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維奧集團控股有限公司
Vital Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 01164)

ANNOUNCEMENT
UNAUDITED RESULTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

The unaudited results for the nine months ended 30 September 2011 ("Unaudited Results") of Vital Group Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") was approved by the board of directors of the Company (the "Board") on 12 December 2011. The Company voluntarily announces its Unaudited Results pursuant to the requirements set out in chapter 13 of the Listing Rules.

The consolidated turnover of the Group increased to around HK$292.7 million, which represents an increment of approximately 17% year-on-year. The loss attributable to owners of the Company was amounted to approximately HK$187.6 million, representing a decrement of approximately 438% as compared to the profit of approximately HK$55.5 million for the corresponding period.

The unaudited results for the nine months ended 30 September 2011 ("Unaudited Results") of Vital Group Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") was approved by the board of directors of the Company (the "Board") on 12 December 2011.

The Company voluntarily announces its Unaudited Results in accordance with the requirements set out in chapter 13 of the Listing Rules.

UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011:

CONDENSED CONSOLIDATED INCOME STATEMENT

		(Unaudited) 9 months ended 30 September	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
Turnover	*2*	**292,693**	249,249
Cost of sales		**(164,579)**	(77,591)
Gross profit		**128,114**	171,658
Other operating income		**31,085**	13,783
Selling and distribution expenses		**(67,320)**	(60,839)
Administrative expenses		**(118,382)**	(60,344)
Change in fair value of investment properties		**(24,438)**	—
Impairment loss recognised in respect of goodwill		**(52,355)**	—
Impairment loss recognised in respect of property, plant and equipment		**(67,255)**	—
Finance costs		**(3,792)**	(983)
(Loss) profit before taxation		**(174,343)**	63,275
Income tax expense	*3*	**(14,857)**	(5,581)
(Loss) profit for the period		**(189,200)**	57,694
(Loss) profit for the period attributable to:			
Owners of the Company		**(187,618)**	55,476
Non-controlling interests		**(1,582)**	2,218
		(189,200)	57,694
(Loss) earnings per share	*5*		
Basic and diluted		**HK(10.10) cents**	HK3.58 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) 9 months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
(Loss) profit for the period	**(189,200)**	57,694
Other comprehensive income		
Exchange differences arising on translating foreign operations		
Exchange differences arising during the period	**29,538**	15,793
Reclassification adjustments relating to foreign operations disposed of/deregistered during the period	**(2,679)**	(1,459)
	26,859	14,334
Available-for-sale investments		
Net gain arising on revaluation of available-for-sale investments during the period	**—**	333
Reclassification adjustments relating to available-for-sale investments disposed of during the period	**—**	(683)
	—	(350)
Gain arising on transfer of property, plant and equipment and prepaid lease payments to investment properties at fair value	**—**	5,723
Deferred tax liability arising on gain on transfer of property, plant and equipment and prepaid lease payments to investment properties at fair value	**—**	(1,431)
	—	4,292
Other comprehensive income for the period, net of tax	**26,859**	18,726
Total comprehensive (expense) income for the period, net of tax	**(162,341)**	75,970
Total comprehensive (expense) income for the period attributable to:		
Owners of the Company	**(160,939)**	73,572
Non-controlling interests	**(1,402)**	2,218
	(162,341)	75,970

As the Unaudited Results may not reflect the results for the year ending 31 December 2011, investors and shareholders are advised to exercise extreme caution when dealing in the shares of the Company.

NOTES TO UNAUDITED RESULTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited results for the nine months ended 30 September 2011 have been prepared in accordance with accounting principles generally accepted in Hong Kong and Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The unaudited results should be read in conjunction with the 2010 annual report. The audit committee of the Company, which consists of one non-executive director and two independent non-executive directors, has reviewed the results announcement for the nine months ended 30 September 2011.

2. TURNOVER AND SEGMENT INFORMATION

Turnover represents amount received and receivable from sales of pharmaceutical and food products net of returns, discounts allowed, sales related taxes and rental income during the period.

