

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Vital Group Holdings Limited (the “Company”), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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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: 1164)

MAJOR TRANSACTION
DISPOSAL OF CHENGDU WENJIANG VITAL PROPERTY
DEVELOPMENT COMPANY LIMITED
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to Vital Group Holdings Limited



川盟融資有限公司
Chanceton Capital Partners Limited

A notice convening an extraordinary general meeting of the Company to be held at Victoria Room IV, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong on Thursday, 8 September 2011 at 11:00 a.m. is set out on pages 33 to 34 of this circular. Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar and transfer office, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting if you so wish.

19 August 2011

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:

“Agreement”	an agreement dated 29 July 2011 entered into among Vital Property, Sichuan Longhe and the Target in relation to the Disposal
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (not being a Saturday, Sunday or public holidays in the PRC) on which government authorities and departments are generally open for business in the PRC
“China Uranium”	China Uranium Development Company Limited
“Company”	Vital Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal
“Consideration”	has the meaning given to it in the section headed “Consideration” in this circular
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Interest and the Sale Loan of the Target to Sichuan Longhe
“EGM”	the extraordinary general meeting of the Company to be convened on Thursday, 8 September 2011 at 11:00 a.m. for the purpose of considering, and if thought fit, approving the Disposal
“Escrow Account I”	the escrow account to be opened in the name of the Purchaser, which will be jointly controlled by the Vendor and the Purchaser
“Escrow Account II”	the escrow account to be opened in the name of the Vendor, which will be jointly controlled by the Vendor and the Purchaser
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	a piece of land located at 中國成都市溫江區柳城街辦萬盛社區 (the Wansheng Community, Liucheng Street, Wenjiang District, Chengdu, the PRC*) with a total site area of 49,595.3 sq.m.

DEFINITIONS

“Land Acquisition Circular”	the circular of the Company in relation to the acquisition of the Land dated 9 June 2010
“Latest Practicable Date”	17 August 2011, being the latest practicable date prior to the printing of the circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“PSI Announcement”	the announcement of the Company in relation to the price sensitive information and profit warning dated 4 August 2011
“Sale Interest”	the entire equity interest of the Target with a registered capital of RMB8,000,000
“Sale Loan”	the shareholder’s loan owing by the Target to the Vendor in the sum of RMB211,653,570.51 (equivalent to approximately HK\$253,984,285) as at 29 July 2011
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Sichuan Longhe” or “Purchaser”	四川隆禾置業有限公司 (Sichuan Longhe Properties Limited*), a company established under the laws of the PRC and the Purchaser to the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Circular”	the circular of the Company in relation to the subscription of shares and the subscription of convertible bonds dated 23 May 2011
“Target”	成都溫江維奧房地產開發有限公司 (Chengdu Wenjiang Vital Property Development Company Limited*), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Vital Property” or “Vendor”	成都維奧置業有限公司 (Chengdu Vital Property Co., Ltd.*), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company

DEFINITIONS

“Vital Pharmaceuticals (Sichuan) Disposal Announcement”	the announcement dated 16 August 2011 in relation to the disposal of the entity 四川維奧製藥有限公司 (Vital Pharmaceuticals (Sichuan) Co., Ltd*) after completion of split
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square meter
“%”	per cent.

* *If there is any inconsistency between the Chinese names of PRC entities or titles mentioned in this circular and their English translation, the Chinese version shall prevail.*

Where necessary, the exchange rate adopted in this circular is approximately RMB1 = HK\$1.2.

LETTER FROM THE BOARD



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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1164)

Executive Directors (resigned on 18 August 2011):

Mr. Xu Xiaofan (*Chairman*)
Madam Guo Lin
Mr. Huang Zemin
Mr. Li Ke
Mr. Liu James Jin

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent non-executive Directors

(resigned on 18 August 2011):

Mr. Lee Kwong Yiu
Mr. Lui Tin Nang
Mr. Chong Cha Hwa

*Head office and principal place of
business in Hong Kong:*

Unit 7, 31st Floor
Tower 1, Lippo Centre
89 Queensway
Hong Kong

Executive Directors (appointed with effect from 18 August 2011):

Mr. He Zuyuan (*Chief Executive Officer*)
Mr. Li Zhengguang

Non Executive Directors (appointed with effect from 18 August 2011):

Mr. Yu Zhiping (*Chairman*)
Mr. Wei Qiyang
Ms. Zheng Xiaowei

Non Executive Director:

Mr. Chen Zhiyu (*former chief executive officer who resigned on
18 August 2011 and former executive Director who is re-designated
as a non-executive Director with effect from 18 August 2011*)

Independent non-executive Directors

(appointed with effect from 18 August 2011):

Mr. Ling Bing
Mr. Qiu Xianhong
Mr. Huang Jinsong

19 August 2011

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
DISPOSAL OF CHENGDU WENJIANG VITAL PROPERTY
DEVELOPMENT COMPANY LIMITED
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement dated 29 July 2011 in relation to the Disposal. The purpose of this circular is to provide you with (i) further details of the Disposal; (ii) a valuation report of the Land; and (iii) a notice convening the EGM.

LETTER FROM THE BOARD

THE AGREEMENT

Date 29 July 2011

Parties

- (1) Vendor: Vital Property, a wholly-owned subsidiary of the Company
- (2) Purchaser: Sichuan Longhe. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Sichuan Longhe and its ultimate beneficial owner(s) are third parties independent of the Group and its connected persons (as defined in the Listing Rules). To the best of the Directors' knowledge and belief having made all reasonable enquiries, each of Sichuan Longhe and its associates does not hold any Shares of the Company as at the Latest Practicable Date.
- (3) Target: Chengdu Wenjiang Vital Property Development Company Limited

Assets to be disposed

The Sale Interest, being the entire equity interest of the Target and the Sale Loan, being the entire shareholder's loan owed by the Target to the Vendor.

Save for the Land and the Sale Loan, certain assets, account receivables and liabilities as listed out in the Agreement will be transferred back to Vital Property within 30 days from the date of the Agreement.

