b) On 25 January 2013, Li Ning Co announced the Li Ning Open Offer. On 13 March 2013, the Company's shareholders approved the Group's proposed acceptance of the assured entitlements and the application for excess entitlements of the convertible securities by the Group in the Li Ning Open Offer and the entering into of an underwriting agreement dated 23 January 2013 by the Group with Li Ning Co, in the Li Ning Open Offer (details of Li Ning Open Offer were set out in the announcement dated 25 January 2013 published by Li Ning Co) and the transactions contemplated thereunder. Pursuant to the above, the Group has (i) undertaken to subscribe a principal amount of approximately HK\$466.2 million convertible securities, being all the assured entitlements of the Group in the Li Ning Open Offer; and (ii) underwritten a principal amount of not more than approximately HK\$744.7 million, whether in excess applications of convertible securities by the Group under the Li Ning Open Offer or in underwriting commitment pursuant to the conditional underwriting agreement, pursuant to which the Group would act as one of the underwriters to underwrite 60% of all the convertible securities to be issued in the Li Ning Open Offer (other than those in the aggregate principal amount of approximately HK\$627.4 million undertaken to be applied for by the Group and two institutional shareholders of Li Ning Co and before taking into account any assured entitlements which may be taken up and excess application which may be made by the other shareholders of Li Ning Co).

The Li Ning Open Offer was completed in April 2013 and apart from its assured entitlement of approximately 133,187,000 units of convertible securities being allotted, an additional of approximately 13,572,000 units of convertible securities were also allotted under the excess application. The Group received an underwriting fee amounted to approximately HK\$18.6 million in respect of acting as one of the underwriters in the Li Ning Open Offer. The underwriting fee has been recorded by the Group as other income. The Group's share of profit resulting from this transaction was only recorded to the extent of interest unrelated to the Group.

Subsequent Event

On 30 August 2013, the Company entered into the deed (the "Deed") with Victory Mind Assets Limited and Dragon City Management (PTC) Limited to advance the timetable for the issuance of earn-out convertible bonds in relation to the acquisition of approximately 25.23% equity interest of Li Ning Co in December 2012. The execution and performance of the Deed were approved at the extraordinary general meeting of the Company on 4 November 2013. The earn-out convertible bonds to be issued will be classified as equity and the related derivative financial liabilities as presently recognised will be derecognised, the financial impact of which will be based on the fair value of earn-out convertible bonds upon the Deed becoming effective. The Company will have to assess whether any and how much undertaken convertible bonds might be cancelled in the future and recognise a corresponding derivative financial asset, if any, at its fair value. Subsequent changes of such fair value of the derivative financial asset will be recognised in profit and loss. Details of this were set out in the Company's circular dated 17 October 2013.

UNAUDITED CONSOLIDATED RESULTS

The board of directors (the "Board") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the periods from 1 July 2013 to 30 September 2013 and from 1 January 2013 to 30 September 2013 together with the comparative unaudited consolidated results for the corresponding periods in 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and nine months ended 30 September 2013

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Revenue	4	40,594	24,063	82,982	40,315
Cost of sales		(30,599)	(12,925)	(66,851)	(17,299)
Gross profit		9,995	11,138	16,131	23,016
Other income and gains, net	4	35,066	7,911	86,254	20,094
Selling and distribution costs		(5,382)	(7,034)	(19,566)	(16,154)
Administrative and other operating expenses		(44,793)	(13,661)	(89,733)	(89,325)
Fair value loss on derivative financial liabilities		(24,000)	–	(60,000)	–
Impairment of goodwill		–	–	–	(155,433)
Finance costs		(36)	(17)	(52)	(66)
Share of profits and losses of an associate	5	(21,842)	–	(167,468)	–
Loss before tax	6	(50,992)	(1,663)	(234,434)	(217,868)
Income tax	7	218	909	1,007	4,692
Loss for the period		(50,774)	(754)	(233,427)	(213,176)
Other comprehensive income/(loss):					
Other comprehensive income/(loss) for the period, may be reclassified subsequently to profit or loss, net of income tax of nil					
– Share of other comprehensive loss of an associate		(199)	–	(139)	–
– Exchange differences on translation of foreign operations		24,761	1,818	74,759	(429)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the three and nine months ended 30 September 2013

