中廣核礦業有限公司*

CGN Mining Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1164)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

The Board of Directors (the "**Board**") of CGN Mining Company Limited ("**CGN Mining**" or the "**Company**") announces the audited consolidated results of CGN Mining and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2011, together with the comparative figures for the previous financial year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	NOTES	**2011** *HK$'000*	2010 *HK$'000* (Restated)
Turnover	*4*	**372,726**	328,120
Cost of sales		**(264,758)**	(104,098)
Gross profit		**107,968**	224,022
Other operating income	*4*	**31,752**	16,230
Gain on disposal of subsidiaries		**30,599**	–
Selling and distribution expenses		**(97,953)**	(82,178)
Administrative expenses		**(93,193)**	(72,861)
Termination benefits		**(54,728)**	–
Impairment loss recognised in respect of property, plant and equipment		**(72,001)**	(9,702)
Decrease in fair value of investment properties		**(24,438)**	–
Impairment loss recognised in respect of goodwill		**(52,355)**	(22,569)
Finance costs	*6*	**(10,524)**	(779)
(Loss) profit before taxation		**(234,873)**	52,163
Income tax credit (expense)	*7*	**3,417**	(12,947)
(Loss) profit for the year	*8*	**(231,456)**	39,216
(Loss) profit for the year attributable to:			
Owners of the Company		**(229,858)**	36,610
Non-controlling interests		**(1,598)**	2,606
		(231,456)	39,216
(Loss) earnings per share	*10*		
Basic		**HK(10.31) cents**	HK2.36 cents
Diluted		**HK(10.31) cents**	HK2.36 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011	2010
	HK$'000	*HK$'000*
(Loss) profit for the year	**(231,456)**	39,216
Other comprehensive income (expense)		
Exchange differences arising on translating foreign operations		
Gain arising during the year	**29,288**	15,589
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal/deregistration during the year	**(21,649)**	(1,922)
	7,639	13,667
Available-for-sale investments		
Net gain arising during the year	**–**	333
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal during the year	**–**	(683)
	–	(350)
Gain arising on transfer of property, plant and equipment and prepaid lease payments to investment properties at fair value	**–**	5,723
Deferred tax liability arising on transfer of property, plant and equipment and prepaid lease payments to investment properties at fair value	**–**	(1,431)
	–	4,292
Other comprehensive income for the year, net of tax	**7,639**	17,609
Total comprehensive (expense) income for the year, net of tax	**(223,817)**	56,825
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	**(222,426)**	54,219
Non-controlling interests	**(1,391)**	2,606
	(223,817)	56,825

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	NOTES	2011 HK$'000	2010 HK$'000
Non-current assets			
Intangible assets		**322**	3,028
Property, plant and equipment		**63,007**	174,139
Investment properties		**76,790**	95,409
Prepaid lease payments on land use rights		**19,918**	32,922
Deposit for acquisition of property, plant and equipment		**–**	4,063
Goodwill		**–**	52,355
		160,037	361,916
Current assets			
Properties under development	*11*	**–**	240,561
Inventories		**408,422**	108,968
Trade and other receivables	*12*	**96,467**	69,195
Prepaid lease payments on land use rights		**366**	672
Income tax recoverable		**16,207**	8,091
Held-for-trading investment		**–**	2,173
Bank balances and cash			
– pledged		**678**	12,138
– unpledged		**1,262,857**	68,146
		1,784,997	509,944
Current liabilities			
Trade and other payables	*13*	**424,922**	67,148
Value added tax payable		**4,187**	3,591
Income tax payable		**–**	7,746
Secured bank borrowings		**–**	71,285
		429,109	149,770
Net current assets		**1,355,888**	360,174
Total assets less current liabilities		**1,515,925**	722,090
Capital and reserves			
Share capital		**33,326**	15,511
Reserves		**1,001,518**	688,090
Equity attributable to owners of the Company		**1,034,844**	703,601
Non-controlling interests		**2,023**	3,414
Total equity		**1,036,867**	707,015
Non-current liabilities			
Convertible bonds		**467,483**	–
Other payables		**–**	920
Deferred tax liabilities		**11,575**	14,155
		479,058	15,075
		1,515,925	722,090

NOTES:

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liabilities. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent is 中國鈾業發展有限公司 (China Uranium Development Company Limited) ("China Uranium Development"), which was incorporated in Hong Kong. Its ultimate parent is 中國廣東核電集團有限公司 (China Guangdong Nuclear Power Holding Corporation), which was established in the People's Republic of China (the "PRC").

The consolidated financial statements are presented in Hong Kong dollars ("HK$"). Other than those subsidiaries established in the PRC whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its subsidiaries is HK$.

As the Company is listed in Hong Kong, the directors of the Company consider that it is appropriate to present the consolidated financial statements in HK$.

The principal activities of the Group are selling, distributing and manufacturing of pharmaceutical and food products, property investment and trading of natural uranium.

Pursuant to a special resolution passed at the extraordinary general meeting held on 21 November 2011, the name of the Company was changed from "Vital Group Holdings Limited" "維奧集團控股有限公司" to "CGN Mining Company Limited" and "中廣核礦業有限公司" was adopted as its Chinese name for identification purposes only. The "Certificate of Incorporation on Change of Name" has been issued by the Registrar of Companies in the Cayman Islands and the change of Company's name took effect on 21 November 2011.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosure for First-time Adopters
Hong Kong Accounting Standard ("HKAS") 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HK(IFRIC) – Interpretation ("Int") 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new and revised HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior year and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosures of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 January 2012.
5 Effective for annual periods beginning on or after 1 July 2012.
6 Effective for annual periods beginning on or after 1 January 2014.