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period under review:

Nine months ended 30 September 2011

	Pharmaceutical and food *HK$'000* **(Unaudited)**	**Property investment** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
Turnover	**288,759**	**3,934**	**292,693**
Segment loss	**(144,740)**	**(14,223)**	**(158,963)**
Other income and gains			**14,234**
Central administrative costs			**(25,822)**
Finance costs			**(3,792)**
Loss before taxation			**(174,343)**

Nine months ended 30 September 2010

	Pharmaceutical and food *HK$'000* (Unaudited)	Property investment *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Turnover	246,392	2,857	249,249
Segment profit	75,136	2,369	77,505
Other income and gains			11,098
Central administrative costs			(24,345)
Finance costs			(983)
Profit before taxation			63,275

3. INCOME TAX EXPENSE

	(Unaudited) 9 months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
The People's Republic of China (the "PRC") Enterprise Income Tax		
— current period	**18,278**	7,344
— over provision in prior year	**—**	(1,763)
	18,278	5,581
Deferred taxation	**(3,421)**	—
	14,857	5,581

Hong Kong Profits Tax has not been provided for as there was no estimated assessable profit derived from Hong Kong for both periods.

The Hong Kong Profits Tax amounting to HK$7,791,000 of a subsidiary of the Company in respect of the years of assessment 2000/01 to 2002/03 are under inquiries by the Hong Kong Inland Revenue Department (the "IRD"). The Group lodged objections against the assessments and the IRD held over the payment of the profits tax and the equal amount of tax reserve certificates was purchased.

During the year ended 31 December 2010, the IRD further issued protective profits tax assessments of approximately HK$5,250,000 to that subsidiary of the Company relating to the year of assessment 2003/04, that is, for the financial year ended 31 December 2003. The Group again lodged objections with the IRD against the protective assessments and the IRD agreed to hold over the tax claim unconditionally.

During the nine months ended 30 September 2011, the IRD further issued protective profits tax assessments of approximately HK$8,750,000 to that subsidiary of the Company relating to the year of assessment 2004/05, that is, for the financial year ended 31 December 2004. The Group again lodged objections with the IRD against the protective assessments and purchased a tax reserve certificate of approximately HK$4,000,000 during the nine months ended 30 September 2011 as demanded by the IRD.

The directors of the Company believe that that subsidiary has a reasonable likelihood of success in defending its position that the income derived is non-Hong Kong sourced and therefore, are not subject to Hong Kong Profits Tax. Accordingly, no provision for profits tax is required.

During the year ended 31 December 2009, the IRD issued protective profits tax assessments of approximately HK$599,000 to another subsidiary of the Company relating to the year of assessment 2002/03, that is, for the financial year ended 31 December 2002. The Group lodged objections with the IRD against the protective assessments. The IRD agreed to hold over the tax claim subject to the purchasing of a tax reserve certificate of approximately HK$300,000. The Group purchased the tax reserve certificate during the year ended 31 December 2009 as demanded by the IRD.

During the year ended 31 December 2010, the IRD further issued protective profits tax assessments of approximately HK$5,250,000 to that subsidiary of the Company relating to the year of assessment 2003/04, that is, for the financial year ended 31 December 2003. The Group again lodged objections with the IRD against the protective assessments and the IRD agreed to hold over the tax claim unconditionally.

The directors of the Company believe that that subsidiary has a reasonable likelihood of success in defending its position that the income derived is non-Hong Kong sourced and therefore, are not subject to Hong Kong Profits Tax. Accordingly, no provision for profits tax is required.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the current and previous periods.

For the nine months ended 30 September 2010, certain PRC subsidiaries obtained approval from the relevant tax bureau and are qualified as a High and New Technology Enterprise which are subject to a tax rate of 15% for the current and previous periods.

Certain PRC subsidiaries were either in loss-making position for the current and the previous periods or had sufficient tax losses brought forward from previous period to offset the estimated assessable income for the period and accordingly did not have any assessable income for the current and previous periods.

The subsidiary operating in Macau is exempted from the income tax in Macau for the current and previous periods.

Pursuant to the laws and regulations of the Cayman Islands and British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI for the current and previous periods.

No Australian income tax has been provided as the subsidiaries operating in Australia had no estimated assessable profits for the current and previous periods.

4. INTERIM DIVIDEND

The Board does not recommend any interim dividend for the nine months ended 30 September 2011 (nine months ended 30 September 2010: Nil).

5. (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	(Unaudited) 9 months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
(Loss) earnings		
(Loss) profit for the period attributable to the owners of the Company for the purpose of basic and diluted (loss) earnings per share	**(187,618)**	55,476
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**1,857,387,140**	1,551,056,993

For the nine months ended 30 September 2011, diluted loss per share was the same as the basic loss per share, as the effect of the conversion of the Company's share options and convertible bonds was anti-dilutive for the nine months ended 30 September 2011.

