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*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1164)**



**Development Company Limited**

*(Incorporated in Hong Kong with limited liability)*

## **JOINT ANNOUNCEMENT**

### **(1) SUBSCRIPTION AGREEMENT IN RELATION TO**

#### **(A) PROPOSED SUBSCRIPTION OF SHARES IN VITAL GROUP HOLDINGS LIMITED;**

#### **(B) PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS ISSUED BY VITAL GROUP HOLDINGS LIMITED**

### **(2) APPLICATION FOR THE GRANTING OF THE WHITEWASH WAIVER**

### **(3) RESUMPTION OF TRADING OF SHARES**

**FINANCIAL ADVISER TO**  
**Vital Group Holdings Limited**



**FINANCIAL ADVISER TO**  
**China Uranium Development Company Limited**



**China International Capital Corporation**  
**Hong Kong Securities Limited**  
**中國國際金融香港證券有限公司**

**1. SUBSCRIPTION AGREEMENT IN RELATION TO (A) SUBSCRIPTION OF SHARES IN THE COMPANY AND (B) SUBSCRIPTION OF CONVERTIBLE BONDS ISSUED BY THE COMPANY, BY CHINA URANIUM**

The Board and the directors of China Uranium are pleased to jointly announce that on 18 March 2011, China Uranium, the Company, Perfect Develop Holding Inc., Mr. Tao Lung (陶龍), Mr. Huang Jianming (黃建明) and Mr. Liu James Jin entered into the Subscription Agreement pursuant to which:

- (a) the Company has agreed to allot and issue and China Uranium has agreed to subscribe for a total of 1,670,000,000 Shares, at the Subscription Price of HK\$0.23 per Share for a total consideration of HK\$384,100,000, representing approximately 107.67% of the existing issued share capital of the Company as at the date of this announcement and approximately 51.85% of the entire issued share capital of the Company as enlarged by the Subscription Shares (assuming that the conversion rights attached to the Convertible Bonds have not been exercised); and
- (b) the Company has agreed to allot and issue and China Uranium has agreed to subscribe for the Convertible Bonds in the principal amount of HK\$600,000,000. The Conversion Price will initially be HK\$0.23 per Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the market price of the Shares prior to the suspension of trading of the Shares on 4 March 2011 and the recent trading volume of the Shares. The initial Conversion Price of HK\$0.23 was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the market price of the Shares prior the suspension of trading of the Shares on 4 March 2011 and the recent trading volume of the Shares.

The Board (excluding independent non-executive Directors) considers that the Subscription Price and the initial Conversion Price are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The completion of each of the Share Subscription and CB Subscription is conditional on their respective Conditions Precedent being fulfilled (or, if applicable, waived) and shall be inter-conditional and take place simultaneously on the Closing Date in accordance with the terms of the Subscription Agreement. Closing is expected to take place on the third Business Day after the date on which the Net Cash of the Company as at the CP Satisfaction Date is determined by an independent auditor (which shall be no later than 10 Business Days following the CP Satisfaction Date).

An application will be made by the Company for the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares.

## **2. APPLICATION FOR THE WHITEWASH WAIVER**

Upon Closing, the interests held by the Subscriber and parties acting in concert with it will, in aggregate, hold Shares representing approximately 51.85% of the entire issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that all the Subscription Shares have been issued but the conversion rights attaching to the Convertible Bonds have not been exercised).

Accordingly, the Subscriber will, unless the Whitewash Waiver is granted by the Executive and the approval by Independent Shareholders is obtained in accordance with the Code, be obliged to make a mandatory general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and parties acting in concert with it pursuant to Rule 26.1 of the Code.

The Subscriber has applied to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Code, which, if granted, will be subject to the approval of the Independent Shareholders taken by way of poll at the EGM.

## **3. EGM**

Resolutions will be proposed to the Shareholders and, where applicable, to the Independent Shareholders only, at the EGM to approve, among other things, the Special Mandate for the issue and allotment of the Subscription Shares and Conversion Shares and, for the purposes of the Whitewash Waiver, the issuance of the Subscription Shares.

An Independent Board Committee will be established to advise the Independent Shareholders as to whether the terms of the Subscription Agreement are fair and reasonable, the controlling position it will create and the effect which the Subscription Agreement will have on the Shareholders generally. An independent financial adviser will be appointed by the Independent Board Committee as soon as possible to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned and to advise the Independent Shareholders on how to vote. Further announcement will be made upon the appointment of the independent financial adviser.

A circular containing, among other things, detailed information about (i) the Subscription Agreement; (ii) the letter from the Independent Board Committee; and (iii) the advice from the independent financial adviser on the terms of the Subscription Agreement, together with a notice convening the EGM and the resolutions to be proposed at the EGM, is expected to be despatched to the Shareholders on or before 21 April 2011 in accordance with the Code and the Listing Rules.

#### **4. RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on 4 March 2011 pending the publication of this announcement. Application has been made for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on 1 April 2011.

### **INTRODUCTION**

The Company entered into the Subscription Agreement on 18 March 2011 with, amongst others, the Subscriber, pursuant to which the Company agreed to allot and issue and the Subscriber agreed to subscribe (i) for a total of 1,670,000,000 Shares at the Subscription Price of HK\$0.23 per Share for a total consideration of HK\$384,100,000, representing approximately 107.67% of the existing issued share capital of the Company as at the date of this announcement and approximately 51.85% of the entire issued share capital of the Company as enlarged by the Subscription Shares (assuming that the conversion rights attached to the Convertible Bonds have not been exercised), and (ii) for the Convertible Bonds in the principal amount of HK\$600,000,000. Closing is subject to the satisfaction or waiver (where applicable) of the Conditions Precedent to the Subscription Agreement.

### **THE SUBSCRIPTION AGREEMENT**

**Date:** 18 March 2011

**Parties:**

- (i) Tao Lung (陶龍)
- (ii) Huang Jianming (黃建明)
- (iii) Liu James Jin
- (iv) Perfect Develop Holding Inc.
- (v) China Uranium Development Company Limited
- (vi) The Company

#### **(I) Share Subscription**

The Company entered into the Subscription Agreement on 18 March 2011 with, among others, the Subscriber, pursuant to which the Company agreed to allot and issue and the Subscriber agreed to subscribe for a total of 1,670,000,000 Subscription Shares at the Subscription Price of HK\$0.23 per Share for a total cash consideration of HK\$384,100,000, representing (i) approximately 107.67% of the existing issued share capital of the Company as at the date of this announcement, (ii) approximately 51.85% of the entire issued share capital of the Company as enlarged by the Subscription Shares (assuming that the conversion rights attached to the Convertible Bonds have not been exercised) and (iii) approximately 28.65% of the entire issued share capital of the Company as enlarged by the Subscription Shares (assuming that the conversion rights attaching to the Convertible Bonds have been exercised in full).