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors of the Company anticipate that the application of these amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK (SIC)-Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangement, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the directors of the Company have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted.

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 January 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors of the Company anticipate that the application of the amendments to HKAS 12 will not have material impact on the results and the financial position of the Group.

Other than disclosed above, the directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

4. TURNOVER AND OTHER OPERATING INCOME

Turnover represents amount received and receivable from sales of pharmaceutical and food products net of returns, discounts allowed, sales related taxes and gross rental income during the year. Revenues recognised during the year are as follows:

	2011	2010
	HK$'000	*HK$'000*
Turnover		
Sales of goods	**367,243**	323,954
Gross rental income (Note a)	**5,483**	4,166
	372,726	328,120
Other operating income		
Bank interest income	**5,911**	1,544
Dividend income from held-for-trading investment	**–**	343
Exchange gain	**10,059**	4,491
Net gain on deregistration of subsidiaries	**–**	2,099
Gain on disposal of property, plant and equipment	**11,804**	–
Gain on disposal of held-for-trading investment	**13**	–
Government grant (Note b)	**411**	–
Reversal of impairment loss recognised in respect of trade receivables	**–**	152
Reversal of provision for compensation of redundant staff	**–**	1,493
Reversal of impairment loss recognised in respect of prepayments, deposits and other receivables	**–**	2,778
Write-back of long outstanding payables	**3,554**	3,330
	31,752	16,230
Total revenues	**404,478**	344,350

Notes:

(a) An analysis of the Group's net rental income is as follows:

	2011	2010
	HK$'000	*HK$'000*
Gross rental income	**5,483**	4,166
Less: Outgoings (included in cost of sales)	**(931)**	(700)
Net rental income	**4,552**	3,466

(b) For the year ended 31 December 2011, the amount represented an one-off government grant for the Group's contribution to the environmental improvement in Sichuan Province, the PRC, in prior years.

5. SEGMENT INFORMATION

During the year ended 31 December 2010, the Group was principally engaged in the selling, distributing and manufacturing of pharmaceutical and food products and property investment.

During the year ended 31 December 2011, a new segment of uranium trading was introduced after the Company entered into a framework agreement on 21 October 2011 with 中廣核鈾業發展有限公司(CGNPC Uranium Resources Co., Ltd.) ("CGNPC-URC") (presently known as 中廣核燃料有限公司 ("CGNPC Nuclear Fuel Co., Ltd")), a company established in the PRC with limited liability and the sole shareholder of China Uranium Development, in relation to the sale of natural uranium by the Group to CGNPC-URC. The Group's reportable and operating segments, based on the information reported to the chief operating decision maker, the Chief Executive Officer, for the purposes of resource allocation and performance assessment are as follows:

(a) pharmaceutical and food segment engages in the selling, distributing and manufacturing of pharmaceutical and food products;

(b) property investment segment engages in leasing, developing and selling of office premises and residential properties; and

(c) uranium trading segment engages in trading of natural uranium resources.

No operating segments have been aggregated to form the above reportable segments.

Segment revenues and results

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

For the year ended 31 December 2011

	Pharmaceutical and food	**Property investment**	**Uranium trading**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Turnover	**367,243**	**5,483**	**–**	**372,726**
Segment loss	**(215,869)**	**(25,339)**	**(480)**	**(241,688)**
Other income and gains				**50,135**
Central administration costs				**(32,796)**
Finance costs				**(10,524)**
Loss before taxation				**(234,873)**

For the year ended 31 December 2010

	Pharmaceutical and food *HK$'000*	Property investment *HK$'000*	Uranium trading *HK$'000*	Total *HK$'000*
Turnover	323,954	4,166	–	328,120
Segment profit	54,164	2,813	–	56,977
Other income and gains				8,477
Central administration costs				(12,512)
Finance costs				(779)
Profit before taxation				52,163

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of central administration costs, directors' salaries, other income and gains and finance costs. This is the measure reported to the Chief Executive Officer for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

Segment assets

	2011 ***HK$'000***	2010 *HK$'000*
Pharmaceutical and food	**191,323**	435,762
Property investment	**81,205**	345,394
Uranium trading	**391,593**	–
	664,121	781,156
Unallocated corporate assets	**1,280,913**	90,704
Total assets	**1,945,034**	871,860

Segment liabilities

	2011 ***HK$'000***	2010 *HK$'000*
Pharmaceutical and food	**34,786**	66,153
Property investment	**573**	216
Uranium trading	**391,593**	–
	426,952	66,369
Unallocated corporate liabilities	**481,215**	98,476
Total liabilities	**908,167**	164,845

For the purposes of monitoring segment performances and allocating resources between segments:

- All assets are allocated to operating segments other than held-for-trading investment, income tax recoverable, bank balances and cash and other assets for corporate use including property, plant and equipment and other receivables.

- All liabilities are allocated to operating segments other than income tax payable, secured bank borrowings, deferred tax liabilities, convertible bonds and certain other payables.