Consideration

The Consideration is an aggregate amount of RMB230,609,000 (equivalent to approximately HK\$276,730,800), comprising RMB18,955,429.49 (equivalent to approximately HK\$22,746,515) for the Sale Interest and approximately RMB211,653,570.51 (equivalent to approximately HK\$253,984,285) for the Sale Loan. The Consideration will be settled as follows:

- (a) a deposit of RMB20,000,000 (equivalent to approximately HK\$24,000,000) (the "Deposit") shall be paid by the Purchaser to the Vendor within 3 days from the date of the Agreement; and
- (b) the remaining balance of approximately RMB210,609,000 (the "Balance") (equivalent to approximately HK\$252,730,800) shall be paid by the Purchaser to the Escrow Account I during the period commencing from 15 August 2011 up to 2 Business Days prior to the date of the EGM.

The Balance shall be transferred to the Escrow Account II on the second Business Day after the Disposal is approved by the Shareholders at the EGM.

LETTER FROM THE BOARD

The Balance standing in the Escrow Account II shall be released to the Vendor upon the occurrence of the following matters:

- (a) the approval by the relevant governmental authorities regarding the transfer of the Sale Interest, the registration of change of legal representatives and amendment of the business licenses with the relevant authorities in the PRC; and
- (b) the Vendor has delivered to the Purchaser all the licenses, company seals, financial information and all contracts relating to the Land and documents as listed out in the Agreement.

The Deposit will be returned to the Purchaser (without interest) within 2 days in the event that the resolutions approving the Disposal are not passed by the Shareholders.

If the Purchaser terminates the Agreement unilaterally, the Vendor will forfeit the Deposit. If the Vendor terminates the Agreement unilaterally, the Vendor will have to return the Deposit and pay an amount equivalent to the Deposit to the Purchaser.

The Consideration has been arrived at after arm's length negotiations between the Purchaser and the Vendor and was determined with reference to, among others, the prevailing property market condition in the PRC. Given the above, the Directors, including independent non-executive Directors, believe that the Consideration is fair and reasonable to the Company and its Shareholders.

四川維奧製藥有限公司 (Vital Pharmaceuticals (Sichuan) Co., Ltd.*), an indirect wholly-owned subsidiary of the Company (“**Vital Pharmaceuticals (Sichuan)**”), shall provide a guarantee in favour of the Purchaser regarding the obligations of the Vendor under the Agreement. As disclosed in the Vital Pharmaceuticals (Sichuan) Disposal Announcement, the entire equity interest of the entity Vital Pharmaceuticals (Sichuan) (after completion of the split) (“**Vital Pharma**”) will be disposed to an independent third party. After completion of the split, Vital Pharmaceuticals (Sichuan) will be split into two entities, Vital Pharma and Sichuan Vital Industrial Co., Ltd (“**Vital Industrial**”). Both Vital Pharma and Vital Industrial will continue to be wholly-owned subsidiaries of the Company upon completion of the split.

Upon completion of the disposal of Vital Pharma, Vital Pharma will cease to be a wholly-owned subsidiary of the Company. After completion of the split, Vital Industrial will continue to hold the entire equity interest of the Vendor. All the rights and obligations of Vital Pharmaceuticals (Sichuan) will be retained in Vital Industrial after completion of the split. As such, Vital Industrial will continue to guarantee the performance of the Vendor under the Agreement.

Conditions precedent

Completion of the Disposal is subject to the passing of the resolutions by the Shareholders of the Company approving the Disposal.

Completion

Completion of the Disposal will take place upon granting of the approval by the relevant governmental authorities regarding the transfer of the Sale Interest, the registration of change in legal representative and amendment of business license with the relevant authorities in the PRC. It is expressly stated in the Agreement that upon Completion, the Purchaser shall apply to obtain the title certificate of the Land itself.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company has already settled all taxes relating to the Land.

Upon Completion, the Target will no longer be an indirectly wholly-owned subsidiary of the Company.

INFORMATION ON THE TARGET

The Target was incorporated in July 2010 in the PRC and is currently engaged in the business of property development and management. Vital Property, a wholly-owned subsidiary of the Company holds 100% equity interest in the Target.

On 6 May 2010, the Company, through the Target, acquired a piece of land by auction at a consideration of approximately RMB204,600,000 (equivalent to approximately HK\$245,520,000). The Land, which is a tract of state-owned land for construction use, is located in Wansheng 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 sq. m.. The Land was designated for integrated residential and commercial use. The terms for the grant of the land use right of the Land for residential use and commercial use are 70 years and 40 years respectively.

As at the Latest Practicable Date, no development plan has yet been formulated on the Land since the Company's acquisition.

INFORMATION OF SICHUAN LONGHE

Sichuan Longhe was incorporated in the PRC on 20 April 2011 and is currently engaged in the business of property development, property sale and property management.

REASONS AND BENEFIT FOR THE DISPOSAL

As at the Latest Practicable Date, the principal activities of the Group are distributing, manufacturing and the sales of pharmaceutical and food products and property investment.

As disclosed in the Land Acquisition Circular, the Company estimated that total investment amount for the development project of the Land was approximately HK\$1,000 million and the Company intended to finance the project by its internal resources and/or bank financing. However, given the fact that since October 2010, the People's Bank of China has been raising the reserve requirement ratio and benchmark interest rates to historical record high levels to tighten the monetary policy of the PRC, the Directors expect that it would be difficult for the Company to raise such a large amount of capital after taking into account the fewer available sources of financing in the market and higher cost of borrowing since the tightened monetary policies have been adopted.

Also, as disclosed in the Land Acquisition Circular, the Company intended to develop the Land into residential and commercial properties so as to broaden the revenue base and diversify the business scope of the Company. Since the beginning of 2011, the property market of the PRC has shown signs of instability attributable to the tightened monetary policies, newly imposed regulatory restrictions, increased supply of "affordable house" and deteriorating market sentiment. The Directors are of the view that it would be better to realize the Land at the present as it is less risky for the Company after taking into account the uncertainties and prospects of the property market in the PRC.

LETTER FROM THE BOARD

The Group will conduct a detailed review after the Disposal on the existing business, including but not limited to operational performance, financial position and internal control for the purpose of formulating optimal business plans and strategies for the future business development of the Group.

Apart from diversifying the existing business of pharmaceutical and food products business, as disclosed in the Subscription Circular, the Company believes it would be able to leverage on the background and expertise of China Uranium, the subscriber to such subscription of shares and subscription of convertible bonds to explore business development and investment opportunities in the uranium industry. As at the Latest Practicable Date, no such investment or opportunity has yet been identified.

Subject to the result of such review and should suitable investments or business opportunities arise, the Directors consider continually diversifying the business of the Group and materializing such investments or business opportunities would be able to broaden its revenue source and to strengthen the financial position of the Group.