Note	For the three months ended 30 September		For the nine months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Other comprehensive income/(loss) for the period, may be reclassified subsequently to profit or loss, net of income tax of nil	24,562	1,818	74,620	(429)
Total comprehensive income/(loss) for the period	(26,212)	1,064	(158,807)	(213,605)
Loss attributable to:				
Equity shareholders of the Company	(50,711)	(727)	(233,167)	(213,161)
Non-controlling interests	(63)	(27)	(260)	(15)
	(50,774)	(754)	(233,427)	(213,176)
Total comprehensive income/(loss) attributable to:				
Equity shareholders of the Company	(26,164)	1,067	(158,568)	(213,590)
Non-controlling interests	(48)	(3)	(239)	(15)
	(26,212)	1,064	(158,807)	(213,605)
Loss per share attributable to equity shareholders of the Company		(Restated)		(Restated)
Basic and diluted (HK cents)	8	(0.02)	(3.91)	(5.59)

The accompanying notes form part of these unaudited 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 of the Stock Exchange.

During the period, the Group was involved in the following principal activities:

- production and distribution of sports content, management and marketing of sports talents and provision of sports consultancy service;
- development of properties for generating rental income and/or capital appreciation potential, research and development, manufacturing and marketing of construction materials, development of sports communities and provision of consultancy and subcontracting services; and
- development, manufacturing, marketing and installation of energy-saving air-conditioning systems and water heating equipment

The principal activities of the associate which is significant to the financial position of the Group during the period ended 30 September 2013 include brand development, design, manufacture, sale and distribution of sport-related footwear, apparel, equipment and accessories in the People's Republic of China (the "PRC").

2. BASIS OF PREPARATION

Basis of preparation

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

These unaudited consolidated results do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs").

The accounting policies used in the preparation of the unaudited condensed results are consistent with those adopted in preparing the annual financial statements for the year ended 31 December 2012, except for the following accounting policy changes that are expected to be reflected in the 2013 annual financial statements.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

During the nine months ended 30 September 2013, the Group has adopted the new and revised HKFRSs that are relevant to its operations and effective for the first time for the period beginning on 1 January 2013. 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. Of these, the following developments are relevant to the Group's financial statements:

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 require entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The Group's presentation of other comprehensive income in these condensed consolidated results has been modified accordingly.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made substantial disclosures in these unaudited consolidated results as a result of adopting HKFRS 12.

HKFRS 13 Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

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.

4. REVENUE, OTHER INCOME AND GAINS, NET

	For the three months ended 30 September		For the nine months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Revenue				
Sports content production and distribution income	23,901	15,015	54,122	15,015
Sports talent management income	1,254	5,244	8,344	13,602
Sales of construction materials	13,811	–	18,572	–
Gross rental income	203	2,431	480	7,567
Consultancy service income	–	287	–	868
Sales of air-conditioners and ventilation systems and air-purifiers	1,425	1,086	1,464	3,263
	40,594	24,063	82,982	40,315
Other income				
Bank interest income	3,330	4,157	5,669	14,347
Underwriting commission fee received	–	–	12,961	–
Others	202	74	202	232
	3,532	4,231	18,832	14,579
Gains, net				
Fair value gain on derivative financial assets	26,171	–	54,143	5,491
Fair value gain on investment properties	–	–	3,823	–
Foreign exchange gain, net	5,332	3,680	8,963	24
Others	31	–	493	–
	31,534	3,680	67,422	5,515
Other income and gains, net	35,066	7,911	86,254	20,094

5. SHARE OF PROFITS AND LOSSES OF AN ASSOCIATE

The share of profits and losses of an associate was based on the unaudited results of the associate for the nine months ended 30 June 2013 and have been adjusted for any significant events or transactions for the period from 1 July 2013 to 30 September 2013. The Group has adopted the provision contained in HKAS 28 "Investments in Associates" whereby it is permitted to include the attributable share of associates' results based on accounts drawn up to a non-continuous period and where the difference must be no greater than three months.

6. LOSS BEFORE TAX

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Cost of inventories sold	13,156	1,459	17,183	2,732
Cost of services provided	17,443	11,466	49,668	14,567
Depreciation	1,861	1,026	4,664	3,080
Amortisation of prepaid land lease payments	118	39	196	119
Amortisation of other intangible assets	871	3,637	4,026	11,662
Minimum lease payments under operating leases of land and buildings	2,312	1,885	6,331	5,343
Employee benefits expense including directors' remuneration:				
Wages and salaries	13,100	10,527	35,858	35,375
Equity-settled share option expenses	12,509	(9,725)	14,626	2,684
Contributions to defined contribution retirement plan	753	842	2,685	2,384
	26,362	1,644	53,169	40,443
Impairment of goodwill	–	–	–	155,433
Impairment of other intangible assets	–	–	–	6,419

7. INCOME TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Current – Mainland China				
Overprovision in prior year	–	–	–	172
Deferred tax credit	218	909	1,007	4,520
	218	909	1,007	4,692

No provision for Hong Kong profits tax and PRC corporate income tax have been made for the nine months ended 30 September 2013 as the Group did not generate any assessable profits arising in Hong Kong and Mainland China, respectively, during the period (2012: Nil).