Other segment information

2011

	Pharmaceutical and food *HK$'000*	**Property investment** *HK$'000*	**Uranium trading** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to property, plant and equipment	**8,102**	**–**	**–**	**730**	**8,832**
Impairment loss recognised in respect of goodwill	**52,355**	**–**	**–**	**–**	**52,355**
Depreciation and amortisation	**10,227**	**249**	**–**	**38**	**10,514**
Decrease in fair value of investment property	**–**	**24,438**	**–**	**–**	**24,438**
Gain on disposal of property, plant and equipment	**(11,804)**	**–**	**–**	**–**	**(11,804)**
Impairment loss recognised in respect of property, plant and equipment	**72,001**	**–**	**–**	**–**	**72,001**
Impairment loss recognised in respect of trade receivables	**85**	**–**	**–**	**–**	**85**
Write-down of inventories	**14,808**	**–**	**–**	**–**	**14,808**
Write-off of inventories	**5,957**	**–**	**–**	**–**	**5,957**
Write-off of other receivables	**1,887**	**–**	**–**	**–**	**1,887**
Write-back of long outstanding payables	**(3,554)**	**–**	**–**	**–**	**(3,554)**
Impairment loss recognised in respect of intangible assets	**2,558**	**–**	**–**	**–**	**2,558**
Research and development costs	**1,820**	**–**	**–**	**–**	**1,820**
Operating lease rental on land and buildings	**1,290**	**–**	**–**	**127**	**1,417**
Amounts regularly provided to the Chief Executive Officer but not included in the measure of segment profit or loss or segment assets:					
Interest expenses	**–**	**–**	**–**	**10,524**	**10,524**
Income tax credit	**–**	**–**	**–**	**(3,417)**	**(3,417)**
Bank interest income	**–**	**–**	**–**	**(5,911)**	**(5,911)**
Gain on disposal of held-for-trading investment	**–**	**–**	**–**	**(13)**	**(13)**
Gain on disposal of subsidiaries	**–**	**–**	**–**	**(30,599)**	**(30,599)**

2010

	Pharmaceutical and food *HK$'000*	Property investment *HK$'000*	Uranium trading *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to property, plant and equipment	3,042	605	–	–	3,647
Addition to intangible assets	1,230	–	–	–	1,230
Impairment loss recognised in respect of goodwill	22,569	–	–	–	22,569
Depreciation and amortisation	16,368	–	–	6	16,374
Impairment loss recognised in respect of property, plant and equipment	9,702	–	–	–	9,702
Loss on disposal of property, plant and equipment	8,064	–	–	–	8,064
Write-down of inventories	41	–	–	–	41
Write-off of inventories	120	–	–	–	120
Impairment loss recognised in respect of prepayments, deposits and other receivables	1,724	–	–	–	1,724
Research and development costs	381	–	–	–	381
Reversal of impairment loss recognised in respect of trade receivables	(152)	–	–	–	(152)
Reversal of provision for compensation of redundant staff	(1,493)	–	–	–	(1,493)
Reversal of impairment loss recognised in respect of prepayments, deposits and other receivables	(2,778)	–	–	–	(2,778)
Operating lease rental on land and buildings	1,654	–	–	–	1,654
Write-back of long outstanding payables	(3,330)	–	–	–	(3,330)
Amounts regularly provided to the Chief Executive Officer but not included in the measure of segment profit or loss or segment assets:					
Decrease in fair value of held-for-trading investment	–	–	–	6	6
Loss on disposal of available-for-sale investment	–	–	–	9	9
Interest expenses	–	–	–	779	779
Income tax expenses	–	–	–	12,947	12,947
Bank interest income	–	–	–	(1,544)	(1,544)
Dividend income from held-for-trading investments	–	–	–	(343)	(343)
Net gain on deregistration of subsidiaries	–	–	–	(2,099)	(2,099)

Geographical information

No geographical information is presented as the Group's business is principally carried out in the PRC and the Group's revenue from external customers and non-current assets are in the PRC. No geographical information for other country is of a significant size to be reported separately.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2011	2010
	HK$'000	*HK$'000*
Customer A[1]	**72,101**	112,643

[1] Revenue from pharmaceutical and food segment

6. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest expenses on:		
– bank borrowings and overdrafts wholly repayable within five years	**3,305**	1,246
– obligations under finance leases	**–**	6
– imputed interest charged on convertible bonds	**9,217**	–
– discounted bills of exchange without recourse	**161**	773
Total borrowing costs	**12,683**	2,025
Less: amounts capitalised into properties under development	**(2,159)**	(1,246)
	10,524	779

Borrowing costs capitalised during the year arose on the general borrowing pool and were calculated by applying a capitalisation rate of 6.73% (2010: 5.82%) per annum to expenditure on properties under development.

7. INCOME TAX (CREDIT) EXPENSE

	2011	2010
	HK$'000	*HK$'000*
PRC Enterprise Income Tax		
– current year	**–**	15,920
– overprovision in prior years	**–**	(2,739)
	–	13,181
Deferred tax	**(3,417)**	(234)
	(3,417)	12,947

Hong Kong Profits Tax has not been provided for in the consolidated financial statements as the Group's income neither arises in, nor is derived from Hong Kong.

The Hong Kong Profits Tax amounting to HK$7,791,000 of a subsidiary of the Company in respect of the years of assessment 2000/01 to 2002/03 are under inquiries by the Inland Revenue Department ("IRD"). The Group lodged an objection against the assessments and the IRD had held over the payment of the profits tax and the equal amount of tax reserve certificates was purchased and recorded as income tax recoverable as at 31 December 2011 and 2010.

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

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

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

During the year ended 31 December 2009, the IRD issued protective profits tax assessments of approximately HK$599,000 to another subsidiary of the Company relating to the year of assessment 2002/03, that is, for the financial year ended 31 December 2002. The Group lodged objections with the IRD against the protective assessments. The IRD agreed to hold over the tax claim subject to the purchasing of a tax reserve certificate of approximately HK$300,000, the Group purchased the tax reserve certificate during the year ended 31 December 2009 as demanded by the IRD. The amount was recorded as income tax recoverable as at 31 December 2011 and 2010.