After due and careful consideration, the Directors believe that the Disposal represents a good opportunity for the Company to realize potential value of the Land, thus enabling the Company to obtain a net gain of approximately of RMB10.14 million (equivalent to approximately HK\$12.17 million) from property investment to increase its general working capital and to seek for better investment opportunities. The Board believes that it will be beneficial to substantially enhance the capital base and cash flow position of the Company at the outset to better prepare for the timely participation in any such business opportunities in future.

Having considered the series of aforementioned factors, including the uncertainties of the property market in the PRC, tightening monetary policies and the capital appreciation of the land, the Directors, including the independent non-executive Directors, believe that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable as far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

The financial figures of the Target for the year ended 31 December 2010 are summarized as follows:

	Year ended 31 December 2010 <i>RMB</i> (Audited)
Net loss before tax	(390,411)
Net loss after tax	(390,411)
Net assets	7,609,589

As at 30 June 2011, the Group's share of net asset of the Target based on unaudited figures was RMB6,245,090 (equivalent to approximately HK\$7,494,108). The estimated unaudited net gain on disposal is approximately RMB10,140,891 (equivalent to approximately HK\$12,169,069). The estimated unaudited net gain on disposal is arrived by adding back certain assets, account receivables and

LETTER FROM THE BOARD

liabilities transferred back to Vital Property, amounting to RMB331,611 (equivalent to approximately HK\$397,933) and deducting the Group's share of net asset of the Target of RMB6,245,090 (equivalent to approximately HK\$7,494,108), the Sale Loan and the capitalised finance cost of RMB2,901,059 (equivalent to approximately HK\$3,481,271) from the Consideration received in respect of the Disposal.

As at 30 June 2011, the amount of the assets and liabilities of the Target were RMB218,022,252 (equivalent to approximately HK\$261,627,000) and RMB211,777,160 (equivalent to approximately HK\$254,133,000) respectively. Upon the Completion, the Target will cease to be a subsidiary of the Company. Therefore, the results, the assets and liabilities of the Target will no longer be consolidated into the financial statements of the Group after the Completion.

Accordingly, the consolidated net asset value of the Group after the Completion will be increased by approximately RMB10.14 million (equivalent to approximately HK\$12.17 million) and the Group will record a gain on disposal of the same amount.

USE OF PROCEEDS

The net proceeds of the Disposal is currently intended to be used by the Group for general working capital purpose and/or suitable investments and business opportunities as may be identified by the Company in the future.

The Company will diversify the existing business and continue to explore investments and business opportunities in the pharmaceutical and food products industries. As disclosed in the Subscription Circular, the Company believed it would also be able to leverage on the background and expertise of China Uranium to explore business development and investment opportunities in the uranium industry. The Company will balance the specific amount of proceeds to be applied for the general working capital and future investment based on the newly formulated business plans and strategies for future business development after conducting a detailed review for the Disposal. As at the Latest Practicable Date, the Company has not identified any suitable investments and business opportunities and is not in discussions for any investment projects. The Company will make announcement in compliance with the requirements of the Listing Rules when appropriate.

As no investment or business opportunity has yet been identified as at the Latest Practicable Date, the proceeds of the Disposal would be mainly used as general working capital of the Group until such new business plans and strategies are formulated or should suitable investments or business opportunities arise. Furthermore, the size of future investment will be identified once such investments or business opportunities materialized.

LISTING RULES IMPLICATIONS

Given that one of the applicable percentage ratios for the Disposal represent 25% or more but less than 75%, the Disposal constitutes a major transaction of the Company under the Listing Rules. The Disposal is therefore subject to the requirements of reporting, announcement and Shareholders' approval pursuant to Chapter 14 of the Listing Rules.

As no Shareholder has any material interest in the Disposal, no Shareholder is required to abstain from voting in respect of the resolutions to be proposed at the EGM to approve the Disposal.

LETTER FROM THE BOARD

EGM

The EGM will be held at Victoria Room IV, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong on Thursday, 8 September 2011 at 11:00 a.m. to consider and, if thought fit, approve the ordinary resolutions by way of poll in respect of the terms of the Agreement and the transactions contemplated thereunder. A notice of the EGM is set out on pages 33 to 34 of this circular.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, as soon as possible and in any event, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the Disposal is in the interest of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

You attention is drawn to (i) the valuation report of the Land set out in Appendix I of this circular and (ii) the additional information set out in Appendix II, Appendix III and Appendix IV.

Yours faithfully
For and on behalf of the Board
Vital Group Holdings Limited
He Zuyuan
Chief Executive Officer

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer, in connection with its valuation as at 30 June 2011 of the property located in the PRC.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

33rd Floor, Shui On Centre, Nos. 6–8 Harbour Road, Wanchai, Hong Kong

香港灣仔港灣道6–8號瑞安中心33樓

Tel電話：(852) 2802 2191 Fax傳真：(852) 2802 0863

Email電郵：info@bmintelligence.com Website網址：www.bmi-appraisals.com

19 August 2011

The Directors

Vital Group Holdings Limited

Unit 7, 31st Floor

Tower 1, Lippo Centre

89 Queensway

Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to the instructions from Vital Group Holdings Limited (the “Company”) for us to value the property to be disposed of by the Company and/or its subsidiaries (together referred to as the “Group”) located in the People’s Republic of China (the “PRC”). We confirm that we have performed an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 30 June 2011 (the “date of valuation”).

BASIS OF VALUATION

Our valuation of the concerned property has been based on the Market Value, which is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION METHODOLOGY

We have valued the property on market basis by the Comparison Approach assuming sale in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the market. Appropriate adjustments have been made to account for the differences between the property and the comparables in terms of time, location, size and other relevant factors.

TITLE INVESTIGATION

We have been provided with copies of title documents and have been advised by the Group that no further relevant documents have been produced. However, we have not examined the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. In the course of our valuation, we have relied upon the advice and information given by the Group's PRC legal advisor — Tahota Law Firm (泰和泰律師事務所) regarding the title of the property located in the PRC. All documents have been used for reference only.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the property is sold in the market in its existing state without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which might serve to affect the value of the property.

In addition, no account has been taken of any option or right of pre-emption concerning or effecting sale of the property and no forced sale situation in any manner is assumed in our valuation.