For the nine months ended 30 September 2010, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price for shares. Hence, diluted earnings per share was the same as basic earnings per share for the nine months ended 30 September 2010.

BUSINESS REVIEW

I hereby announce the unaudited results of Vital Group Holdings Limited ("Company") and its subsidiaries (collectively the "Group") for the nine months ended 30 September 2011 ("period under review" or "reporting period"). During the period under review, the consolidated turnover of the Group increased by 17% year-on-year to approximately HK$292.7 million from HK$249.2 million. The loss attributable to owners of the Company was amounted to approximately HK$187.6 million. It represented a decrease of 438% as compared to the profit amounted to approximately HK$55.5 million in the corresponding period.

During the reporting period, in regard to the uncertainties of renewing the import drug license of "Osteoform calcium amino acid chelate capsule", the Group has received a written notification from Pharmco International, Inc, the sole supplier of Osteoform Compound Calcium Amino Acid Chelate Capsules in January 2011. In the written notice, it was mentioned that Pharmco was notified by the Department of Drug Registration of the State Food and Drug Administration in the PRC that they intend to issue a notice of nonrenewal of import drug license of Osteoform to Pharmco in the near future.

Furthermore, the Group discovers that since June 2011, there has been a substantial drop in the sales of Osteoform compound calcium amino acid chelate food capsule ("Osteoform Calcium Food"). The food hygiene license (食品衛生許可證) obtained by the Group was expired on 25 November 2011. Due to the change of relevant rules and regulations relating to food hygiene, the food hygiene licence for Osteoform Calcium Food was unable to obtain its renewal. Further, considering the uncertainties with the renewal of the import drug license for Osteoform Compound Calcium Amino Acid Chelate Capsules, the Group has stopped the production of Osteoform Calcium Food. Currently, the Group accelerates the sales of the inventory of Osteoform Calcium Food and seeks the best solution.

As a result of the above events, the profits of the Group for the reporting period has been recorded a substantial decrease when compared to the corresponding period in 2010, due to the impairment for goodwill amounted to approximately HK$52.4 million, impairment for inventory amounted to approximately HK$50.3 million, decrease in sales of Osteoform Calcium Food and staff compensation.

Furthermore, due to integration of production line (the "Integration"), which resulted in the idleness of certain plants and equipment, impairment loss amounted to approximately HK$67.3 million has been recognised for the property, plant and equipment of subsidiaries of the Company. During the reporting period, the profit of the Group has further reduced, as a result of the Integration.

During the reporting period, the Group has changed its production plan by shifting the manufacturing activities to China. As a result of the relocation of the manufacturing activities, there is idle capacity of the production facilities in Hong Kong. After careful consideration, Vital Pharmaceuticals Company Ltd, the wholly-owned subsidiary of the Group, disposed its property situated in Shatin.

In addition, the Directors have been continuing in exploring suitable business opportunities to broaden the revenue base and to diversify the business scope of the Company. In March 2011, Vital Group Holdings Ltd entered into the Subscription Agreement pursuant to which the Company has agreed to (i) allot and issue to China Uranium Development Company Limited ("China Uranium Development") the Subscription Shares at a price of HK$0.23 per Subscription Share and (ii) subscribe for HK$600,000,000 Convertible Bonds ("CB") which can be converted into the Conversion Shares at an initial Conversion Price of HK$0.23 per Conversion Share. The Subscription Agreement has been approved at the extraordinary general meeting held on 8 June 2011. Completion of the Share Subscription and completion of the CB Subscription took place simultaneously on 18 August 2011. The Group has explored new investment opportunity through introducing new investor.

Pharmaceutical and Food Industry

Product Sales

"Osteoform Calcium Food", a food product of the Group

The Group's food product "Osteoform compound calcium amino acid chelate food capsule" consists of multiple minerals and vitamins. Its nutrition facilitates the absorption of calcium by human body, thus helping the formation of bone matrix and the maintenance of bone density. It has been launched into the market during the fourth quarter of 2009. Turnover for the first three quarters of year 2011 was approximately HK$167.9 million, representing a growth of approximately 5% when compared to the corresponding period.

"Osteoform Vitamins with minerals dispersible tablet", a compound vitamin and minerals product

"Osteoform Vitamins with minerals dispersible tablet", for the prevention and treatment of disease caused by lack of vitamins and minerals, has been launched into the market during the second quarter of year 2009. The sales turnover for the first three quarters of year 2011 was around HK$15.6 million, representing a growth of approximately 11% when compared to the corresponding period.