Deferred tax credit 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.

The share of tax credit attributable to an associate for the nine months ended 30 September 2013 amounting to HK\$12,669,000 (2012: Nil) is included in "Share of profits and losses of an associate" in the unaudited consolidated results.

8. LOSS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The loss per share is computed as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Loss attributable to equity shareholders	(50,711)	(727)	(233,167)	(213,161)
Weighted average number of ordinary shares in issue	6,076,394,726	3,816,371,957*	5,960,350,770	3,816,371,957*
Basic and diluted loss per share (HK cents)	(0.84)	(0.02)*	(3.91)	(5.59)*

* Adjusted to reflect the share consolidation in 2012

No adjustment has been made to the basic loss per share amounts presented for the periods ended 30 September 2013 and the corresponding periods ended 30 September 2012 in respect of a dilution as the impact of the perpetual convertible bonds and share options of the Company outstanding during the period ended 30 September 2013 and the share warrants and share options of the Company outstanding during the period ended 30 September 2012, either had anti-dilutive effect or no dilutive effect on the basic loss per share amounts presented.

9. RESERVES

	Attributable to shareholders of the Company							
	Share premium account (Unaudited) HK\$'000	Perpetual convertible bonds (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Reserve Funds (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
For the nine months ended								
30 September 2013								
Balance at 1 January 2013	2,864,804	955,480	52,503	8,216	1,281	(1,671)	(705,134)	3,175,479
Loss for the period	-	-	-	-	-	-	(233,167)	(233,167)
Other comprehensive income/(loss) for the period:								
Exchange differences on translation of foreign operations	-	-	-	74,738	-	-	-	74,738
Share of other comprehensive loss of an associate	-	-	-	(139)	-	-	-	(139)
Total comprehensive income/(loss) for the period	-	-	-	74,599	-	-	(233,167)	(158,568)
Issue of shares	216,000	-	-	-	-	-	-	216,000
Share issue expenses	(324)	-	-	-	-	-	-	(324)
Equity-settled share option arrangement	-	-	22,113	-	-	-	-	22,113
Forfeiture of share options	-	-	(3,380)	-	-	-	3,380	-
Share of reserve of an associate	-	-	4,156	-	-	-	-	4,156
Balance at 30 September 2013	3,080,480	955,480	75,392	82,815	1,281	(1,671)	(934,921)	3,258,856
For the nine months ended								
30 September 2012								
Balance at 1 January 2012	2,256,863	-	61,102	6,520	-	-	(435,438)	1,889,047
Loss for the period	-	-	-	-	-	-	(213,161)	(213,161)
Other comprehensive loss for the period:								
Exchange differences on translation of foreign operations	-	-	-	(429)	-	-	-	(429)
Total comprehensive loss for the period	-	-	-	(429)	-	-	(213,161)	(213,590)
Acquisition of non-controlling interests	-	-	-	-	-	(1,671)	-	(1,671)
Equity-settled share option arrangement	-	-	3,470	-	-	-	-	3,470
Forfeiture of share options	-	-	(1,158)	-	-	-	1,158	-
Balance at 30 September 2012	2,256,863	-	63,414	6,091	-	(1,671)	(647,441)	1,677,256