### *The Subscription Price*

The price per Subscription Share of HK\$0.23 represents:

- a discount of approximately 36.11% to the closing price of HK\$0.36 per Share as quoted on the Stock Exchange on 4 March 2011, being the last Trading Day of the Shares immediately before the suspension of trading in the Shares pending the release of this announcement (the “**Last Trading Day**”);
- a discount of approximately 20.96% to the average closing price of HK\$0.2910 per Share as quoted on the Stock Exchange for the last five Trading Days up to and including the Last Trading Day;
- a discount of approximately 13.99% to the average closing price of HK\$0.2674 per Share as quoted on the Stock Exchange for the last 10 Trading Days up to and including the Last Trading Day;
- a discount of approximately 12.15% to the average closing price of HK\$0.2618 per Share as quoted on the Stock Exchange for the last 15 Trading Days up to and including the Last Trading Day;
- a discount of approximately 11.61% to the average closing price of HK\$0.2602 per Share as quoted on the Stock Exchange for the last 20 Trading Days up to and including the Last Trading Day; and
- a discount of approximately 8.77% to the average closing price of HK\$0.2521 per Share as quoted on the Stock Exchange for the last 30 Trading Days up to and including the Last Trading Day.

### *Ranking of the Subscription Shares*

The Subscription Shares shall, when allotted and issued, rank *pari passu* in all respects with the other Shares then in issue including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment, free and clear of Encumbrances. At the EGM, the Company will seek the Special Mandate from the Shareholders in order to allot and issue the Subscription Shares.

### *Conditions Precedent for Share Subscription*

Closing of the Share Subscription is conditional upon the following conditions having been fulfilled (or where applicable, waived):

- (a) the Subscriber having completed due diligence investigations on each Group Company and the results of such due diligence investigations being satisfactory at the absolute discretion of the Subscriber;
- (b) the passing at the EGM of a resolution giving the Special Mandate to the Directors to allot and issue the Subscription Shares in accordance with the requirements of the Listing Rules and applicable laws;

- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares and such listing and permission not subsequently being revoked prior to the issue of the Subscription Shares on the Closing Date;
- (d) all consents and approvals of, notices to and filings or registrations with, any regulatory authority or other person required pursuant to any applicable laws, or pursuant to any contract binding on the Subscriber which are necessary or required in connection with execution, delivery or performance of the Share Subscription having been obtained and effected including but not limited to (if applicable):
  - (i) approvals or filings required in relation to the Share Subscription and, if the Whitewash Condition is not satisfied but is waived and the Subscriber proceeds with the Offer, the Offer, from or with the National Development and Reform Commission of the PRC or its local counterpart;
  - (ii) approvals or filings required in relation to the Share Subscription and, if the Whitewash Condition is not satisfied but is waived and the Subscriber proceeds with the Offer, the Offer, from or with the Ministry of Commerce of the PRC or its local counterpart;
  - (iii) approvals relating to the Share Subscription and, if the Whitewash Condition is not satisfied but is waived and the Subscriber proceeds with the Offer, the Offer, from the State Administration of Foreign Exchange of the PRC or its local counterpart; and
  - (iv) filings required in relation to the Share Subscription and, if the Whitewash Waiver is not obtained, the Whitewash Condition is waived, and the Subscriber proceeds with the Offer, the Offer, with the State-owned Assets Supervision and Administration Commission of the State Council of the PRC or its local counterpart;
- (e) the Whitewash Condition being satisfied;
- (f) (if the Whitewash Condition is not satisfied but is waived and the Subscriber proceeds with the Offer), the Executive having cleared the Offer Announcement;
- (g) neither the Stock Exchange nor the Executive having indicated or required that the Founders, the Controlling Shareholder, the Company or the Subscriber should bear any responsibilities or perform any obligations that are unacceptable to the Subscriber (and the Founders, the Controlling Shareholder, the Company and the Subscriber shall not unreasonably refuse to bear or perform any such responsibilities or obligations).

The responsibilities and obligations of the Founders and the Controlling Shareholder are relevant as the Subscriber would, on completion of the Share Subscription and CB Subscription, hold approximately 51.85% of the entire issued share capital of the Company as enlarged by the Share Subscription (assuming the conversion rights attached to the Convertible Bonds have not been exercised) and would therefore be interested in the future performance of the Company as a

substantial shareholder of the Company. Accordingly, as the Founders and the Controlling Shareholder will remain as Shareholders of the Company, the Subscriber believes that it would be in the best interests of the Company if the Founders and the Controlling Shareholder do not have any undue responsibilities or obligations imposed on them;

- (h) each of the Subsidiaries having amended their respective memorandum and articles of association in accordance with the terms of the Subscription Agreement and such amendments having become effective;
- (i) there having been no material adverse change to the operations, assets, liabilities, business condition or prospects of any Group Company;
- (j) each of the Founders, the Controlling Shareholder and the Company not having breached any applicable laws, any provisions of the Subscription Agreement or the Share Charge, and all representations and warranties given by each of the Founders, the Controlling Shareholder and the Company remaining true, accurate and not misleading;
- (k) the Share Charge having been duly executed and delivered by the parties to it, in a form and substance satisfactory to the Subscriber; and
- (l) all Conditions Precedent for the CB Subscription (save for the condition in the paragraph (d) of the section headed “Conditions Precedent for CB Subscription”) having been satisfied.

#### *Waiver of Conditions*

The Subscriber may at any time waive any or all of the conditions set out in paragraphs (a), (d), (e), (g), (h), (i), (j), (k) and (l) of the section headed “Conditions Precedent for Share Subscription”. The remaining conditions to the Share Subscription may not be waived unless otherwise agreed by the parties to the Subscription Agreement. In the event that the Subscriber elects to waive the satisfaction of the Whitewash Condition and proceeds with the Share Subscription, the Subscriber will comply with the relevant requirements under the Code, including the making of the Offer (which shall be accompanied by a confirmation from the financial adviser to the Subscriber stating that it is satisfied that the Subscriber has sufficient financial resources to satisfy the full acceptance of the Offer) and further announcements will be made as and when appropriate. As at the date of this announcement, the Subscriber has not determined whether to proceed with the Share Subscription if the Whitewash Condition is not satisfied.