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

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

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

One of the PRC subsidiaries obtained approval from the relevant tax bureau and is qualified as a High and New Technology Enterprise which is subject to a tax rate of 15% for the year ended 31 December 2010.

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

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

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

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

The income tax (credit) expense for the year can be reconciled to the (loss) profit before taxation per the consolidated income statement as follows:

	2011	2010
	HK$'000	*HK$'000*
(Loss) profit before taxation	**(234,873)**	52,163
Tax calculated at rates applicable to profits in the respective tax jurisdiction concerned	**(51,945)**	13,998
Effect of tax exemption granted to a Macau subsidiary	**452**	(3,851)
Tax effect of income not taxable for tax purpose	**(8,632)**	(708)
Tax effect of expenses not deductible for tax purposes	**16,025**	6,208
Utilisation of previously unrecognised tax losses and deductible temporary difference	**(576)**	(8,205)
Tax effect of tax losses and deductible temporary difference not recognised	**41,259**	8,244
Overprovision in prior years	**–**	(2,739)
Income tax (credit) expense for the year	**(3,417)**	12,947

8. (LOSS) PROFIT FOR THE YEAR

	2011 *HK$'000*	2010 *HK$'000* (Restated)
(Loss) profit for the year has been arrived at after charging:		
Amortisation of intangible assets	**333**	1,335
Amortisation of prepaid lease payments on land use rights	**723**	672
Auditors' remuneration	**1,498**	1,264
Cost of inventories sold	**243,062**	103,237
Decrease in fair value of held-for-trading investment	**–**	6
Depreciation of property, plant and equipment	**9,458**	14,367
Impairment loss recognised in respect of trade receivables (included in administrative expenses)	**85**	–
Impairment loss recognised in respect of prepayments, deposits and other receivables (included in administrative expenses)	**–**	1,724
Impairment loss recognised in respect of intangible assets (included in administrative expenses)	**2,558**	–
Loss on disposal of available-for-sale investments	**–**	9
Loss on disposal of property, plant and equipment	**–**	8,064
Operating lease rental on land and buildings	**1,417**	1,654
Research and development costs	**1,820**	381
Staff costs (including directors' emoluments)	**120,124**	69,844
Write-off of inventories (included in cost of sales)	**5,957**	120
Write-down of inventories (included in cost of sales)	**14,808**	41
Write-off of other receivables (included in administrative expenses)	**1,887**	–

9. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2011, nor has any dividend been proposed since the end of the reporting period (2010: nil).

10. (LOSS) EARNINGS PER SHARE

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

	2011 *HK$'000*	2010 *HK$'000*
(Loss) earnings		
(Loss) profit for the year attributable to the owners of the Company for the purposes of basic and diluted (loss) earnings per share	**(229,858)**	36,610
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**2,229,036,061**	1,551,056,993
Effect of dilutive ordinary shares in respect of share options	**–**	193,633
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**2,229,036,061**	1,551,250,626

For the year ended 31 December 2011, diluted loss per share was same as the basic loss per share, as the effect of the conversion of the Company's share options and convertible bonds was anti-dilutive for the year ended 31 December 2011.

11. PROPERTIES UNDER DEVELOPMENT

	2011	2010
	HK$'000	*HK$'000*
At 1 January	**240,561**	–
Exchange realignment	**14,634**	–
Additions	**13,374**	240,561
Derecognised on disposal of a subsidiary	**(268,569)**	–
At 31 December	**–**	240,561
Represented by:		
Prepaid lease payments on land use rights	**259,717**	237,446
Construction costs and capitalised expenditure	**5,405**	1,869
Finance costs capitalised	**3,447**	1,246
Derecognised on disposal of a subsidiary	**(268,569)**	–
	–	240,561

The carrying amounts of the land use rights held for property development in the PRC are as follows:

	2011	2010
	HK$'000	*HK$'000*
Medium-term lease	**–**	23,745
Long-term lease	**–**	213,701
	–	237,446

According to the accounting policy of the Group, properties under development at 31 December 2010 was classified as current assets as the construction period of the relevant property development project was expected to be completed in the normal operating cycle even it was expected to be recovered after one year from the end of the reporting period.

At 31 December 2010, the Group was in the process of obtaining the land use right certificates. During the year ended 31 December 2011, properties under development have been derecognised on disposal of a subsidiary.

12. TRADE AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade and bills receivables	**55,612**	50,360
Prepayments, deposits and other receivables	**45,020**	29,770
Payments for pharmaceutical projects (Note a)	**–**	138
	100,632	80,268
Less: Impairment loss recognised in respect of trade receivables	**(4,165)**	(7,800)
Impairment loss recognised for payments for pharmaceutical projects (Note b)	**–**	–
Impairment loss recognised in respect of prepayment, deposits and other receivables (Note c)	**–**	(3,273)
	96,467	69,195

The Group does not hold any collateral over these balances.

Notes:

(a) Amounts paid for the development of technology and pharmaceutical products are deferred prior to completion of the projects and included in payments for pharmaceutical projects. On completion, these amounts are transferred to development costs in accordance with the Group's accounting policy. During the year ended 31 December 2011, the payments for pharmaceutical projects have been derecognised upon the disposal of a subsidiary.

(b) At the end of each reporting period, the directors of the Company reviewed the carrying values of the payments for pharmaceutical projects and considered that in light of the market conditions in the PRC, the Group had terminated certain projects which involved high risks and ceased on its own initiative the application of those projects of minimal benefit, therefore accumulated impairment loss of approximately HK$20,509,000 had been recognised in prior years.