9. RESERVES (continued)

	Attributable to shareholders of the Company							Total (Unaudited) HK\$'000
	Share premium account (Unaudited) HK\$'000	Perpetual convertible bonds (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Reserve funds (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	
For the three months ended								
30 September 2013								
Balance at 1 July 2013	3,080,480	955,480	56,747	58,268	1,281	(1,671)	(886,774)	3,263,811
Loss for the period	-	-	-	-	-	-	(50,711)	(50,711)
Other comprehensive income/(loss) for the period:								
Exchange differences on translation of foreign operations	-	-	-	24,746	-	-	-	24,746
Share of other comprehensive loss of an associate	-	-	-	(199)	-	-	-	(199)
Total comprehensive income/(loss) for the period	-	-	-	24,547	-	-	(50,711)	(26,164)
Equity-settled share option arrangement	-	-	19,292	-	-	-	-	19,292
Forfeiture of share options	-	-	(2,564)	-	-	-	2,564	-
Share of associate's reserve	-	-	1,917	-	-	-	-	1,917
Balance at 30 September 2013	3,080,480	955,480	75,392	82,815	1,281	(1,671)	(934,921)	3,258,856
For the three months ended								
30 September 2012								
Balance at 1 July 2012	2,256,863	-	74,250	4,297	-	(1,671)	(647,824)	1,685,915
Loss for the period	-	-	-	-	-	-	(727)	(727)
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	-	-	-	1,794	-	-	-	1,794
Total comprehensive income/(loss) for the period	-	-	-	1,794	-	-	(727)	1,067
Forfeiture of share options	-	-	(1,110)	-	-	-	1,110	-
Equity-settled share option arrangement	-	-	(9,726)	-	-	-	-	(9,726)
Balance at 30 September 2012	2,256,863	-	63,414	6,091	-	(1,671)	(647,441)	1,677,256

10. SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

On 30 August 2013, the Company entered into the deed (the "Deed") with Victory Mind Assets Limited and Dragon City Management (PTC) Limited to advance the timetable for the issuance of earn-out convertible bonds in relation to the acquisition of approximately 25.23% equity interest of Li Ning Co in December 2012. The execution and performance of the Deed were approved at the extraordinary general meeting of the Company on 4 November 2013. The earn-out convertible bonds to be issued will be classified as equity and the related derivative financial liabilities as presently recognised will be derecognised, the financial impact of which will be based on the fair value of earn-out convertible bonds upon the Deed becoming effective. The Company will have to assess whether any and how much undertaken convertible bonds might be cancelled in the future and recognise a corresponding derivative financial asset, if any, at its fair value. Subsequent changes of such fair value of the derivative financial asset will be recognised in profit and loss. Details of this were set out in the Company's circular dated 17 October 2013.

11. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the nine months ended 30 September 2013 (2012: 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 nine months ended 30 September 2013.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2013, 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 (the "Shares"), underlying Shares and debenture of the Company

Name of Director	Capacity	Number of Shares/ underlying Shares held		Number of share options held ⁽⁴⁾	Total interests	Approximate percentage of shareholding as at 30 September 2013
		Personal interests	Corporate interests			
Mr. LI Ning ⁽⁵⁾	Interest of controlled corporation	–	8,212,443,151 ⁽¹⁾	–		
	Beneficial owner	–	–	6,000,000	8,218,443,151	135.25%
Mr. CHAN Ling	Beneficial owner	21,487,669	–	74,000,000	95,487,669	1.57%
Mr. LI Churyang	Beneficial owner	9,995,669	–	66,000,000	75,995,669	1.25%
Mr. CHAN James	Beneficial owner	–	–	15,000,000	15,000,000	0.25%
Mr. LI Qiilin	Beneficiary of trusts	6,080,022,769 ⁽²⁾	–	–		
	Beneficial owner	–	–	6,000,000	6,086,022,769	100.16%
Mr. MA Wing Man	Beneficial owner	–	–	8,200,000	8,200,000	0.13%
Mr. CHEN Johnny	Beneficial owner	–	–	8,200,000	8,200,000	0.13%
Mr. LIEN Jown Jing, Vincent	Beneficial owner	–	–	6,000,000	6,000,000	0.10%
Mr. NG Sau Kei, Wilfred	Beneficial owner	3,400,000	–	8,200,000	11,600,000	0.19%

Notes:

1. Mr. Li Ning is deemed to be interested in an aggregate of 8,212,443,151 Shares through his interests in Lead Ahead Limited ("Lead Ahead"), Victory Mind Assets Limited ("Victory Mind Assets") and Dragon City Management (PTC) Limited ("Dragon City"), respectively, as follows:
 - (a) 2,132,420,382 Shares are held by Lead Ahead, which is owned as to 60% by Mr. Li Ning and 40% by Mr. Li Chun. Mr. Li Ning is also a director of Lead Ahead;
 - (b) the 2,328,582,769 Shares in which Victory Mind Assets is interested in comprise (i) 1,280,022,769 Shares held by Victory Mind Assets and (ii) 1,048,560,000 Shares which may be issued on the basis of a full exercise of conversion rights attaching to the convertible bonds which may be issued to Victory Mind Assets by the Company pursuant to the agreement dated 12 October 2012 (the "Acquisition Agreement") and the deed dated 30 August 2013 (the "Deed"), both entered into between the Company, Victory Mind Assets and Dragon City. Victory Mind Assets is owned as to 57% by Ace Leader Holdings Limited ("Ace Leader") and 38% by Jumbo Top Group Limited ("Jumbo Top"). All shares of Ace Leader are held by TMF (Cayman) Ltd. ("TMF") in its capacity as trustee of a discretionary trust. Mr. Li Ning is the settlor of the trust and is therefore deemed to be interested in such 2,328,582,769 Shares. Mr. Li Ning is a director of each of Victory Mind Assets and Ace Leader; and
 - (c) the 3,751,440,000 Shares in which Dragon City is interested in comprise (i) 2,400,000,000 Shares which may be issued on the basis of a full exercise of conversion rights attaching to the convertible bonds issued to Dragon City by the Company in December 2012 and (ii) 1,351,440,000 Shares which may be issued on the basis of a full exercise of conversion rights attaching to the convertible bonds which may be issued to Dragon City by the Company pursuant to the Acquisition Agreement and the Deed. Dragon City is interested in such 3,751,440,000 Shares in its capacity as trustee of a unit trust, the units of which are owned as to 60% by Cititrust (Cayman) Limited ("Cititrust") and as to 40% by Cititrust, each as the trustee of separate trust. Mr. Li Ning is the 60% shareholder of Dragon City and a founder of the unit trust and is therefore deemed to be interested in such 3,751,440,000 Shares. Mr. Li Ning is a director of Dragon City.
2. See note 1(b) and note 1(c) under "Interests and short positions of substantial shareholders and other persons in the share capital of the Company" below.
3. Mr. Li Ning was also deemed to be interested in 1,807,850 shares (representing, as at 30 September 2013, approximately 0.13% shareholding interest in the share capital of Li Ning Company Limited (which is, at the date of the relevant SFO filing, an associated corporation of the Company (within the meaning of Part XV of the SFO)) held by Alpha Talent Management Limited (a company wholly-owned by Mr. Li Ning) for the purpose of a share purchase scheme.
4. 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 30 September 2013, 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.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 September 2013, 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 the Shares and underlying Shares

	Capacity	Number of Shares/ underlying shares	Approximate percentage of shareholding as at 30 September 2013
Substantial Shareholders			
Mr. Li Chun	Interest of controlled corporation	8,212,443,151 ⁽¹⁾	135.15%
Lead Ahead ⁽²⁾	Beneficial owner	2,132,420,382	35.09%
Victory Mind Assets ⁽³⁾	Beneficial owner	2,328,582,769	38.32%
Ace Leader ⁽³⁾	Interest in controlled corporation	2,328,582,769	38.32%
Jumbo Top ⁽³⁾	Interest in controlled corporation	2,328,582,769	38.32%
TMF ⁽³⁾	Trustee	2,328,582,769	38.32%
Dragon City ⁽⁴⁾	Trustee	3,751,440,000	61.74%
Cititrust ⁽⁴⁾	Trustee	3,751,440,000	61.74%
Other Persons			
Atlantis Capital Holdings Limited ⁽⁵⁾	Investment manager	505,000,000	8.31%
LIU Yang ⁽⁵⁾	Interest in controlled corporation	505,000,000	8.31%
MA Chi Seng	Beneficial owner	560,000,000 ⁽⁶⁾	9.22%

Notes:

- Mr. Li Chun is deemed to be interested in an aggregate of 8,212,443,151 Shares through his interests in Lead Ahead, Victory Mind Assets and Dragon City, respectively, as follows:
 - 2,132,420,382 Shares are held by Lead Ahead, which is owned as to 60% by Mr. Li Ning and 40% by Mr. Li Chun;