The Subscriber has also warranted to the other parties to the Subscription Agreement that the execution and completion of the Subscription Agreement would not result in the Subscriber acting in violation of any applicable laws and regulations. Accordingly, the Subscriber will only decide to waive condition (d) to the extent that any such consents, approvals or filings are not legally required for Closing.

### *Application for Listing*

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Subscription Shares.

## **(II) CB Subscription**

Pursuant to the Subscription Agreement, the Company has agreed to allot and issue, and the Subscriber has agreed to subscribe for 600,000 Convertible Bonds in the principal amount of HK\$600,000,000 in accordance with the terms of the Subscription Agreement. The total subscription price for the CB Subscription of HK\$600,000,000 will be paid by the Subscriber in cash at Closing. A summary of the principal terms of the Convertible Bonds is set out below.

- Issue Date** : Closing Date
- Issuer** : The Company
- Subscriber** : China Uranium
- Issue Price** : The issue price of the Convertible Bonds is 100% of the principal amount of the Convertible Bonds.
- Status** : The Convertible Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and subject to applicable terms and conditions of the Convertible Bonds, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.
- Interest** : The Convertible Bonds do not bear interest unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, such unpaid amount shall bear interest at the rate of 1.8% per annum in accordance with the terms of the Convertible Bonds.
- Maturity Date** : Subject to the terms and conditions of the Convertible Bonds, the Company shall redeem the Convertible Bonds on the fifth anniversary of the Closing Date (the “**Maturity Date**”) at its principal amount.



**Conversion Rights** : The Subscriber shall have the right to convert the Convertible Bonds in full or in part (in an amount of HK\$1,000 and integral multiples thereof) into Conversion Shares at any time on or after the Closing Date up to the close of business on the date falling seven days prior to the Maturity Date at the then prevailing Conversion Price subject to the terms and conditions of the Convertible Bonds.

If the issue of the Conversion Shares in satisfaction of the conversion right in respect of a Convertible Bond would result in the Company failing to meet its obligations under the Listing Rules to maintain the minimum prescribed percentage of the Shares that must at all times remain in public hands, then such conversion right in respect of a Convertible Bond shall be deemed not to have been exercised and the conversion notice in respect of such conversion right shall be withdrawn, without prejudice whatsoever to any later exercise of such conversion right.

**Conversion Shares** : Based on the initial Conversion Price of HK\$0.23, 2,608,695,652 Conversion Shares will be issued upon full conversion of the Convertible Bonds.

The 2,608,695,652 Conversion Shares represent approximately 168.19% of the existing issued share capital of the Company as at the date of this announcement and approximately 44.75% of the enlarged issued share capital of the Company as at Closing (assuming full conversion of the Convertible Bonds).

**Conversion Price** : The conversion price will initially be HK\$0.23 per Share, subject to adjustments, including, among other things, for any consolidation, sub-division or reclassification of the Shares, capitalisation of profits or reserves, capital distributions, rights issue of Shares or option over Shares, rights issue of other securities, issues at less than current market price and other dilutive events (the “**Conversion Price**”). The initial Conversion Price represents:

- (a) a discount of approximately 45.06% to the audited net asset value per Share as at 31 December 2009;
- (b) a discount of approximately 36.11% to the closing price of HK\$0.36 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (c) a discount of approximately 20.96% to the average closing price of HK\$0.2910 per Share as quoted on the Stock Exchange for the last five Trading Days up to and including the Last Trading Day;
- (d) a discount of approximately 13.99% to the average closing price of HK\$0.2674 per Share as quoted on the Stock Exchange for the last 10 Trading Days up to and including the Last Trading Day;
- (e) a discount of approximately 12.15% to the average closing price of HK\$0.2618 per Share as quoted on the Stock Exchange for the last 15 Trading Days up to and including the Last Trading Day;
- (f) a discount of approximately 11.61% to the average closing price of HK\$0.2602 per Share as quoted on the Stock Exchange for the last 20 Trading Days up to and including the Last Trading Day; and
- (g) a discount of approximately 8.77% to the average closing price of HK\$0.2521 per Share as quoted on the Stock Exchange for the last 30 Trading Days up to and including the Last Trading Day.

- Redemption at Maturity** : Unless previously redeemed, converted or purchased or cancelled, the Company will redeem the Convertible Bonds on the Maturity Date at its principal amount.
- Transferability** : Save for transfers to affiliates, the Convertible Bonds and interests in such Convertible Bonds shall not be transferable without the consent of the Company.
- Listing** : The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.
- Ranking** : The Conversion Shares will be fully paid and will rank pari passu in all respects among themselves and the Shares in issue at the date on which the holder(s) of the Conversion Shares is/are registered as such in the Company's register of members.

### *Conditions Precedent for CB Subscription*

Closing of the CB Subscription is conditional upon the following conditions having been fulfilled (or where applicable, waived):

- (a) the passing at the EGM of a resolution giving the Special Mandate to the Directors to allot and issue the Convertible Bonds and the Conversion Shares, in accordance with the requirements of the Listing Rules and all applicable laws and such approval not being amended and remaining in full force and effect;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares and such approval not being amended and remaining in full force and effect;
- (c) all consents and approvals of, notices to and filings or registrations with, any regulatory authority or other person required pursuant to any applicable laws, or pursuant to any contract binding on the Subscriber which are necessary or required in connection with execution, delivery or performance of the CB Subscription having been obtained and effected including but not limited to (if applicable):
  - (i) approvals or filings required in relation to the CB Subscription from or with the National Development and Reform Commission of the PRC or its local counterpart;
  - (ii) approvals or filings required in relation to the CB Subscription from or with the Ministry of Commerce of the PRC or its local counterpart;
  - (iii) approvals required in relation to the CB Subscription from the State Administration of Foreign Exchange of the PRC or its local counterpart; and
  - (iv) filings required in relation to the CB Subscription with the State-owned Assets Supervision and Administration Commission of the State Council of the PRC or its local counterpart; and
- (d) all Conditions Precedent for the Share Subscription (save for the condition in the paragraph (l) of the section headed “Conditions Precedent for Share Subscription”) having been satisfied.