During the year ended 31 December 2010, the directors of the Company considered to write off the balances which were long outstanding and expected that the amounts were not recoverable.

The movements in impairment loss of payments for pharmaceutical projects were as follows:

	2011 ***HK$'000***	2010 *HK$'000*
At 1 January	**–**	20,509
Written off	**–**	(20,509)
At 31 December	**–**	–

(c) The movements in impairment loss of prepayments, deposits and other receivables were as follows:

	2011 ***HK$'000***	2010 *HK$'000*
At 1 January	**3,273**	4,275
Exchange realignment	**105**	52
Recognised during the year	**–**	1,724
Reversal during the year	**–**	(2,778)
Eliminated on disposal of subsidiaries	**(3,378)**	–
At 31 December	**–**	3,273

As at 31 December 2010, included in the impairment loss were individually impaired prepayments, deposits and other receivables with an aggregate balance of HK$3,273,000 (2011: nil) which were due to long outstanding.

The Group normally grants to its customers credit periods ranging from 90 days to 180 days which are subject to periodic review by management.

The following is an aged analysis of the trade and bills receivables, based on the invoice date at the end of the reporting period, and net of impairment loss recognised:

	2011 ***HK$'000***	2010 *HK$'000*
Within 30 days	**25,795**	13,755
31-60 days	**17,112**	18,381
61-90 days	**5,022**	10,161
Over 90 days	**3,518**	263
	51,447	42,560

The movements in impairment loss of trade receivables were as follows:

	2011	2010
	HK$'000	*HK$'000*
At 1 January	**7,800**	12,387
Exchange realignment	**252**	251
Recognised during the year	**85**	–
Reversal during the year	**–**	(152)
Written off	**(3,656)**	(4,686)
Eliminated on disposal of subsidiaries	**(316)**	–
At 31 December	**4,165**	7,800

At 31 December 2011, included in the impairment loss of trade receivables are individually impaired trade receivables with an aggregate balance of approximately HK$4,165,000 (2010: HK$7,800,000) which are due to long outstanding.

At 31 December 2011 and 2010, all trade receivables were neither past due nor impaired and related to a wide range of customers for whom there was no recent history of default.

13. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade and bills payables	**393,390**	19,576
Accrued expenses and other payables	**31,532**	47,572
	424,922	67,148

The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**391,821**	16,448
31-60 days	**372**	946
61-90 days	**4**	1,797
Over 90 days	**1,193**	385
	393,390	19,576

The average credit period on purchases of goods is 30 days (2010: 30 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

Included in accrued expenses and other payables, there was provision for compensation claim following the voluntary recall of one of the Group's product "Depile Capsules" from the market after reports of possible damage to the liver by "Depile Capsules" were received. Details of the particulars were set out in an announcement dated 12 November 2008. The movement of the provision for compensation claim is set out below:

	2011	2010
	HK$'000	*HK$'000*
At 1 January	**1,447**	2,500
Exchange realignment	**88**	86
Settled in the year	**(292)**	(1,139)
Derecognised on disposal of a subsidiary	**(1,243)**	–
At 31 December	**–**	1,447

14. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

(a) Capital commitments for the acquisition of property, plant and equipment

	2011	2010
	HK$'000	*HK$'000*
Contracted but not provided for	**–**	940

(b) Commitments for the properties under development

	2011	2010
	HK$'000	*HK$'000*
Contracted but not provided for	**–**	230
Authorised but not contracted for	**–**	759,439
	–	759,669

(c) Commitments under operating leases

The Group as lessor

Property rental income earned during the year was approximately HK$5,483,000 (2010: HK$4,166,000). The investment properties are expected to generate rental yields of 7.14% (2010: 4.37%) on an ongoing basis. The investment properties held have committed tenants for the next one to four years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2011	2010
	HK$'000	*HK$'000*
Within one year	**6,511**	3,236
In the second to fifth year inclusive	**6,271**	5,974
	12,782	9,210

The Group as lessee

The Group leases certain of its offices and staff quarters under operating lease arrangements. Leases for properties are negotiated for a term ranging from one to two years and rentals are fixed throughout the rental period.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2011	2010
	HK$'000	*HK$'000*
Land and buildings		
Within one year	**544**	905
In the second to fifth year inclusive	**590**	562
	1,134	1,467

15. PLEDGE OF ASSETS

At the end of the reporting period, certain assets of the Group were pledged to secure banking facilities granted to the Group as follows:

	2011	2010
	HK$'000	*HK$'000*
Property, plant and equipment	**1,656**	62,457
Investment properties	**68,585**	78,396
Bank balances and cash	**678**	12,138
Prepaid lease payments on land use rights	**1,457**	15,875
	72,376	168,866

16. EVENT AFTER THE REPORTING PERIOD

On 9 March 2012 and 23 March 2012, China Uranium Development entered into a memorandum of understanding and a subscription agreement with Silver Grant International Industries Limited ("Silver Grant") respectively. Pursuant to the subscription agreement and upon completion of it, China Uranium Development shall issue and Silver Grant shall subscribe for an exchangeable bond in the principal amount of HK$776,000,000. Subject to the right of redemption by China Uranium Development, Silver Grant shall have the exchange right to request China Uranium Development to transfer to it the ordinary shares of the Company held by China Uranium Development at an exchange price of HK$1.41 (subject to adjustment). Details of the transaction are set out in the Company's announcements dated 9 March 2012, 12 March 2012 and 23 March 2012.