- (b) the 2,328,582,769 Shares in which Victory Mind Assets is interested in comprise (i) 1,280,022,769 Shares held by Victory Mind Assets and (ii) 1,048,560,000 Shares which may be issued on the basis of a full exercise of conversion rights attaching to the convertible bonds which may be issued to Victory Mind Assets by the Company pursuant to the Acquisition Agreement and the Deed. Victory Mind Assets is owned as to 57% by Ace Leader and 38% by Jumbo Top. All shares of Jumbo Top are held by TMF in its capacity as trustee of a discretionary trust. Mr. Li Chun is the settlor of the trust and is therefore deemed to be interested in such 2,328,582,769 Shares. Mr. Li Qilin is a beneficiary of the trust and is also therefore deemed to be interested in such 2,328,582,769 Shares. Mr. Li Chun is also a director of each of Victory Mind Assets and Jumbo Top; and
- (c) the 3,751,440,000 Shares in which Dragon City is interested in comprise (i) 2,400,000,000 Shares which may be issued on the basis of a full exercise of conversion rights attaching to the convertible bonds issued to Dragon City by the Company in December 2012 and (ii) 1,351,440,000 Shares which may be issued on the basis of a full exercise of conversion rights attaching to the convertible bonds which may be issued to Dragon City by the Company pursuant to the Acquisition Agreement and the Deed. Dragon City is interested in such 3,751,440,000 Shares in its capacity as trustee of a unit trust, the units of which are owned as to 60% by Cititrust and as to 40% by Cititrust, each as the trustee of a separate trust. Mr. Li Qilin is a beneficiary of one of the said separate trusts and is also therefore deemed to be interested in such 3,751,440,000 Shares. Mr. Li Chun is taken to be interested in 40% of the shares of Dragon City and is therefore deemed to be interested in such 3,751,440,000 Shares. Mr. Li Chun is a director of Dragon City.
2. 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.
 3. See note 1(b) under "Interests and short positions of directors and the chief executive in the shares and underlying shares and debentures of the Company and its associated corporations" and note 1(b) above. For avoidance of doubt and double counting, it should be noted that Ace Leader, Jumbo Top and TMF are deemed to be interested in the 2,328,582,769 Shares which Victory Mind Assets is interested in.
 4. See note 1(c) under "Interests and short positions of directors and the chief executive in the shares and underlying shares and debentures of the Company and its associated corporations" and note 1(c) above. Cititrust is deemed to be interested in the 3,751,440,000 Shares which Dragon City is interested in.
 5. Each of Atlantis Investment Management (Ireland) Limited ("AIMI") and Atlantis Investment Management Limited ("AIM") is interested in 90,000,000 Shares and Atlantis Investment Management (Hong Kong) Limited ("AIMHK") is interested in 505,000,000 Shares. Atlantis Capital Holdings Limited ("ACH"), being the controlling shareholder of AIMI, AIM and AIMHK, is deemed to be interested in the Shares in which AIMI, AIM and AIMHK have interests. Ms. Liu Yang, being controlling shareholder of ACH, is deemed to be interested in the Shares in which ACH has interests. Ms. Liu Yang is a director of ACH. In addition, Riverwood Asset Management (Cayman) Ltd ("RAMC") is interested in 10,000,000 Shares. Ms. Liu Yang, being controlling shareholder of RAMC, is deemed to be interested in the Shares in which RAMC has interests.
 6. Ma Chi Seng is interested in 500,000,000 Shares and the share options of the Company entitling to subscribe for a total of 60,000,000 Shares.

As at 30 September 2013, 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 highcalibre 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 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 nine months ended 30 September 2013 are set out below:

	Date of Grant	Number of Share Options				Balance as at 30.9.2013
		Balance as at 1.1.2013	Granted during the period	Cancelled during the period	Lapsed during the period	
Directors						
Li Ning	02.07.2013	–	6,000,000	–	–	6,000,000 ⁽³⁾
Chan Ling	02.07.2010	6,000,000	–	–	–	6,000,000 ⁽¹⁾
	20.09.2011	12,000,000	–	–	(4,000,000)	8,000,000 ⁽²⁾
Li Chunyang	02.07.2013	–	60,000,000	–	–	60,000,000 ⁽³⁾
	02.07.2010	6,000,000	–	–	–	6,000,000 ⁽¹⁾
	20.09.2011	12,000,000	–	–	(4,000,000)	8,000,000 ⁽²⁾
Chan James	02.07.2013	–	52,000,000	–	–	52,000,000 ⁽³⁾
	02.07.2013	–	15,000,000	–	–	15,000,000 ⁽⁴⁾
Li Qilin	02.07.2013	–	6,000,000	–	–	6,000,000 ⁽⁴⁾
Ma Wing Man	02.07.2010	1,000,000	–	–	–	1,000,000 ⁽¹⁾
	20.09.2011	1,800,000	–	–	(600,000)	1,200,000 ⁽²⁾
	02.07.2013	–	6,000,000	–	–	6,000,000 ⁽³⁾
Chen Johnny	02.07.2010	1,000,000	–	–	–	1,000,000 ⁽¹⁾
	20.09.2011	1,800,000	–	–	(600,000)	1,200,000 ⁽²⁾
	02.07.2013	–	6,000,000	–	–	6,000,000 ⁽³⁾
Lien Jown Jing, Vincent	02.07.2013	–	6,000,000	–	–	6,000,000 ⁽⁴⁾
Ng Sau Kei, Wilfred	02.07.2010	1,000,000	–	–	–	1,000,000 ⁽¹⁾
	20.09.2011	1,800,000	–	–	(600,000)	1,200,000 ⁽²⁾
	02.07.2013	–	6,000,000	–	–	6,000,000 ⁽³⁾
Lee Wa Lun, Warren ⁽⁶⁾⁽ⁱⁱⁱ⁾	02.07.2010	1,000,000 ⁽¹⁾	–	(1,000,000)	–	–
	20.09.2011	1,800,000 ⁽²⁾	–	(1,200,000)	(600,000)	–