### *Waiver of Conditions*

The Subscriber may at any time waive the conditions set out in paragraphs (c) and (d) of the section headed “Conditions Precedent for CB Subscription”. The remaining Conditions Precedent for the CB Subscription may not be waived unless otherwise agreed by the parties to the Subscription Agreement. As mentioned above, the Subscriber has warranted to the other parties to the Subscription Agreement that the execution and completion of the Subscription Agreement would not result in the Subscriber acting in violation of any applicable laws and regulations. Accordingly, the Subscriber will only decide to waive condition (c) to the extent that any such consents, approvals or filings are not legally required for Closing.

### *Application for Listing*

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Conversion Shares.

### **(III) Inter-conditionality and Simultaneous Closing**

The completion of each of the Share Subscription and CB Subscription is conditional on their respective Conditions Precedent being fulfilled (or, if applicable, waived) and shall be inter-conditional and take place simultaneously on the Closing Date in accordance with the terms of the Subscription Agreement. Closing is expected to take place on the third Business Day after the date on which the Net Cash of the Company as at the CP Satisfaction Date is determined by an independent auditor (which shall be no later than 10 Business Days following the CP Satisfaction Date) (the “**Net Cash Confirmation Date**”).

If any Conditions Precedent are not satisfied or waived by the date that is five months from the date of the Subscription Agreement or any other date as agreed by the parties, the Subscription Agreement may be terminated by the Subscriber.

If any Conditions Precedent are not satisfied or waived within five months from the date of the Subscription Agreement, until the termination of the Subscription Agreement (by the Subscriber or otherwise), each of the parties to it has to continue to use all reasonable endeavours to procure the satisfaction of the Conditions Precedent for which it is responsible and will continue to be bound by the other provisions of the Subscription Agreement. Accordingly, the Conditions Precedents may still be satisfied and/or Closing may still occur, on a date falling five months after the date of the Subscription Agreement.

### **(IV) Warranties and undertakings under the Subscription Agreement**

In connection with the Share Subscription and CB Subscription, each of the Company, the Controlling Shareholder and the Founders has given certain warranties to the Subscriber, in respect of, among other things, the underlying business and operations of the Group, preparation of the audited accounts of the Group, ownership of the properties owned by the Group, compliance with applicable laws and regulations and litigation and proceedings against the Group. The Subscriber has also provided some customary warranties to the Company, the Controlling Shareholder and the Founders in relation to its authority and capacity to enter into the Subscription Agreement, that the Subscriber is duly incorporated and that the Subscription Agreement and the Share Charge, when executed, will constitute valid and binding obligations on the Subscriber, etc.

In addition, the Company has agreed, and the Controlling Shareholder and the Founders have agreed to procure, among other things:

- (a) that between the date of the Subscription Agreement and Closing (both days inclusive), each of the Group Companies shall not, without the consent of the Subscriber, take certain actions, including but not limited to transferring or disposing of assets or shares in excess of certain amounts and amending the constitutional documents of any Group Company;

- (b) that as at the CP Satisfaction Date and on the Closing Date, the Net Cash of the Company will be at least HK\$13,750,000;
- (c) that the Company shall promptly provide all information reasonably requested by the Subscriber for the purposes of due diligence investigations in order to enable the Subscriber to conduct due diligence investigations within 30 Business Days from the date of the Subscription Agreement;
- (d) to take all necessary action to procure the satisfaction of the Conditions Precedent set out in paragraphs (b) and (e) of the section headed “Conditions Precedent for Share Subscription” and in paragraph (a) of the section headed “Conditions Precedent for CB Subscription”, including, to promptly prepare and issue to the Shareholders the circular in connection with the Subscription Agreement and convene the EGM, and, to the extent permitted by applicable laws and regulations, to vote in favour of the resolutions to be proposed at the EGM;
- (e) to make an application to the Stock Exchange as soon as reasonably practicable for the listing of and permission to deal in the Subscription Shares and Conversion Shares; and
- (f) that between the date of the Subscription Agreement and Closing (both days inclusive), each Group Company shall carry on its business as a going concern in the ordinary and usual course as carried on prior to the date of the Subscription Agreement, save in so far as provided in the Subscription Agreement.

#### **(V) Reimbursement Amounts**

At Closing, if the Net Cash of the Company is lower than HK\$13,750,000, the Controlling Shareholder shall reimburse the Company for the difference between HK\$13,750,000 and the Net Cash of the Company as at Closing, grossed up to include any tax payable by the Company and the related costs in respect of such reimbursement (the “**First Reimbursement Amount**”).

As soon as reasonably practicable after the expiry of the Reimbursement Period, the Company shall appoint a valuer and procure that such valuer determines the value of the Company’s interest in the Subsidiaries as at the date of expiry of the Reimbursement Period, taking into account the debt of each Subsidiary (including any actual or contingent liabilities, and liabilities which are taxation, environmental and labour related) and any sums payable in respect of any termination of the services of any employees of any Subsidiary and termination of any contracts of any Subsidiary (the “**Subsidiaries Value**”). If the Subsidiaries Value is less than HK\$261,250,000, the Controlling Shareholder shall reimburse the Company for the difference between HK\$261,250,000 and the Subsidiaries Value, grossed up to include any tax payable by the Company and the related costs in respect of such reimbursement (the “**Second Reimbursement Amount**”).

The reimbursement arrangements outlined above were put into place in light of the following commercial considerations:

- (i) as of the date of the Subscription Agreement, the Controlling Shareholder has, through its board representatives, been closely involved in the management of the Company;
- (ii) the Controlling Shareholder will remain a substantial shareholder of the Company following Closing;
- (iii) the Subscriber has agreed to the terms of the Share Subscription and CB Subscription based solely on its review of publicly available information relating to the Company and prior to conducting due diligence on the Company;
- (iv) to provide some assurance to the Subscriber as to the financial condition of the Company and its financial viability in the near future, and to reflect the continuing participation and commitment of the Controlling Shareholder as a shareholder of the Company, the Controlling Shareholder has agreed to reimburse the Company in respect of the Net Cash of the Company and the Subsidiaries Value; and
- (v) the reimbursement arrangements would be in the best interest of the Company and its Shareholders as any reimbursement amounts due will be paid to the Company.