17. COMPARATIVE FIGURES

Certain comparative figures had been reclassified to conform to current year's presentation. The directors of the Company consider that the separation of impairment loss recognised in respect of property, plant and equipment of approximately HK$9,702,000 from administrative expenses in the consolidated income statement for the year ended 31 December 2010 is more meaningful in view of the significant item to the Group. As the reclassification does not affect the consolidated statement of financial position, it is not necessary to disclose comparative information as at the start of the comparative period (i.e. 1 January 2010).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In year 2011, the consolidated turnover of the Group increased by approximately 14% year-on-year to approximately HK$373 million from HK$328 million. The loss attributable to owners of the Company amounted to approximately HK$230 million (2010: profit attributable to owners of the Company of approximately HK$37 million).

The significant decrease in the results for the year 2011 as compared with previous year was primarily attributable to the effect of the change of industry regulations and internal integration on our pharmaceutical and food business.

In addition, the Group discovered that since June 2011, there has been a substantial drop in the sales of Osteoform compound calcium amino acid chelate food capsule ("Osteoform Calcium Food"). The food hygiene license (食品衛生許可證) obtained by the Group was expired on 25 November 2011. Due to the change of relevant rules and regulations relating to food hygiene, the food hygiene licence for Osteoform Calcium Food was unable to obtain its renewal and therefore the Group has stopped the production of Osteoform Calcium Food.

As a result of the above events, the profits of the Group for the year has been recorded a substantial decrease as compared to year 2010, due to the impairment for goodwill amounted to approximately HK$52 million, impairment for inventory amounted to approximately HK$15 million, and staff compensation amounted to approximately HK$44 million. Furthermore, due to integration of production line (the "Integration"), which resulted in the idleness of certain plants and equipment, impairment loss amounted to approximately HK$72 million has been recognised for the property, plant and equipment of subsidiaries of the Company.

Since the Group has shifted the manufacturing activities to China, there is idle capacity of the production facilities in Hong Kong. After careful consideration, the Group disposed of its property situated in Shatin.

As a whole, the loss attributable to owners of the Company amounted to approximately HK$230 million (2010: profit attributable to owners of the Company of approximately HK$37 million). Basic loss per share was HK10.31 cents (2010: earnings of HK2.36 cents). The Group's financial position remained strong during the year, with approximately HK$1,264 million of bank balance and cash as at 31 December 2011. Gearing ratio (total borrowings/equity attributable to owners of the Company, net of intangible assets and goodwill) as at 31 December 2011 was 45%.

TRADING OF NATURAL URANIUM

Over the years, the directors of the Company have been exploring suitable business opportunities to broaden the revenue base and to diversify the business scope of the Company. In March 2011, the Company entered into the Subscription Agreement pursuant to which the Company has agreed to (i) allot and issue to China Uranium Development the Subscription Shares at a price of HK$0.23 per Subscription Share and (ii) issue and allot to China Uranium Development HK$600,000,000 Convertible Bonds ("CB") which can be converted into the Conversion Shares at an initial Conversion Price of HK$0.23 per Conversion Share. The Subscription Agreement has been approved at the extraordinary general meeting held on 8 June 2011. Completion of the Share Subscription and completion of the CB Subscription took place simultaneously on 18 August 2011. The proceeds from the Share Subscription and the CB Subscription may finance new business opportunities or investments of the Group. The Group can explore new investment opportunity through introducing new investor.

The Group has commenced the trading of natural uranium during the year. In October 2011, the Company and CGNPC Uranium Resources Co., Ltd ("CGNPC-URC") (presently known as "CGNPC Nuclear Fuel Co., Ltd") entered into a framework agreement in relation to the sale of natural uranium by the Group to CGNPC-URC during the effective period. During the year, the Group has procured the first batch of natural uranium from overseas supplier.

PHARMACEUTICAL AND FOOD INDUSTRY

Product Sales

During the year, the Group's turnover from sales of pharmaceutical and food product was amounted to approximately HK$367 million, an increase of approximately 13% as compared with the sales of approximately HK$324 million for the corresponding year.

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

The Group's food product "Osteoform Calcium Food" consists of multiple minerals and vitamins. Its nutrition facilitates the absorption of calcium by human body, thus helping the formation of bone matrix and the maintenance of bone density. Turnover of "Osteoform Calcium Food" amounted to approximately HK$181 million in year 2011, representing a decrease of approximately 12% as compared with last year. As mentioned above, the Group has stopped the production of Osteoform Calcium Food.

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

"Osteoform Vitamins with minerals dispersible tablet", a compound product for the prevention and treatment of disease caused by lack of vitamins and minerals, has been launched to the market during the second quarter of year 2009. The sales turnover in year 2011 was around HK$21 million, representing a growth of approximately 17% as compared with last year.

Madaus products

For the trading of overseas agency products of Madaus GmbH, Germany, which include Legalon (Silymarin) and Uralyt-U (Potassium Sodium Hydrogen Citrate Granules), etc., the Group has recorded sales of approximately HK$93 million in year 2011, representing a growth of approximately 82% as compared with last year.

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

"Taurolite®" Tauroursodeoxycholic acid capsule cures and prevents liver diseases such as cholelithiasis and chronic bile stasis. In the case of cholesterol stone smaller than 2cm, sufferers may simply dissolve it by taking the medication without having to undergo operation. "Taurolite®" has been launched into the market during the second half of year 2009. The sales turnover for year 2011 was around HK$19 million, representing a growth of approximately 233% as compared with last year.