VALUATION CONSIDERATIONS

We have carried out an on-site inspection of the property. However, no tests or investigations are carried out to determine stability or suitability of ground conditions or factors, which could delay completion of a development on the property such as archaeological artifacts, contamination, ecological or environmental considerations. Unless otherwise informed, we have assumed that the site is sound and no delays will occur in a construction schedule due to considerations relating to the site, and that the ground is not contaminated.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, site area, identification of the property and other relevant information.

We have not carried out detailed on-site measurements to verify the correctness of the site area in respect of the property but have assumed that the site area shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your confirmation that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view.

No allowances have been made in our valuation for any charges, mortgages or amounts owing on the property or for any expenses or taxation, which may be incurred in effecting a sale or purchase.

Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

Our valuation has been prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors.

Our valuation has been prepared under the generally accepted valuation procedures and is in compliance with the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REMARKS

Unless otherwise stated, all money amounts stated herein are in Renminbi (RMB) and no allowances have been made for any exchange transfers.

We have issued a previous valuation report on 23 May 2011 for the valuation of market value of the property as at 31 March 2011 for the purpose of incorporation in a circular of the Group. We confirm that we have valued the property in this report by using the same valuation basis, methodology and assumptions as adopted in the previous report to arrive at our opinion of the market value of the property as stated in this report. An extract of the previous report relating to this property is disclosed in Appendix II of this circular.

Our Summary of Value and the Valuation Certificate are attached herewith.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED

Joannau W.F. Chan

BSc., MSc., MRICS, MHKIS, RPS(GP)

Senior Director

Man C.M. Lam

BCom, MHKIS, RPS(GP), AAPI, CPV

Associate Director

Notes:

Ms. Joannau W.F. Chan is a member of The Hong Kong Institute of Surveyors (General Practice) who has over 18 years' experience in valuations of properties in Hong Kong and over 12 years' experience in valuations of properties in the People's Republic of China.

Mr. Man C.M. Lam is a member of The Hong Kong Institute of Surveyors (General Practice) and an associate member of Australian Property Institute who has over 6 years' experience in valuations of properties in Hong Kong.

SUMMARY OF VALUE

Property held for future development in the PRC

Property	Market Value in existing state as at 30 June 2011 RMB
Land Parcel No. WJ01(252/211):2010-035, Wansheng Community, Liucheng Street, Wenjiang District, Chengdu City, Sichuan Province, The PRC 中國四川省 成都市溫江區 柳城街道 萬盛社區 WJ01(252/211):2010-035 號地塊	No Commercial Value
Total:	<u><u>Nil</u></u>

VALUATION CERTIFICATE

Property held for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2011 RMB
Land Parcel No. WJ01(252/211): 2010-035, Wansheng Community, Liucheng Street, Wenjiang District, Chengdu City, Sichuan Province, The PRC 中國四川省 成都市溫江區 柳城街道 萬盛社區 WJ01(252/211): 2010-035 號地塊	The property comprises a parcel of land with a site area of approximately 49,595.3 sq.m.. As per information provided by the Group, the property is planned to be developed into a composite commercial/residential development. As advised by the Group, the detailed planning of the development is yet to be determined. The land use rights of the property will be granted for terms of 70 years and 40 years for residential and commercial uses respectively.	The property is vacant.	No Commercial Value

Notes:

- Pursuant to a State-owned Construction Land Use Rights Grant Contract dated 6 May 2010, the land use rights of the property with a site area of approximately 49,595.3 sq.m. were contracted to be granted to Chengdu Wenjiang Vital Property Development Company Limited (成都溫江維奧房地產開發有限公司) (“Target”) at a land premium of RMB204,572,500 for terms of 70 years and 40 years for residential and commercial uses respectively. The planning and design requirements of the property are as follows:

Plot Ratio:	≥2.0
Building Density:	≤28%
Greenery Ratio:	≥30%
Construction Commencement Date:	before 6 May 2011
Construction Completion Date:	before 6 May 2013

According to a letter issued by Chengdu (Wenjiang District) State-owned Land Resources Bureau, the handover date of the property has been delayed. As advised by the Group’s PRC legal advisor, the Target should not be subject to any penalty if the Target cannot commence the construction of the property before 6 May 2011 due to the delay of the handover.
- Pursuant to a Construction Land Planning Permit Di Zi Di No. 510115201020052 dated 27 July 2010, the Target is permitted to develop the property with a site area of approximately 74.39 mu.
- In the valuation of the property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained. However, for your reference purposes, we are of the opinion that the market value of the property as at the date of valuation would be RMB210,000,000 assuming all relevant title certificates have been obtained and the property could be freely transferred.
- The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
 - The Land Use Rights Grant Contract has been legally signed;
 - The land premium has been settled in full;
 - The deed tax has been settled in full; and
 - There exist no legal impediments to obtain relevant title certificate for the property.
- As advised by the Group, the Target is an indirect wholly-owned subsidiary of the Company.

The following is an extract of a previous valuation report, prepared for the purpose of incorporation in a circular dated 23 May 2011, received from BMI Appraisals Limited in connection with the valuation as at 31 March 2011 of the property as mentioned in Appendix I of this circular.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

33rd Floor, Shui On Centre, Nos. 6–8 Harbour Road, Wanchai, Hong Kong

香港灣仔港灣道6–8號瑞安中心33樓

Tel電話：(852) 2802 2191 Fax傳真：(852) 2802 0863

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23 May 2011

The Directors

Vital Group Holdings Limited

Unit 7, 31st Floor

Tower 1, Lippo Centre

89 Queensway

Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to your instructions for us to value the properties held/leased/to be acquired/to be disposed of by Vital Group Holdings Limited (the “Company”) and/or its subsidiaries (together referred to as the “Group”) located in the People’s Republic of China (the “PRC”), Hong Kong and Macau. We confirm that we have conducted inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 March 2011 (the “date of valuation”).

BASIS OF VALUATION

Our valuations of the concerned properties have been based on the Market Value, which is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

PROPERTY CATEGORISATIONS

In the course of our valuations, the portfolio of the properties are categorised into the following groups:

Group I — Property partly held for investment and partly held for owner-occupation by the Group in the PRC

Group II — Properties held by the Group for owner-occupation in the PRC

Group III — Property held by the Group for future development in the PRC

Group IV — Property held by the Group for investment in the PRC

Group V — Property held and occupied by the Group in Hong Kong

Group VI — Property contracted to be disposed of by the Group in Hong Kong

Group VII — Property contracted to be acquired by the Group in the PRC

Group VIII — Property leased by the Group in the PRC

Group IX — Property leased by the Group in Macau

VALUATION METHODOLOGIES

We have valued Property Nos. 4 to 9 and 11 to 12 on market basis by the Comparison Approach assuming sale in their existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the market. Appropriate adjustments have been made to account for the differences between the properties and the comparables in terms of time, floor level, size and other relevant factors.