#### **(VI) Share Charge**

The Controlling Shareholder has agreed to charge 450,000,000 Shares to the Subscriber (the “**Charged Shares**”) pursuant to the terms of the Share Charge to guarantee the obligations of the Controlling Shareholder under the Subscription Agreement, including but not limited to the obligations of the Controlling Shareholder to pay the First Reimbursement Amount and Second Reimbursement Amount, any amounts due under the Indemnity or losses suffered as a result of any breach of warranties. The Share Charge will be released on the later of the date of expiry of the Reimbursement Period and the date on which the Controlling Shareholder has discharged all its obligations to pay the Second Reimbursement Amount (the “**Settlement Date**”).

#### **(VII) Lock Up**

- (a) For a period of six months commencing from the date of the Subscription Agreement, the Controlling Shareholder shall not, and shall not agree to sell, assign, transfer or otherwise dispose of any interest comprised in the Shares held by the Controlling Shareholder (other than the Charged Shares).
- (b) For a period commencing from the date of the Subscription Agreement and ending on the Settlement Date (both days inclusive):
  - (i) the Controlling Shareholder shall not, and shall not agree, to sell, assign, transfer or otherwise dispose of any interest in the Charged Shares; and

- (ii) each of the Founders shall not, and shall not agree to sell, assign, transfer or otherwise dispose of any of its interest in the shares of the Controlling Shareholder.

The Founders and the Controlling Shareholder agreed to the lock up arrangements described above as a show of confidence and support to the Company as they believe that the Share Subscription and CB Subscription will enhance the business development of the Company as the Company would be able to leverage on the background and expertise of the Subscriber to explore investment opportunities. The Founders and the Controlling Shareholder also consider that the terms of the lock-up arrangements are fair and reasonable, and in the interests of the Company and themselves as a whole.

The Subscriber has requested the lock-up arrangements to address the concern that any disposal of any portion of the substantial shareholding retained by the Controlling Shareholder following Closing (being approximately 16.22% of the entire issued share capital of the Company as enlarged by the Share Subscription (assuming the conversion rights attached to the Convertible Bonds have not been exercised)) may have a negative impact on the price of the Shares.

The Subscriber has also requested for a lock up of the Founder's interests in the Controlling Shareholder as the Controlling Shareholder owes various obligations under the Subscription Agreement to the Company and to the Subscriber. Such a lock up would ensure that the Founders continue to be shareholders of the Controlling Shareholder so that the Subscriber and the Company will have some assurance that the Controlling Shareholder will continue to perform its obligations under the Subscription Agreement and, if necessary, be provided with financial support from the Founders, to fulfill such obligations.

#### **(VIII) Indemnity**

The Controlling Shareholder and the Founders have jointly and severally agreed to indemnify the Subscriber and each other member of the Subscriber Group for any losses suffered by the Subscriber or any other member of the Subscriber Group arising in connection with or as a result of (i) any investigations conducted by the Stock Exchange or any other regulatory authority against the Company for breaches of the Listing Rules or other applicable laws and regulations and (ii) any act or omission of any of the Subsidiaries (the "**Indemnity**").

#### **(IX) Board Composition of the Company**

After Closing, subject to applicable laws and regulations (including the Listing Rules and the Code), the Subscriber and the Controlling Shareholder shall procure that the Board shall consist of a minimum of nine Directors (or such other number as may be agreed by the Subscriber), including such number of independent non-executive Directors as required from time to time under the Listing Rules.

Under the Subscription Agreement, the Subscriber shall, subject to applicable laws, be entitled, as from the Closing Date, from time to time, to nominate for appointment to the Board five persons as Directors (excluding any independent non-executive directors) and three persons as independent non-executive Directors, and to remove such Directors

nominated, and upon removal, to nominate for appointment other persons in their replacement. It is contemplated by the parties that if the Whitewash Condition is not satisfied but is waived and the Subscriber proceeds with the Offer, one candidate nominated by the Subscriber will be appointed as Director after the despatch of the composite offer and response document and the other four candidates nominated by the Subscriber will be appointed as Directors, on the first closing date of the Offer. The Controlling Shareholder has agreed to use its voting rights to, and procure that the Directors nominated by it, vote in support of the appointment of the Subscriber's chosen nominees to the Board. The Board committees of the Company shall, to the extent permitted by applicable laws and the constitutional documents of the Company, be comprised of the Directors nominated by the Subscriber as from the Closing Date and the Controlling Shareholder shall use its voting rights to, and procure that the Directors nominated by it, vote in support of the appointment of the Subscriber's chosen nominees to the relevant Board committees.

The Controlling Shareholder shall be entitled, during the Reimbursement Period, for so long as it continues to hold not less than 5% of the total issued share capital of the Company and provided the Controlling Shareholder remains as the second largest Shareholder of the Company, to nominate for appointment to the Board one person as Director and to remove from such Director nominated, and upon removal, to nominate for appointment another person in replacement. The Subscriber has agreed to use its voting rights to, and procure that the Directors nominated by it, vote in support of the appointment of the Controlling Shareholder's chosen nominee to the Board.

If at any time prior to Closing, any Director is reprimanded, censured, disciplined, criticised or investigated by the Stock Exchange or any other regulatory authority, each of the Controlling Shareholder and the Founders shall, upon the request of the Subscriber, procure that such Director resigns from the Board together with a binding acknowledgement that such Director has no claim against any Group Company for breach of contract, compensation for loss of office, redundancy or unfair dismissal or on any other account whatsoever and that no agreement or arrangement exists under which any Group Company has or could have any obligation to such Director.

The Founders have undertaken to the Company to procure that the Subsidiaries are managed and operated in compliance with applicable laws and regulations. The Company shall also, for the period commencing on the date of the Subscription Agreement to the end of the Reimbursement Period (both days inclusive), maintain the stability of the management structure of the Subsidiaries, provided that the Company shall not be so bound as from the Closing Date if any of the Founders breach their undertaking to the Company to procure that the Subsidiaries are managed and operated in compliance with applicable laws and regulations. The Company shall also procure that each Subsidiary amends its memorandum and articles of association prior to Closing, such that certain matters can only be effected with the approval of a simple majority of its shareholders. These matters include the transfer of assets in excess of certain amounts, proposal of and implementation of employee redundancy plans, changes to accounting policies and amendments to constitutional documents.



## SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon issuance and allotment of the Subscription Shares; and (iii) upon closing of the Share Subscription and CB Subscription and assuming full conversion of the Convertible Bonds:

	Shareholding structure as at the date of this announcement		Upon issuance and allotment of the Subscription Shares		Upon closing of the Share Subscription and CB Subscription and assuming the full conversion of the Convertible Bonds	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Shareholders</b>						
Perfect Develop Holding Inc. (Note 1)	522,526,940	33.69	522,526,940	16.22	522,526,940	8.96
<b>Executive Directors</b>						
Mr. Chen Zhiyu	26,666	0.0017	26,666	0.0008	26,666	0.0005
Mr. Liu James Jin (Note 2)	14,630,400	0.94	14,630,400	0.45	14,630,400	0.25
<b>Subscriber</b>						
Subscription Shares	—	—	1,670,000,000	51.85	1,670,000,000	28.65
Conversion Shares	—	—	—	—	2,608,695,652	44.75
Other Public Shareholders	<u>1,013,872,987</u>	<u>65.37</u>	<u>1,013,872,987</u>	<u>31.48</u>	<u>1,013,872,987</u>	<u>17.39</u>
Total	<u>1,551,056,993</u>	<u>100.00</u>	<u>3,221,056,993</u>	<u>100.00</u>	<u>5,829,752,645</u>	<u>100.00</u>

Notes:

1. 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.
2. Mr. Liu James Jin has been granted 8,500,000 share options to subscribe for 8,500,000 Shares. As at the date of this announcement, none of these share options have been exercised.

As at the date of this announcement, the Company has granted the following share options pursuant to the share option scheme adopted on 26 January 2002 and the share option scheme adopted on 23 July 2003:

	<b>Outstanding share options</b>
<b><i>Executive Directors</i></b>	
Mr. Xu Xiaofan	15,000,000
Mr. Liu James Jin	8,500,000
Ms. Guo Lin	11,500,000
<b><i>Ex-Directors</i></b>	
Mr. Tao Lung ( <i>Note</i> )	15,000,000
Mr. Huang Jianming ( <i>Note</i> )	8,500,000
Mr. Shen Songqing ( <i>Note</i> )	8,500,000
<b><i>Independent non-executive directors</i></b>	
Mr. Chong Cha Hwa	1,500,000
<b><i>Employees</i></b>	<b>34,390,000</b>
<b><i>Other eligible participants</i></b>	<b><u>11,500,000</u></b>
<b><i>Total</i></b>	<b><u><u>114,390,000</u></u></b>

*Note:* Each of Mr. Tao Lung, Mr. Huang Jianming and Mr. Shen Songqing resigned with effect from 11 November 2009. However, the outstanding options held by each of them can still be exercised up till 6 December 2012.

Save as disclosed above, there are no other options, convertible securities, warrants or derivatives issued by the Company.

## **BASIS FOR DETERMINING THE SUBSCRIPTION PRICE AND THE CONVERSION PRICE**

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the market price of the Shares prior to the suspension of trading of the Shares on 4 March 2011 and the recent trading volume of the Shares. The Subscription Price is exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable. The net price (net of commission and expenses incurred) per Subscription Share is expected to be approximately HK\$0.227.

The initial Conversion Price of HK\$0.23 was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the market price of the Shares prior the suspension of trading of the Shares on 4 March 2011 and the recent trading volume of the Shares. The initial Conversion Price is exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable. The net price (net of commission and expenses incurred) per Conversion Share, based on the initial Conversion Price is expected to be approximately HK\$0.23.

The Board (excluding independent non-executive Directors) considers that the Subscription Price and the Initial Conversion Price are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE SUBSCRIBER**

The Subscriber was incorporated in Hong Kong on 17 October 2006 and is a wholly owned subsidiary of CGNPC Uranium Resources Co., Ltd., a company incorporated in the PRC on 15 August 2006, which is in turn a subsidiary of CGNPC. Based in Shenzhen within the PRC, CGNPC is a state owned nuclear power producer with material interests in nuclear fuels procurement and production.

CGNPC Uranium Resources Co., Ltd.'s core business activities are to (i) manage supply of nuclear fuels for CGNPC; (ii) establish an interest in and support development of commercial resources and reserves of natural uranium; and (iii) deal with the import and export trade of PRC and overseas natural uranium and related products.

## **SUBSCRIBER'S INTENTIONS IN RELATION TO THE GROUP**

The Subscriber intends to maintain the listing of the Company on the Stock Exchange. In addition, it intends to conduct a detailed review of the existing business and financial position of the Group for the purpose of formulating business plans and strategies for its future business development which would enable the Group to diversify its business and broaden its income sources. In this regard, the Subscriber intends to actively explore other investment or business options, including, potentially, selling or disposing of shares in, or assets of the Group provided that any such sale or disposal would not result in the Company becoming a company whose assets consist wholly or substantially of cash or otherwise becoming unsuitable for listing under Chapter 8 of the Listing Rules, to actively look into other investment or business opportunities, and to utilise the Company as an uranium resources investment and trading platform. If suitable investment or business opportunities are identified and are available to the Group, the Subscriber intends for the Company to utilise part of the net proceeds from the issuance of the Subscription Shares and Convertible Bonds to fund those investments or opportunities.

## **MAINTENANCE OF LISTING**

The Subscriber intends to maintain the listing of the Shares on the Main Board of the Stock Exchange. If at Closing, less than 25% of the Shares are held in public hands or if the Stock Exchange believes that (i) a false market exists or may exist in the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares. Each of the Subscriber and the Directors will undertake to the Stock Exchange to take appropriate steps as soon as possible following Closing to ensure that not less than 25% of the Shares will be held by the public.

If the Company remains listed on the Stock Exchange, the Stock Exchange will closely monitor all future acquisitions or disposals of assets by the Company. Any acquisitions or disposals of assets by the Company will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has the discretion to require the Company to issue an announcement and/or circular to the Shareholders irrespective of the size of the transaction, particularly when such proposed transaction represents a departure from the

principal activities of the Company. The Stock Exchange also has the power pursuant to the Listing Rules to aggregate a series of acquisitions of assets by the Company and any such acquisitions may result in the Company being treated as if it were a new applicant and subject to the requirements of new listing applications as set out in the Listing Rules.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUBSCRIPTION AGREEMENT AND THE USE OF PROCEEDS**

The principal activities of the Group are selling, distributing and manufacturing of pharmaceutical and food products and property investment. CGNPC, which indirectly controls the Subscriber, is a PRC state-owned nuclear power producer with material interests in nuclear fuels procurement and production.