	Date of Grant	Number of Share Options				Balance as at 30.9.2013
		Balance as at 1.1.2013	Granted during the period	Cancelled during the period	Lapsed during the period	
Li Chun ⁽⁶⁾⁽ⁱ⁾	02.07.2010	1,000,000 ⁽¹⁾	–	(1,000,000)	–	–
	20.09.2011	1,800,000 ⁽⁵⁾	–	(1,800,000)	–	–
Ip Shu Kwan, Stephen ⁽⁶⁾⁽ⁱⁱ⁾	02.07.2010	1,000,000 ⁽¹⁾	–	(1,000,000)	–	–
	20.09.2011	1,800,000 ⁽⁵⁾	–	(1,800,000)	–	–
		52,800,000	163,000,000	(7,800,000)	(10,400,000)	197,600,000
Other employees						
In aggregate	02.07.2010	3,400,000	–	–	–	3,400,000 ⁽⁷⁾
In aggregate	06.09.2010	7,960,000	–	–	–	7,960,000 ⁽⁸⁾
In aggregate	20.09.2011	30,990,000	–	(1,090,000)	(4,499,998)	25,400,002 ⁽⁹⁾
In aggregate	02.07.2013	–	103,200,000	–	–	103,200,000 ⁽¹⁰⁾
		42,350,000	103,200,000	(1,090,000)	(4,499,998)	139,960,002
Other grantees						
In aggregate	06.09.2010	2,400,000	–	–	–	2,400,000 ⁽¹¹⁾
In aggregate	20.09.2011	24,400,000	–	–	(4,400,000)	20,000,000 ⁽¹²⁾
In aggregate	02.07.2013	–	114,500,000	–	–	114,500,000 ⁽¹³⁾
		26,800,000	114,500,000	–	(4,400,000)	136,900,000
		121,950,000	380,700,000	(8,890,000)	(19,299,998)	474,460,002

Notes:

- (1) The share options are exercisable for a period of 5 years after vested subject to the vesting schedule in tranches of one-third each on the first, second and third anniversaries of the date of grant respectively.
- (2) The share options are exercisable for a period of 2 years after vested subject to the vesting schedule in tranches of one-third each on the date of grant, the first anniversary of the date of grant and the second anniversary of the date of grant respectively and the first tranche lapsed in September 2013.
- (3) The share options are exercisable for a period of 3 years after vested subject to the vesting schedule in tranches of one-fourth each on 2 July 2013, 2 July 2014, 2 July 2015 and 2 July 2016 respectively.