Madaus products

For the trading of overseas agency products of Madaus GmbH, Germany, which include Legalon (Silymarin) and Uralyt-U (Potassium Sodium Hydrogen Citrate Granules), etc. The Group has recorded sales of approximately HK$69 million in the first three quarters of 2011, representing a growth of approximately 35% when compared to the corresponding period.

"Taurolite®", a prescription medication capable of dissolving the cholesterol stones formed in the gallbladder and bile-duct

"Taurolite®" Tauroursodeoxycholic acid capsule, it cures and prevents liver diseases such as cholelithiasis and chronic bile stasis. In the case of cholesterol stone smaller than 2cm, sufferers may simply dissolve it by taking the medication without having to undergo operation. "Taurolite®" has been launched into the market during the second half of year 2009. The sales turnover for the first three quarters of year 2011 was around HK$12 million, representing a growth of approximately 200% when compared to the corresponding period.

Selling and Distribution Expenses

The Group had identified that high selling and distribution expense is a business risk, and aimed at tightening the outflow, and has achieved satisfactory outcome in recent years. The selling and distribution expenses to sales turnover ratios were maintained at a low level, the ratio for the reporting period was approximately 23%, whereas the ratios for the corresponding period and for the last whole year were around 24% and around 25% respectively.

Vital Pharmaceuticals (Sichuan) Co., Ltd

During the reporting period, the plant is principally responsible for the production of the Group's product "Aceclofenac Tablets", "Aotianping" (Miglitol Tablets), the new drug to gynaecology called "Hongjinxiaojie Tablet", "Mengtuoshisan" which is used for the treatment of diarrhoea and "Domperidone Tablets", which is used for the treatment of plenitude and indigestion.

Vital Pharmaceuticals (Sichuan) has applied to the relevant government authorities for the split ("Split") on 19 July 2011 and the Split has been completed. Vital Pharmaceuticals (Sichuan) has been split into 2 companies, namely, Vital Pharmaceuticals (Sichuan) Co., Ltd. 四川維奧製藥有限公司 and a newly established company, 四川維奧實業有限公司 (Sichuan Vital Industrial Co., Ltd.).

Due to the integration of production line, certain plants and equipment in Vital Pharmaceuticals (Sichuan) has been idled. In view of that, on 16 August 2011, Yugofoil Holdings Limited ("Yugofoil"), a wholly-owned subsidiary of the Company, entered into a conditional agreement with an independent third party, Bright Future Pharmaceutical Holdings Limited ("Bright Future"), pursuant to which Yugofoil agreed to dispose of and Bright Future agreed to acquire the entire equity interest of Vital Pharmaceuticals (Sichuan) Co., Ltd (the entity after completion of the Split) at cash consideration of HK$51,000,000.

The Production Base in Wuhan, Hubei Province, the PRC

During the period under review, major production included a new drug "Glimepiride orally disintegrating tablets" — medication for diabetes, "Vital Fast" — a slow release flu medication, "Opin" — a gynaecology biological drug and the Group's food product "Osteoform Calcium Food". Production of "Osteoform Calcium Food" has been stopped since August 2011.

Weiao (Chengdu) Pharmaceutical Co., Ltd. (維奧(成都)製藥有限公司)

Weiao (Chengdu) Pharmaceutical has received GMP certificate at the end of January 2011. Since the launch of the New GMP Standard, existing GMP certificate will be expired in December 2013. Improvement work shall be conducted to comply with the new standard and substantial funding will be required. Furthermore, the state industrial policy restricted the production capacity of new drug and product submission, and classified injection drug as high-risk medication. Taking the cost effectiveness into account, the Company has suspended the production and dismissed the staff of the product line in the first quarter. On 25 July 2011, Vital Pharmaceuticals (Sichuan) Company Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Sichuan Hebon Enterprise Company Ltd (四川禾邦實業集團有限公司), pursuant to which Vital Pharmaceuticals (Sichuan) agreed to dispose of and Sichuan Hebon agreed to acquire the entire equity interest of Weiao (Chengdu) Pharmaceutical Company Limited (維奧(成都)製藥有限公司) at a consideration of RMB1.5 million. Transfer of equity interest has been completed.

Sichuan Hengtai Pharmaceutical Company Limited

Sichuan Hengtai is the major sales arm of the Group. During the period under review, major sales products included: "Osteoform Calcium Food", Madaus products, "Osteoform Vitamins with minerals dispersible tablet", "Taurolite®" and "Vital Fast" etc.