In valuing Property Nos. 1 to 3, we have adopted the Depreciated Replacement Cost Approach. Depreciated replacement cost is defined as “the aggregate amount of the value of the land for the existing use or a notional replacement site in the same locality and the new replacement cost of the buildings and other site works, from which appropriate deductions may then be made to allow for the age, condition, economic or functional obsolescence and environmental factors etc.; all of these might result in the existing property being worth less to the undertaking in occupation than would a new replacement”. This basis has been used due to the lack of an established market upon which to base comparable transactions, which generally furnishes the most reliable indication of values for assets without a known used market. This opinion of value does not necessarily represent the amount that might be realized from the disposition of the subject asset in the market and is subject to adequate profitability of the business compared to the value of the total assets employed.

For Property No. 10, we have adopted the Investment Approach by taking into account the current passing rents of the property being held under existing tenancies and the reversionary potential of the tenancies if they have been or would be let to tenants.

For Property No. 13 in Group VII, we have attributed no commercial value to it as the title of the property is not vested in the Group.

We have attributed no commercial value to the properties in Groups VIII and IX, due either to the short-term nature of the leases or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rents.

TITLE INVESTIGATION

We have been provided with copies of title documents and have been advised by the Group that no further relevant documents have been produced. However, we have not examined the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. In the course of our valuations, we have relied upon the advice and information given by the Group's PRC legal advisor — Tahota Law Firm (泰和泰律師事務所) regarding the title of the properties located in the PRC. All documents have been used for reference only.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the properties are sold in the market without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to affect the values of the properties.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no forced sale situation in any manner is assumed in our valuations.

VALUATION CONSIDERATIONS

We have inspected the properties externally and where possible, the interior of the properties. In the course of our inspections, we did not note any serious defects. However, no structural surveys have been made. We are, therefore, unable to report whether the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

In the course of our valuations, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, site/floor areas, completion dates of the buildings, identification of the properties and other relevant information.

Except otherwise stated, dimensions, measurements and site/floor areas included in the valuation certificates are based on information contained in the leases and other documents provided to us and are therefore only approximations.

We have not carried out detailed on-site measurements to verify the correctness of the site/floor areas in respect of the properties but have assumed that the site/floor areas shown on the documents handed to us are correct.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your confirmation that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties or for any expenses or taxation, which may be incurred in effecting a sale or purchase.

Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of an onerous nature, which could affect their values.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Company, the potential tax liabilities which may arise from the sale of the properties include:

- Business tax at a rate of 5% of consideration for the property in the PRC;
- Profits tax on the profit from the sale at a rate of 25% for the property in the PRC;
- Land value appreciation tax for the property in the PRC at progressive tax rates ranging from 30% to 60% on the appreciation;
- Stamp duty for the property in Hong Kong; and
- Profits tax on the profit from the sale at a rate of 16.5% for the property in Hong Kong.

As advised by the Group, it is expected that the relevant tax will be crystallised in the future for the property in Group VI. For the properties in Groups I to V, the likelihood of any potential tax liability being crystallised is remote as the Group has no intention to sell these properties.

Our valuations have been prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors.

Our valuations have been prepared under the generally accepted valuation procedures and are in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REMARKS

We hereby certify that we neither have any present nor any prospective interest in the Group or the appraised properties or the values reported.

Unless otherwise stated, all monetary amounts stated herein are in Hong Kong Dollars (HK\$). Where necessary, the exchange rate adopted in our valuations is approximately Renminbi (RMB)1 = HK\$1.19, being the prevailing exchange rate as at the date of valuation.

Our summary of values and the valuation certificates are attached herewith.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED

Joannau W.F. Chan

BSc., MSc., MRICS, MHKIS, RPS(GP)

Senior Director

Man C.M. Lam

BCom, MHKIS, RPS(GP), AAPI, CPV

Associate Director

Notes:

Ms. Joannau W.F. Chan is a member of The Hong Kong Institute of Surveyors (General Practice) who has over 18 years' experience in valuations of properties in Hong Kong and over 12 years' experience in valuations of properties in the People's Republic of China.

Mr. Man C.M. Lam is a member of The Hong Kong Institute of Surveyors (General Practice) and an associate member of Australian Property Institute who has over 6 years' experience in valuations of properties in Hong Kong.

VALUATION CERTIFICATE

Group III — Property held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2011 HK\$
9.	Land Parcel No. WJ01(252/211):2010-035, Wansheng Community, Liucheng Street, Wenjiang District, Chengdu City, Sichuan Province, The PRC 中國四川省成都市 溫江區柳城街道 萬盛社區 WJ01(252/211):2010-035 號地塊	The property comprises a parcel of land with a site area of approximately 49,595.3 sq.m.. As per information provided by the Group, the property is planned to be developed into a composite commercial/residential development. As advised by the Group, the detailed planning of the development is yet to be determined. The land use rights of the property will be granted for terms of 70 years and 40 years for residential and commercial uses respectively.	The property is vacant.	No Commercial Value

Notes:

- Pursuant to a State-owned Construction Land Use Rights Grant Contract, the land use rights of the property with a site area of approximately 49,595.3 sq.m. were contracted to be granted to Chengdu Wenjiang Vital Property Development Company Limited (成都溫江維奧房地產開發有限公司) (“Vital Property”) at a land premium of RMB204,572,500 with land use rights terms of 70 years and 40 years for residential and commercial uses respectively. The planning and design requirements of the property are as follows:

Plot Ratio:	≥2.0
Building Density:	≤28%
Greenery Ratio:	≥30%
Construction Commencement Date:	before 6 May 2011
Construction Completion Date:	before 6 May 2013

According to a letter issued by Chengdu (Wenjiang District) State-owned Land Resources Bureau, the handover time of the property has been delayed. As advised by the Group’s PRC legal advisor, Vital Property should not be subject to any penalty if Vital Property cannot commence the construction of the property before 6 May 2011 due to the delay of handover.