Vital Pharmaceuticals (Sichuan) Co., Ltd

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

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

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

The Production Base in Wuhan, Hubei Province, the PRC

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

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

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

Sichuan Hengtai Pharmaceutical Company Limited

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

Property Investment

Property development

Chengdu Wenjiang Vital Property Development Company Limited (成都溫江維奧房地產開發有限公司) was incorporated in July 2010 for the purpose of developing the land acquired in May 2010 by auction, which is a tract of state-owned land for construction use, located in the Wancheng Community, Liucheng Street, Wenjiang District, Chengdu, the PRC (中國成都市溫江區柳城街辦萬盛社區) with a total area of approximately 49,595 square meters. Given the government's austerity measures to curb the real estate market, the property market in the PRC will remain uncertain. In order to mitigate the risk, on 29 July 2011, Chengdu Vital Property Co., Ltd. (成都維奧置業有限公司) entered into an agreement with Sichuan Longhe Properties Limited (四川隆禾置業有限公司) and Chengdu Wenjiang Vital Property Development Company Limited (成都溫江維奧房地產開發有限公司), pursuant to which Chengdu Vital Property Co., Ltd. has agreed to dispose of and Sichuan Longhe Properties Limited has agreed to acquire the Sale Interest and the Sale Loan of Chengdu Wenjiang Vital Property Development Company Limited at an aggregate consideration of RMB230,609,000 (equivalent to approximately HK$281,230,000). The Agreement has been approved by passing of a resolution by the shareholders of the Company at the extraordinary general meeting held on 8 September 2011. The said disposal has been completed.

Leased investment property

Besides property development, property investment segment also includes leased properties situated in Sichuan, the PRC. During the year 2011, the properties had contributed around HK$5.5 million (2010: HK$4.2 million) rental income to the Group.

BUSINESS PROSPECTS

The Board is of the view that, in the foreseeable future, consolidation will be seen in the markets of food, pharmaceuticals and properties of the PRC, with substantial pressure existing in the operating environment. The Group will strengthen risk management and scale down the existing pharmaceutical and food business. On the other hand, the Group will expand the scale of trading of natural uranium and proactively identify uranium resource investment opportunities.

FINANCIAL REVIEW

Capital structure

As at 31 December 2011, the Company had in issue 3,332,586,993 ordinary shares (31 December 2010: 1,551,056,993 ordinary shares). During the year 2011, the Company had issued 1,781,530,000 new shares, in which 1,670,000,000 new shares were allotted and issued to China Uranium Development at HK$0.23 each and 111,530,000 new shares were issued for share option exercised. The market capitalisation of the Company as at 31 December 2011 was approximately HK$3,199 million. (31 December 2010: approximately HK$357 million).

Liquidity and financial resources

As at 31 December 2011, the Group did not have any outstanding bank borrowing (31 December 2010: HK$71 million). Bank balances and cash amounted to approximately HK$1,264 million (31 December 2010: HK$80 million), including pledged bank deposits of approximately HK$1 million (31 December 2010: HK$12 million). The increase was mainly due to the issuance and allotment of the Subscription Shares and CB, and the disposal of assets during the year.

As at 31 December 2011, the Group has obtained banking facilities of approximately HK$88 million from banks in the PRC (31 December 2010: HK$259 million). Unutilised banking facilities amounted to approximately HK$88 million (31 December 2010: HK$187 million). The average cost of financing was around 6% per annum (2010: 6%). The Group has maintained sufficient financial resources for business operation purpose. The Group has no seasonality of borrowing requirement.

The Group adopts a conservative funding and treasury policies and objectives. During the year ended 31 December 2011, the Group financed its operations mainly by internally generated resources and the net proceeds from the issuance and allotment of the Subscription Shares and CB.

As at 31 December 2011, in relation to cash and bank balances amounting to approximately HK$1,264 million (31 December 2010: HK$80 million), approximately 7% (2010: 78%) of which was denominated in RMB, approximately 93% (2010: 9%) was denominated in Hong Kong dollar, approximately 11% and 2% were denominated in US dollar and other currencies respectively as at 31 December 2010.

Exposure to foreign exchange risk and Currency policy

The sales receipts of the Group were mainly denominated in RMB. Purchases were denominated as to approximately 71% in USD (2010: 42%), 19% in RMB (2010: 32%) and 10% in EURO (2010: 26%). Operating expenditures including selling and distribution expenses and administrative expenses were denominated as to approximately 67% in RMB (2010: 76%), others are in HKD, AUD, USD and Macau Pataca, etc. In 2011, the Group did not enter into forward contracts, interest or currency swaps or other financial derivatives for hedging purpose. In 2010, in order to minimise the exposure to exchange rate fluctuation, the Group has entered into several forward foreign exchange contracts to lock up the price of purchasing. However, the Group did not enter into any interest or currency swaps, or other financial derivatives for hedging purpose. During the year 2011, the Group did not experience any material difficulty or negative effect on its operations or liquidity as a result of fluctuations on currency exchange rates.

Contingent liabilities

As at 31 December 2011, the Group had no material contingent liabilities (2010: nil).

Key financial figures and ratios

Income statement item:

Gross profit margin: Due to the significant decrease in the average selling price of Osteoform Calcium Food, the average gross profit margin of the year 2011 was decreased to around 29%, when compared with around 68% for the year 2010.

Other operating income: The other operating income for the year 2011 was approximately HK$32 million, which had been increased by approximately HK$16 million from the year 2010. It was mainly attributable to the increase of exchange gain and gain on disposal of property, plant and equipment during the year.

Selling and distribution expenses: The Group had identified that high selling and distribution expenses is a business risk and aimed to tighten the outflow. However, due to the significant decrease in the average selling price of Osteoform Calcium Food as mentioned above, the ratio of selling and distribution expenses to turnover slightly increased from 25% for the year 2010 to 26% for the year 2011.