Property Investment Industry

Property development

Chengdu Wenjiang Vital Property Development Company Limited (成都溫江維奧房地產開發有限公司) was incorporated in July 2010 for the purpose of developing the land acquired in May 2010 by auction, which is a tract of state-owned land for construction use, located in the Wancheng Community, Liucheng Street, Wenjiang District, Chengdu, the PRC (中國成都市溫江區柳城街辦萬盛社區) with a total area of approximately 49,595 square meters. Given the government's austerity measures to curb the real estate market, the property market in the PRC will remain uncertain. In order to lower the risk, on 29 July 2011, Chengdu Vital Property Co., Ltd. (成都維奧置業有限公司) has entered into the Agreement with Sichuan Longhe Properties Limited (四川隆禾置業有限公司) and Chengdu Wenjiang Vital Property Development Company Limited (成都溫江維奧房地產開發有限公司), pursuant to which Chengdu Vital Property Co., Ltd. has agreed to dispose of and Sichuan Longhe Properties Limited has agreed to acquire the Sale Interest and the Sale Loan of Chengdu Wenjiang Vital Property Development Company Limited at an aggregate consideration of RMB230,609,000 (equivalent to approximately HK$276,730,800). The Agreement has been approved by passing of a resolution by the shareholders of the Company at the extraordinary general meeting held on 8 September 2011. The Disposal has been completed.

Leased investment property

Besides property development, property investment industry also includes leased properties situated in Sichuan, the PRC. During the reporting period, the properties had contributed around HK$3.9 million rental income to the Group.

Change of Company Name

The Company proposed to change its name from "Vital Group Holdings Limited 維奧集團控股有限公司" to "CGN Mining Company Limited" and adopt "中廣核礦業有限公司" as its new Chinese name for identification purposes only ("the Proposed Name Change"). The Proposed Name Change is to better reflect the corporate nature of the Company more accurately. In addition, the new name can refresh the Company's corporate image and identity. A special resolution has been passed by the shareholders in the extraordinary general meeting held on 21 November 2011. The Registrar of Companies in the Cayman Islands has issued the Certificate of Incorporation on Change of Name dated 22 November 2011. The Company will apply for the Certificate of Registration of Change of Corporate Name of non-Hong Kong Company to be issued by the Registrar of Companies in Hong Kong.

Continuing Connected Transaction

The Group has repositioned itself as a platform for uranium resources investment and trading after the successful completion of China Uranium Development's subscription of Shares and the Convertible Bonds on 18 August 2011. In order to diversify the Group's business and broaden the Group's income sources as well as to assist in developing the Group's expertise and experience in the uranium industry and enhance the Group's competitiveness in the future, on 21 October 2011, the Framework Agreement was entered into between the Company and 中廣核鈾業發展有限公司 CGNPC Uranium Resources Co., Ltd. ("CGNPC-URC") for the sale of Natural Uranium by the Group to CGNPC-URC during the Effective Period.

CGNPC-URC is the sole shareholder of China Uranium Development, the controlling shareholder of the Company, which holds approximately 50.11% equity interest in the Company. CGNPC-URC is therefore a connected person of the Company under the Listing Rules. The transaction contemplated under the Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios on an annual basis is more than 5%, the Continuing Connected Transaction is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to an ordinary resolution passed by the Independent Shareholders in the extraordinary general meeting held on 28 November 2011, the Framework Agreement, the transactions contemplated thereunder, and the proposed Annual Cap Amounts have been approved.

BUSINESS OUTLOOK

The Board is of the view that, in the foreseeable future, consolidation will be seen in the markets of food, pharmaceuticals and properties of the PRC, with substantial pressure existing in the operating environment. The Group will strengthen risk management and scale down the existing pharmaceutical and food business. On the other hand, the Group will leverage on the background and expertise of China Uranium Development in the uranium industry to explore uranium resources investment and trading to diversify its business and broaden its revenue base.

By order of the Board
VITAL GROUP HOLDINGS LIMITED
Yu Zhiping
Chairman

Hong Kong, 12 December 2011

As at the date of this announcement, the Board comprises two executive Directors: Mr. He Zuyuan (chief executive officer) and Mr. Li Zhengguang, four non-executive Directors: Mr. Yu Zhiping (chairman), Mr. Wei Qiyan, Ms. Zheng Xiaowei and Mr. Chen Zhiyu and three independent non-executive Directors: Mr. Ling Bing, Mr. Qiu Xianhong and Mr. Huang Jinsong.