- Pursuant to a Construction Land Planning Permit, Di Zi Di No. 510115201020052, dated 27 July 2010, Vital Property is permitted to develop the property with a site area of approximately 74.39 mu.
- In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.
- As advised by the Company, the land premium of the property has been settled in full. After the settlement of deed tax, Vital Property can apply for the title certificates of the property. The detailed planning of the property will be confirmed and the construction will commence after the title certificates of the property have been obtained.

5. As advised by the Company, it is expected that the title certificates of the property will be obtained in December 2011 and the construction of the property will commence in December 2011.
6. The opinion given by the PRC legal advisor to the Group is as follows:
 - a. The land use rights grant contract has been legally signed;
 - b. The land premium has been settled in full;
 - c. After the settlement of deed tax, Vital Property can apply for the title certificates of the property; and
 - d. There is no legal impediment to obtain relevant title certificates.
7. As advised by the Company, Vital Property is a wholly-owned subsidiary of the Company.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following financial information (“**Financial Information**”) has been extracted from the audited financial positions of the Group for the years ended 31 December 2010, 2009 and 2008 as set out in the relevant published result announcement and annual report of the Company:

No qualified opinion had been given in the auditor’s report issued by SHINEWING (HK) CPA Limited in respect of the three years ended 31 December 2010.

Consolidated Income Statement

	2010	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)	(Restated)
Turnover	328,120	367,056	699,317
Cost of sales	<u>(104,098)</u>	<u>(107,345)</u>	<u>(251,045)</u>
Gross profit	224,022	259,711	448,272
Other operating income	16,230	24,428	25,465
Selling and distribution expenses	(82,178)	(107,158)	(182,611)
Administrative expenses	(82,563)	(80,828)	(155,343)
Impairment loss recognised in respect of goodwill	(22,569)	(29,982)	(37,896)
Finance costs	<u>(779)</u>	<u>(586)</u>	<u>(16,405)</u>
Profit before taxation	52,163	65,585	81,482
Income tax expense	<u>(12,947)</u>	<u>(12,615)</u>	<u>(20,563)</u>
Profit for the year	<u><u>39,216</u></u>	<u><u>52,970</u></u>	<u><u>60,919</u></u>
Profit for the year attributable to:			
Owners of the Company	36,610	53,010	61,095
Non-controlling interests	<u>2,606</u>	<u>(40)</u>	<u>(176)</u>
	<u><u>39,216</u></u>	<u><u>52,970</u></u>	<u><u>60,919</u></u>
Earnings per share			
Basic	<u>HK2.36 cents</u>	<u>HK3.42 cents</u>	<u>HK3.94 cents</u>
Diluted	<u>HK2.36 cents</u>	<u>HK3.42 cents</u>	<u>HK3.93 cents</u>

Note: Certain figures for the years ended 31 December 2009 and 2008 had been reclassified to conform the presentation of consolidated income statement for the year ended 31 December 2010. The Directors consider that reclassification of (i) rental income of approximately HK\$3,034,000 and approximately HK\$1,092,000; and (ii) other taxes of approximately HK\$541,000 and approximately HK\$187,000 for the years ended 31 December 2009 and 2008 respectively, from other operating income to turnover and to cost of sales is more meaningful in view of the introduction of property investment business during the year ended 31 December 2010.

Consolidated Statement of Financial Position

	2010	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Intangible assets	3,028	3,030	2,651
Property, plant and equipment	174,139	203,015	225,552
Investment properties	95,409	74,384	57,032
Prepaid lease payments on land use rights	32,922	38,711	39,511
Deposit for acquisition of property, plant and equipment	4,063	4,201	4,571
Available-for-sale investments	—	2,331	1,203
Goodwill	52,355	74,924	104,906
	<u>361,916</u>	<u>400,596</u>	<u>435,426</u>
Current assets			
Properties under development	240,561	—	—
Inventories	108,968	73,730	66,984
Trade and other receivables	69,195	69,241	131,660
Prepaid lease payments on land use rights	672	800	800
Income tax recoverable	8,091	9,118	6,031
Value added tax recoverable	—	5,537	—
Held-for-trading investment	2,173	2,121	1,667
Bank balances and cash			
— pledged	12,138	668	4,002
— unpledged	68,146	163,291	148,351
	<u>509,944</u>	<u>324,506</u>	<u>359,495</u>
Current liabilities			
Trade and other payables	67,148	58,993	76,008
Value added tax payable	3,591	—	17,522
Income tax payable	7,746	—	11,705
Obligations under finance leases	—	446	114
Secured bank borrowings	71,285	—	84,349
	<u>149,770</u>	<u>59,439</u>	<u>189,698</u>
Net current assets	<u>360,174</u>	<u>265,067</u>	<u>169,797</u>
Total assets less current liabilities	<u>722,090</u>	<u>665,663</u>	<u>605,223</u>
Capital and reserves			
Share capital	15,511	15,511	15,511
Reserves	688,090	633,871	581,448
Equity attributable to owners of the Company	<u>703,601</u>	<u>649,382</u>	<u>596,959</u>
Non controlling interests	<u>3,414</u>	<u>808</u>	<u>413</u>
Total equity	<u>707,015</u>	<u>650,190</u>	<u>597,372</u>
Non-current liabilities			
Other payables	920	2,778	—
Obligations under finance leases	—	—	344
Deferred tax liabilities	14,155	12,695	7,507
	<u>15,075</u>	<u>15,473</u>	<u>7,851</u>
	<u>722,090</u>	<u>665,663</u>	<u>605,223</u>

2. INDEBTEDNESS

At the close of business on 30 June 2011, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this circular, the Group had secured bank borrowings of approximately HK\$73,699,000.

Pledge of assets

At the close of business on 30 June 2011, the Group had the following assets pledged to secure the banking facilities granted to the Group:

	As at 30 June 2011 <i>HK\$'000</i>
Property, plant and equipment	38,741
Investment properties	81,129
Bank balances and cash	644
Prepaid lease payments on land use rights	<u>16,240</u>
	<u><u>136,754</u></u>

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have any loan capital issued and outstanding, or authorised or otherwise created but unissued, any term loans (secured, unsecured, guaranteed or not), bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities at the close of business on 30 June 2011.

Foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing at the close of business on 30 June 2011.

3. MATERIAL CHANGE

Save as disclosed in the PSI Announcement and the Vital Pharmaceuticals (Sichuan) Disposal Announcement, the Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2010, the date to which the latest published audited financial statements of the Group were made up.