- (4) The share options are exercisable for a period of 3 years after vested subject to the vesting schedule in tranches of one-third each on 2 July 2014, 2 July 2015 and 2 July 2016 respectively.
- (5) The share options are exercisable for a period of 2 years after vested subject to the vesting schedule of one-third each on the date of grant, the first anniversary of the date of grant and the second anniversary of the date of grant respectively.
- (6) (i) Mr. Ip Shu Kwan, Stephen resigned as an independent non-executive Director with effect from 15 March 2013.
- (ii) Mr. Li Chun retired as a non-executive Director with effect from 6 June 2013.
- (iii) Mr. Lee Wa Lun, Warren retired as an executive Director with effect from 25 June 2013.
- (7) The share options comprised the following: (i) 1,133,333 share options with exercisable period from 2 July 2011 to 1 July 2016; (ii) 1,133,333 share options with exercisable period from 2 July 2012 to 1 July 2017; and (iii) 1,133,334 share options with exercisable period from 2 July 2013 to 1 July 2018.
- (8) The share options comprised the following: (i) 1,520,000 share options with exercisable period from 6 September 2011 to 5 September 2016; (ii) 1,520,000 share options with exercisable period from 6 September 2012 to 5 September 2017; (iii) 1,520,000 share options with exercisable period from 6 September 2013 to 5 September 2018; (iv) 2,200,000 share options with exercisable period from 6 September 2014 to 5 September 2019; and (v) 1,200,000 share options with exercisable period from 6 September 2015 to 5 September 2020.
- (9) The share options as at 1 January 2013 comprised the following: (i) 4,529,998 share options with exercisable period from 20 September 2011 to 19 September 2013; (ii) 8,496,666 share options with exercisable period from 20 September 2012 to 19 September 2014; (iii) 8,496,669 share options with exercisable period from 20 September 2013 to 19 September 2015; (iv) 5,166,667 share options with exercisable period from 20 September 2014 to 19 September 2016; and (v) 4,300,000 share options with exercisable period from 20 September 2015 to 19 September 2017. Following the cancellation and lapse of certain share options during the period, the number of share options under (i), (ii), (iii) and (iv) of this note reduced to 0, 8,266,666, 8,066,669 and 4,766,667 as at 30 September 2013, while the number of share options under (v) of this note remained unchanged as at 30 September 2013.
- (10) The share options granted comprise the following: (i) 24,300,000 share options with exercisable period from 2 July 2013 to 1 July 2016; (ii) 26,300,000 share options with exercisable period from 2 July 2014 to 1 July 2017; (iii) 26,300,000 share options with exercisable period from 2 July 2015 to 1 July 2018; and (iv) 26,300,000 share options with exercisable period from 2 July 2016 to 1 July 2019.
- (11) The share options comprised the following: (i) 800,000 share options with exercisable period from 6 September 2011 to 5 September 2016; (ii) 800,000 share options with exercisable period from 6 September 2012 to 5 September 2017; and (iii) 800,000 share options with exercisable period from 6 September 2013 to 5 September 2018.
- (12) The share options as at 1 January 2013 comprised the following: (i) 4,400,000 share options with exercisable period from 20 September 2011 to 19 September 2013; (ii) 6,000,000 share options with exercisable period from 20 September 2012 to 19 September 2014; (iii) 6,000,000 share options with exercisable period from 20 September 2013 to 19 September 2015; (iv) 4,800,000 share options with exercisable period from 20 September 2014 to 19 September 2016; and (v) 3,200,000 share options with exercisable period from 20 September 2015 to 19 September 2017. All share options under (i) of this note lapsed in September 2013, while the number of share options under (ii), (iii), (iv) and (v) of this note remained unchanged as at 30 September 2013.

- (13) The share options granted comprise the following: (i) 26,000,000 share options with exercisable period from 2 July 2013 to 1 July 2016; (ii) 29,500,000 share options with exercisable period from 2 July 2014 to 1 July 2017; (iii) 29,500,000 share options with exercisable period from 2 July 2015 to 1 July 2018; and (iv) 29,500,000 share options with exercisable period from 2 July 2016 to 1 July 2019.
- (14) The exercise prices of the share options are as follows:

Date of Grant	Exercise Price per Share (HK\$)
02.07.2010	3.90
06.09.2010	4.15
20.09.2011	0.75
02.07.2013	0.50

- (15) On 2 July 2013, the Company granted share options entitling subscription of a total of 380,700,000 Shares pursuant to the Share Option Scheme and the closing price of the Shares immediately before the date on which the aforesaid share options were granted was HK\$0.4250. No share options were exercised during the nine months ended 30 September 2013.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the nine months ended 30 September 2013, 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 conflict 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. Lien Jown Jing, Vincent and Mr. Ng Sau Kei, Wilfred and one non-executive Director, Mr. Ma Wing Man. The unaudited consolidated results of the Group for the nine months ended 30 September 2013 have been reviewed by the Audit Committee.

By order of the Board
Viva China Holdings Limited
Li Ning
Chairman and Chief Executive Officer

Hong Kong, 13 November 2013



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

Executive Directors:

Mr. Li Ning (*Chairman and Chief Executive Officer*)

Mr. Chan Ling (*Chief Operating Officer*)

Mr. Li Chunyang

Non-executive Directors:

Mr. Chan James

Mr. Li Qilin

Mr. Ma Wing Man

Independent Non-executive Directors:

Mr. Chen Johnny

Mr. Lien Jown Jing, Vincent

Mr. Ng Sau Kei, Wilfred



**VIVA
CHINA
HOLDINGS
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非凡中國控股有限公司2013第三季度業績報告