Upon Closing, the Directors will conduct a detailed review of the existing business and financial position of the Group for the purpose of formulating business plans and strategies for its future business development. The Company believes that it would be able to leverage on the background and expertise of the Subscriber in the uranium industry to explore business development and investment opportunities in this aspect. The gross proceeds from the Share Subscription and the CB Subscription will be approximately HK\$984,100,000. The Company intends to use the proceeds from the Share Subscription and CB Subscription to finance any future business opportunities or investments of the Group. As at the date of this announcement, no such investment or opportunity has yet been identified. However, the Board considers that it would 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 that may be identified and/or may materialise. The Company will make announcement(s) if and when any investments are implemented as necessary in compliance with the relevant requirements of the Listing Rules.

The Board (excluding the independent non-executive Directors who will express their opinion after considering the advice of the independent financial adviser), considers that the terms of the Subscription Agreement are on normal commercial terms, are fair and reasonable, and in the interests of the Company and Shareholders as a whole.

## **FUND RAISING ACTIVITIES IN THE LAST 12 MONTHS**

The Company has not conducted any fund raising activities in the past 12 months immediately before the date of this announcement.

## **APPLICATION FOR THE WHITEWASH WAIVER**

The Subscriber and parties acting in concert with it, do not at the date of this announcement, own, control or direct any Shares, convertible securities, warrants or options (or outstanding derivatives) in respect of the Shares. Upon Closing, the interests held by the Subscriber and parties acting in concert with it will, in aggregate, hold Shares representing approximately 51.85% of the entire issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that all the Subscription Shares have been issued but the conversion rights attaching to the Convertible Bonds have not been exercised).

Accordingly, the Subscriber will, unless the Whitewash Waiver is granted by the Executive and the approval of Independent Shareholders is obtained in accordance with the Code, be obliged to make a mandatory general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and parties acting in concert with it pursuant to Rule 26.1 of the Code.

The Subscriber has applied to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Code, which, if granted, will be subject to the approval of the Independent Shareholders taken by way of poll at the EGM.

#### **INTEREST OF THE SUBSCRIBER AND PARTIES ACTING IN CONCERT WITH IT**

As at the date of this announcement, neither the Subscriber nor any party acting in concert with it owns, controls or directs any Shares, convertible securities, warrants or options (or outstanding derivatives) in respect of the Shares.

Save for the entering into of the Subscription Agreement by the Subscriber, neither the Subscriber nor any party acting in concert with it has dealt for value in any Shares or convertible securities, warrants or options (or outstanding derivatives) in respect of the Shares during the six month period prior to and including the date of this announcement.

#### **FURTHER AGREEMENTS OR ARRANGEMENTS**

As at the date of this announcement:

- (a) save for the transactions contemplated under the Subscription Agreement and the Share Charge, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of the Subscriber which might be material to the Subscription Agreement or the Whitewash Waiver;
- (b) save for the undertaking by the Controlling Shareholder under the Subscription Agreement to take all necessary action to procure the satisfaction of the Conditions Precedent, including, to the extent permitted by applicable laws and regulations, to vote in favour of the resolutions to be proposed at the EGM, neither the Subscriber nor any party acting in concert with it has received any irrevocable commitment to vote in favour of the Subscription Agreement and/or the Whitewash Waiver at the EGM;
- (c) save for the Subscription Agreement, there is no agreement or arrangement to which the Subscriber is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Subscription Agreement; and
- (d) neither the Subscriber nor any party acting in concert with it has borrowed or lent any relevant securities of the Company.

## **DISCLOSURE OF DEALINGS**

In accordance with Rule 3.8 of the Code, the respective associates, (as defined under the Code which includes a person who owns or controls 5% or more of any class of relevant associates (as defined in Note 4 to Rule 22 of the Code)) of the Subscriber and the Company are reminded to disclose their dealings in the Shares pursuant to the requirements of the Code.

Pursuant to Note 11 to Rule 22 of the Code, stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any seven-day period is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

## **EGM**

Resolutions will be proposed to the Shareholders and, where applicable, to the Independent Shareholders only, at the EGM to approve, among other things, the Special Mandate for the issue and allotment of the Subscription Shares and Conversion Shares and, for the purposes of the Whitewash Waiver, the issuance of the Subscription Shares in accordance with Note 1 of the Notes on dispensations from Rule 26 of the Code.

An Independent Board Committee will be established to advise the Independent Shareholders as to whether the terms of the Subscription Agreement are fair and reasonable, the controlling position it will create at Closing and the effect which the Subscription Agreement will have on the Shareholders generally. An independent financial adviser will be appointed by the Independent Board Committee as soon as possible to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Subscription Agreement are fair and reasonable so far as the independent Shareholders are concerned and to advise the Independent Shareholders on how to vote. A further announcement will be made upon the appointment of the independent financial adviser.

A circular containing, among other things, detailed information about (i) the Subscription Agreement; (ii) the letter from the Independent Board Committee; and (iii) the advice from the independent financial adviser on the terms of the Subscription Agreement, together with a notice convening the EGM and the resolutions to be proposed at the EGM, is expected to be despatched to the Shareholders on or before 21 April 2011 in accordance with the Code and the Listing Rules.

The ordinary resolutions to be put to vote at the EGM will be taken by way of poll in accordance with the Listing Rules and the Code.

## RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on 4 March 2011 pending the publication of this announcement. Application has been made for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on 1 April 2011.

## DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“acting in concert”	has the meaning ascribed to it in the Code
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Business Day(s)”	any day (excluding Saturdays and Sundays and the public holidays in Hong Kong and the PRC)
“CB Subscription”	the subscription of Convertible Bonds pursuant to the Subscription Agreement
“CGNPC”	China Guangdong Nuclear Power Holding Corporation (中國廣東核電集團有限公司)
“Charged Shares”	has the meaning given to it in the section headed “(VI) Share Charge”
“Closing”	the closing of the Share Subscription and CB Subscription pursuant to the Subscription Agreement
“Closing Date”	the date on which Closing occurs
“Code”	the Hong Kong Code on Takeovers and Mergers
“Company”	Vital Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Conditions Precedent”	the conditions precedent to Closing under the Subscription Agreement
“Controlling Shareholder”	Perfect Develop Holding Inc., a company incorporated in British Virgin Islands, holding 552,526,940 Shares representing 33.69% of the shareholding in the Company as at the date hereof
“Conversion Price”	has the meaning given to it in the section headed “(II) CB Subscription”