4. WORKING CAPITAL

The Directors are of the opinion that, taking into account the business prospects, its internal resources and the existing available credit facilities of the Group and upon the completion of the Disposal, the Group has sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this circular.

5. FINANCIAL AND TRADING PROSPECTS

Upon Completion, the Group will cease to engage in the business of property investment. The Group will commit all its resources for future business development in the pharmaceutical, food product and uranium industries.

In the upcoming financial year, apart from diversifying the existing business of pharmaceutical and food products business, as disclosed in the Subscription Circular, the Company believes it would be able to leverage on the background and expertise of China Uranium, the subscriber to such subscription of shares and subscription of convertible bonds to explore business development and investment opportunities in the uranium industry.

As disclosed in the PSI Announcement, considering the substantial drop in the sales of the Osteoform Compound Calcium Amino Acid Chelate Capsules (“Osteoform Food Product”) in June and July of 2011, the uncertainties with the renewal of the food hygiene license and the uncertainties with the renewal of the import drug license for Osteoform Compound Calcium Amino Acid Chelate Capsules, the Board considers to temporarily suspend the production of Osteoform Food Product (the “Suspension”) so as to improve production efficiency of the Group’s other products and minimize the adverse impact to the Group. With regard to the Suspension, the Board intends to conduct a full-scale analysis on the existing business of Osteoform Food Product to decide whether to continue or discontinue the production lines and/or re-formulate its current business plans and strategies, including but not limited to, accelerating the sales of the inventory of Osteoform Food Product for seeking the best solution in for the interest of the Company and the Shareholders.

Regarding the Suspension and the impairment loss for the property, plant and equipment of Vital Pharmaceuticals (Sichuan), as disclosed in the PSI Announcement, a substantial decrease has been recorded to the profits of the Group for the 6 months ended 30 June 2011.

Save as disclosed in the PSI Announcement, the Vital Pharmaceuticals (Sichuan) Disposal Announcement and any possible further actions to be taken by the Company in the future in relation to the Suspension, the Board currently does not have any intention or negotiation about any termination or scaling-down of its existing businesses.

The Directors are optimistic that by periodically reviewing the Group’s existing business and financial position, the Group will be able to formulate optimal business plans and strategies to achieve the goals of business diversification and identifying any suitable investments or business opportunities in relation to the pharmaceutical, food product or uranium industries. The Directors believe that the experience and knowledge of the existing management of the Group would navigate the new direction of future business development. The Directors consider that upon the Completion, the Group’s financial and cash positions will be further strengthened, and the Group will be able to materialize promptly when such investments or business opportunities arise.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 circular 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 circular misleading.

2. INTERESTS OF DIRECTORS

(a) Interests in securities

As at the Latest Practicable Date, the interests and short positions of the Directors and the 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 SFO) which: (i) 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 in which he was deemed or taken to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long Positions in Shares and underlying Shares

(i) Interests in the Shares

Name of Director	Capacity	Number of Shares held	Approximate percentage of the total issued share capital of the Company
<i>Executive Directors (Note 1)</i>			
Mr. Xu Xiaofan	Personal	15,000,000	0.90%
Mr. Chen Zhiyu	Personal	26,666	0.0016%
Mr. Liu James Jin (Note 2)	Personal	24,130,400	1.45%
Ms. Guo Lin	Personal	11,500,000	0.69%
<i>Ex-Directors</i>			
Mr. Tao Lung	Personal	35,891,648	2.16%
Mr. Huang Jianming	Personal	8,500,000	0.51%
Mr. Shen Songqing	Personal	20,660,000	1.24%
<i>Independent non-executive director (Note 1)</i>			
Mr. Chong Cha Hwa	Personal	1,500,000	0.09%

Note 1: The resignation of Mr. Xu Xiaofan, Mr. Chen Zhiyu, Mr. Liu James Jin, Ms. Guo Lin, all as executive Directors and Mr. Chong Cha Hwa as independent non-executive Directors took effect on 18 August 2011. Mr. Chen Zhiyu was then re-designated as non-executive Director with effect from 18 August 2011.

Note 2: Mr. Liu James Jin is deemed to be interested in 1,000,000 Shares held by his spouse by virtue of Part XV of the SFO.

(b) Other interests

As at the Latest Practicable Date,

- (i) none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2010, being the date up to which the latest audited published financial statements of the Group were made;
- (ii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group; and
- (iii) save as disclosed in this circular, none of the Directors or their respective associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than any Director or the chief executive of the Company) had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long Positions in Shares

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of issued share capital of the Company
Perfect Develop Holding Inc.	Corporate	522,526,940	31.43%

Note: The issued share capital of Perfect Develop Holding Inc. is beneficially owned as to 58.28% by Mr. Tao Lung, 30.67% by Mr. Huang Jianming and 11.05% by Mr. Liu James Jin. Mr. Tao Lung and Mr. Huang Jianming are founders of the Group, former executive Directors of the Company, and currently paid consultants of the Company. Mr. Liu James Jin is a founder of the Group and an executive Director. Pursuant to a share charge dated 1 April 2011, 450,000,000 shares were charged by Perfect Develop Holding Inc. in favour of China Uranium Development Company Limited.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to any Director or the chief executive of the Company, no persons (other than any Director or the chief executive of the Company) had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or a proposed service contract with any member of the Group which is not expiring or determinable by the relevant Group member within one year without payment of compensation, other than statutory compensation.

5. COMPETING INTERESTS

As at 31 December 2010, Mr. Chen Zhiyu, an executive Director and chief executive officer of the Company, has approximately 52% shareholding in Guangdong Suntop Pharmaceutical Co., Ltd. (“**Guangdong Suntop**”). Mr. Chen therefore had interests in businesses which compete or are likely to compete, either directly or indirectly with the business of the Group. Guangdong Suntop principally engages in the sales of pharmaceutical products in the PRC. The major pharmaceutical products sold by Guangdong Suntop are Houtou Jun TiQuWu KeLi (猴頭菌提取物顆粒), which is for the treatment of chronic gastritis, and fungus related products Compound TianMa MiHuanTangTai Pian (複方天麻蜜環糖肽片), which is for the treatment of high blood pressures and cerebral thrombosis etc. These products are different and easily distinguishable from the major products of the Company, i.e. calcium capsule, minerals, vitamins and liver protecting drug. As there is a clear delineation between the products sold by the Company and by Guangdong Suntop, the Directors believe that there is no direct competition between Guangdong Suntop and the Company.

Save as disclosed above, none of the Directors, the controlling shareholders of the Company and their respective associates had an interest in a business which operates in or may operate in significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

6. MATERIAL CHANGE

Save as disclosed in the PSI Announcement and the Vital Pharmaceuticals (Sichuan) Disposal Announcement, the Directors confirmed that there has been no material change in the financial or trading positions or outlook of the Group since 31 December 2010, being the date up to which the latest published audited financial statements of the Group were made, and up to the Latest Practicable Date.

7. LITIGATION

No member of the Group was engaged in any litigation or arbitration or claims of material importance, and no such litigation or arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any members of the Group, as at the Latest Practicable Date.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has given an opinion or advice to the contents of this circular:

BMI Appraisals Limited Professional property surveyors and valuers

As at the Latest Practicable Date, BMI Appraisals Limited does not have any interest, either direct or indirect, in any assets which have been, since 31 December 2010, the date to which the latest audited consolidated financial statements of the Company were published, acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group nor had any shareholding in any member of the Group nor the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

BMI Appraisals Limited, has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and/or reference to its name, in the form and context in which they appear.

9. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) had been entered into by the Group within the two years immediately preceding the date of this circular:

- (a) the land grant contract dated 6 May 2010 entered into between 成都市溫江區國土資源局 (Chengdu City, Wenjiang District Land Resources Bureau) and 成都溫江維奧房地產開發有限公司 (Chengdu Wenjiang Vital Property Development Company Limited) in relation to acquisition of a piece of land located at Wansheng Community, Wenjiang District, Chengdu, the PRC with a total site area of approximately 49,595.3 sq.m at a consideration of approximately HK\$204,600,000;
- (b) the joint venture agreement dated 10 May 2010 entered into between 維奧(成都)製藥有限公司 (Vital Pharmaceutical (Chengdu) Co., Ltd.*) (“**Vital Chengdu**”), 成都眾合高新企業管理有限公司 (Chengdu Zhonghe Management Company Limited*) (“**Chengdu Zhonghe**”) and 四川西文科技有限公司 (Sichuan Xiwen Technology Company Limited*) (“**Sichuan Xiwen**”) relating to the formation of a joint venture company in the PRC for developing a property development project;
- (c) the agreement dated 26 May 2010 entered into between Vital Chengdu, Chengdu Zhonghe and Sichuan Xiwen in relation to the termination of the joint venture agreement dated 10 May 2010;

- (d) an agreement for sale and purchase dated 15 March 2011 entered into between Vital Pharmaceuticals Company Limited as vendor and Bright Future Pharmaceutical Laboratories Limited as purchaser in relation to the sale of a workshop and 2 car parking spaces located in Hong Kong together with certain equipment at a consideration of HK\$21,000,000;
- (e) the subscription agreement dated 18 March 2011 entered into between the Company and China Uranium Development Company Limited in relation to the subscription of 1,670,000,000 Shares at a consideration of HK\$384,100,000 and convertible bond in the principal amount of HK\$600,000,000;
- (f) the Agreement; and
- (g) the sale and purchase agreement dated 16 August 2011 entered into between Yugofoil Holdings Limited as vendor and Bright Future Pharmaceutical Holdings Limited as purchaser in relation to the disposal of the entire equity interest in the entity Vital Pharmaceuticals (Sichuan) after completion of its split at a consideration of HK\$51,000,000.

10. GENERAL

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the head office and the principal place of business of the Company in Hong Kong is at Unit 7, 31st Floor, Tower 1, Lippo Centre, 89 Queensway, Hong Kong.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.
- (c) The company secretary of the Company is Ms. Cheung Hin Kiu. Ms. Cheung is an associate of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. She is also a member of the Association of Chartered Certified Accountants.
- (d) In the case of any inconsistencies, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of Li & Partners at 22nd Floor, World-Wide House, Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. on any business day up to and including the date of the EGM:

- (a) the letter from the Board, the text of which is set out on pages 4 to 10 of this circular;
- (b) the consent letters referred to in the paragraph headed “Expert and Consent” in this appendix;
- (c) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (d) the memorandum and articles of association of the Company;
- (e) the annual reports of the Company for the financial years ended 31 December 2009 and 31 December 2010; and
- (f) the valuation report and the extract of the previous valuation report on the land held by the Target, the text of which is set out on pages 11 to 15 of this circular and pages 16 to 22 of this circular.

NOTICE OF EGM



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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1164)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Vital Group Holdings Limited (the “**Company**”) will be held at Victoria Room IV, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong on Thursday, 8 September 2011 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions of the Company:

AS ORDINARY RESOLUTIONS

1. “**THAT** the agreement dated 29 July 2011 (the “**Agreement**”) entered into among 成都維奧置業有限公司 (Chengdu Vital Property Co., Ltd.,*), a wholly-owned subsidiary of the Company as vendor, 四川隆禾置業有限公司 (Sichuan Longhe Properties Limited*) as purchaser and 成都溫江維奧房地產開發有限公司 (Chengdu Wenjian Vital Property Development Company Limited*) (the “**Target**”) in relation to the sale of 100% equity interest of the Target and shareholder’s loan owing by the Target to the vendor at an aggregate consideration of RMB230,609,000 and the transactions contemplated in the Agreement be and are hereby approved, confirmed and ratified; and
2. “**THAT** the directors of the Company or person(s) authorized by the directors be and are hereby authorised for and on behalf of the Company to sign, seal, execute and deliver all such documents and deeds, and do all such acts, matters and things as they may in their discretion consider necessary or desirable to implement and/or effect the transactions contemplated by the Agreement on such terms and conditions as the directors or person(s) authorized by the directors of the Company may think fit.”

Yours faithfully,
For and on behalf of the Board of
Vital Group Holdings Limited
He Zuyuan
Chief Executive Officer

* *For identification purposes only*

Hong Kong, 19 August 2011

Notes:

- (1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, in the event of a poll, to vote in his place. A proxy need not be a member of the Company. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of that power or authority) must be deposited at the Company’s Hong Kong branch share registrar and transfer office, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 48 hours before the appointed time for holding the meeting or any adjourned meeting.

NOTICE OF EGM

- (2) Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the meeting or any adjournment thereof and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (3) In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.