“Conversion Shares”	any Shares to be allotted and issued by the Company upon the conversion of the Convertible Bonds
“Convertible Bonds”	convertible bonds with a principal amount of HK\$600,000,000 to be issued by the Company to the Subscriber
“CP Satisfaction Date”	the date on which all Conditions Precedent have been satisfied or waived in accordance with the terms of the Subscription Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among others, the Special Mandate and, for the purposes of the Whitewash Waiver, the issuance of the Subscription Shares
“Encumbrances”	any claim, charge, mortgage, lien, option, equity, power of sale, hypothecation, retention of title, right of pre-emption, right of first refusal, other third party rights or security interest of any kind, or any agreements, arrangements or obligations with respect to the above
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First Reimbursement Amount”	has the meaning given in the section headed “(V) Reimbursement Amounts”
“Founders”	Mr. Tao Lung (陶龍), Mr. Huang Jianming (黃建明), and Mr. Liu James Jin, holding 58.28%, 30.67% and 11.05% shareholding in the Controlling Shareholder respectively as at the date of this announcement
“Group”	the Company and the Subsidiaries, and “Group Company” means any one of them
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Indemnity”	has the meaning given in the section headed “(VIII) Indemnity” in this announcement
“Independent Board Committee”	the independent committee of the Board comprising all of the independent non-executive Directors, namely, Mr. Lee Kwong Yiu, Mr. Lui Tin Nang and Mr. Chong Cha Hwa



“Independent Shareholder(s)”	the Shareholders, other than (i) the Subscriber and parties acting in concert with it; (ii) those Shareholders who are involved in, or interested in, the Share Subscription and (iii) the Controlling Shareholder, the Founders and their ultimate beneficial owners
“Last Trading Day”	4 March 2011, being the last Trading Day of the Shares and the date of suspension of trading in the Shares pending the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Maturity Date”	has the meaning given to it in the section headed “(II) CB Subscription”
“Net Cash of the Company”	in respect of any point of time, refers to the amount of bank balances and cash of the Company less the sum of (i) current liabilities and (ii) non-current liabilities of the Company (including sufficient provision of all liabilities of the Company and including contingent liabilities of the Company) as of that point of time
“Net Cash Confirmation Date”	has the meaning given to it in the section headed “(III) Inter-conditionality and Simultaneous Closing”
“Offer”	means the unconditional mandatory general offer to be made by or on behalf of the Subscriber for all Shares other than those already owned or agreed to be acquired by the Subscriber or parties acting in concert with it in accordance with the Code if the Whitewash Condition is not satisfied and the Subscriber waives the satisfaction of the Whitewash Condition
“Offer Announcement”	means the announcement to be made by the Subscriber in accordance with Rules 3.5 and/or 3.7 of the Code in respect of the Offer if the Whitewash Condition is not satisfied and the Subscriber waives the satisfaction of the Whitewash Condition
“PRC”	The People’s Republic of China, excluding for the purpose of this announcement, Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC
“Reimbursement Period”	the period from the Closing Date until the earlier of the date falling 30 months after the Closing Date or such date as the Company no longer holds any legal or beneficial interest in any Subsidiary

“Second Reimbursement Amount”	has the meaning given to it in the section headed “(V) Reimbursement Amounts”
“Settlement Date”	has the meaning given to it under the section headed “(VI) Share Charge”
“SFC”	the Securities and Futures Commission of Hong Kong
“Share Charge”	means the share charge to be executed by the Controlling Shareholder and the Subscriber after the date of the Subscription Agreement
“Shareholder(s)”	holder(s) of the Shares from time to time
“Shares”	the ordinary shares of HK\$0.01 each of the Company
“Special Mandate”	the authority to be sought from the Shareholders to authorize the Directors to allot and issue the Subscription Shares and the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Share Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscriber” or “China Uranium”	China Uranium Development Company Limited
“Subscriber Group”	the Subscriber and its subsidiaries
“Subscription Agreement”	the Subscription agreement dated 18 March 2011, between the Company, the Subscriber, Tao Lung (陶龍), Huang Jianming (黃建明), Liu James Jin, and Perfect Develop Holding Inc. in relation to the Share Subscription and CB Subscription
“Subscription Price”	HK\$0.23 per Subscription Share
“Subscription Shares”	the 1,670,000,000 Shares to be issued pursuant to the Subscription Agreement
“Subsidiaries”	means the Company’s subsidiaries, and “Subsidiary” means any one of them
“Subsidiaries Value”	has the meaning given to it in the section headed “(V) Reimbursement Amounts”
“Trading Days”	the days on which the Shares are traded on the Stock Exchange, each a “Trading Day”

“Whitewash Condition”	the Whitewash Waiver being granted by the Executive and the approval by Independent Shareholders being obtained in accordance with the Code and all applicable laws
“Whitewash Waiver”	the whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Code in respect of any obligation of the Subscriber and any parties acting in concert with it to make a mandatory general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and any parties acting in concert with it which might otherwise arise as a result of the Subscriber subscribing for the Subscription Shares under the Subscription Agreement
“%”	per cent.

By order of the Board  
**VITAL GROUP HOLDINGS LIMITED**  
**Xu Xiaofan**  
*Chairman*

By order of the Board  
**CHINA URANIUM DEVELOPMENT  
COMPANY LIMITED**  
**Zheng Xiaowei**  
*Director*

Hong Kong, 31 March 2011

*As at the date of this announcement, the Board comprises six executive Directors: Mr. Xu Xiaofan, Mr. Chen Zhiyu, Madam Guo Lin, Mr. Huang Zemin, Mr. Li Ke and Mr. Liu James Jin; and three independent non-executive Directors: Mr. Lee Kwong Yiu, Mr. Lui Tin Nang and Mr. Chong Cha Hwa.*

*As at the date of this announcement, the directors of China Uranium Development Company Limited are Yu Zhiping, He Zuyuan and Zheng Xiaowei and the directors of CGNPC Uranium Resources Co., Ltd are Zhou Zhenxing, Yu Zhiping, Zou Yongping, Wu Junfeng and Hou Yalin.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*

*The directors of China Uranium Development Limited and CGNPC Uranium Resources Co., Ltd jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group, the Controlling Shareholder and the Founders) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than that relating to the Group, the Controlling Shareholder and the Founders) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than that relating to the Group) the omission of which would make any statement in this announcement misleading.*