Administrative expenses: Although the Group focused on tightening its budgetary control to cut down administrative costs, the administrative expenses increased from approximately HK$73 million to HK$93 million as the Group made efforts to explore new business opportunities during the year.

Finance costs: The finance costs for the year 2011 mainly arose from the CB issued and alloted during the year.

	Year 2011	Year 2010
Income statement item:		
Turnover (HK$' million)	**373**	328
Gross profit margin	**29%**	68%
Selling and distribution expenses (HK$' million)	**98**	82
Gross profit margin after selling and distribution expenses	**3%**	43%
(Loss) profit attributable to owners of the Company/Turnover	**(62%)**	11%
(Loss) earning before interest, tax, depreciation and amortisation ("(LBITDA)" "EBITDA") (HK$' million)	**(224)**	69
(LBITDA) EBITDA/Turnover	**(60%)**	21%

Statement of financial position item:

Gearing ratio: Taken into account of the issuance and allotment of CB in the year 2011, total borrowing balance increased as compared of 31 December 2010. As such, the gearing ratio was increased to 45%.

During the year, the Group had increased the demand of cash on delivery policy to the distributors, the average trade receivable turnover days therefore had dropped to around 46 days. Average inventory turnover days decreased from 263 days to 74 days since the Group had accelerated the sales of the inventory of Osteoform Calcium Food in the fourth quarter of the year 2011.

	As at 31 December 2011 HK$' million	As at 31 December 2010 HK$' million
Statement of financial position item:		
Short-term bank loans	**–**	71
Long-term bank loans	**–**	–
Bank balances and cash	**1,264**	80
Net tangible assets	**1,037**	652
Gearing ratio	**45%**	11%
Average trade receivable turnover days	**46 days**	53 days
Average inventory turnover days (excluding goods in transit)	**74 days**	263 days

As at 31 December 2011, the Group had approximately HK$1 million in bank balances and cash, HK$2 million in property, plant and equipment, HK$1 million in prepaid lease payments on land use rights, and HK$69 million in investment properties were pledged as collateral to banks. For the year 2011, return on equity was on average -22%.

EMPLOYEE INFORMATION

As at 31 December 2011, the Group had 100 employees, comprising 1 in research and development, 5 in production, 2 in sales and marketing, 3 in engineering and 89 in general administration and finance. 52 of these employees were located in China and 48 in Hong Kong and Macau.

The policies of employee remuneration, bonus, share option scheme and training are commensurate with performance and comparable to market rate. The Group encourages employees to participate in external training programs to develop themselves on a continuous basis, so as to improve staff quality to meet future challenges and gain a competitive edge. Total staff costs for the year 2011 amounted to approximately HK$120 million.

CONTINUING CONNECTED TRANSACTION

Framework agreement entered into between CGNPC Uranium Resources Co., Ltd ("CGNPC-URC") (presently known as "CGNPC Nuclear Fuel Co., Ltd") and the Company (the "Framework Agreement")

On 21 October 2011, the Company and CGNPC-URC entered into the Framework Agreement in relation to the sale of Natural Uranium (as defined in the Framework Agreement) by the Group to CGNPC-URC during the Effective Period. Pursuant to the Framework Agreement, the Group has agreed to sell and CGNPC-URC has agreed to purchase and purchase on behalf of certain End Users (as defined in the Framework Agreement) certain amount of Natural Uranium during the Effective Period.

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

Pursuant to the Framework Agreement, the transaction value cannot exceed the following Annual Caps in respect of the Continuing Connected Transaction for each of the three years ending 31 December 2013:

From the effective date to 31 December 2011	For the year ending 31 December 2012	For the year ending 31 December 2013
HK$522,600,000	HK$2,246,400,000	HK$3,463,200,000

Details of the Framework Agreement have been disclosed in the circular dated 11 November 2011.

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

The Group's principal business used to be selling, distributing and manufacturing of pharmaceutical and food products and property investment. The Group has repositioned itself as a platform for uranium resources investment and trading after the successful completion of China Uranium Development's subscription of 1,670,000,000 Shares and the CB on 18 August 2011.

Given that CGNPC-URC is one of the few enterprises in the PRC which owns the licence(s) to manage nuclear fuels and deal with the import and export of Natural Uranium, coupled with the facts that the Group, by entering into the Framework Agreement, will indirectly become natural uranium supplier of certain large and famous End Users (including Guangxi Fangchenggang Company and Yangjiang Company), the Board believes that the Continuing Connected Transaction is able to diversify the Group's business and broaden the Group's income sources as well as to assist in developing the Group's expertise and experience in the uranium industry and enhance the Group's competitiveness in the future.

From the effective date to 31 December 2011, the Group did not conduct any transaction under the Framework Agreement.

MAJOR TRANSACTION

Allot and issue Subscription Shares and CB

On 18 March 2011, the Company entered into the Subscription Agreement pursuant to which the Company has agreed to (i) allot and issue to China Uranium Development the Subscription Shares at a price of HK$0.23 per Subscription Share and (ii) allot and issue to China Uranium Development HK$600,000,000 CB which can be converted into the Conversion Shares at an initial Conversion Price of HK$0.23 per Conversion Share. The Agreement was passed at the extraordinary general meeting held on 8 June 2011. The completion of the Share Subscription and the CB Subscription took place simultaneously on 18 August 2011.

The Land disposal

On 29 July 2011, Chengdu Vital Property Co.,Ltd. (成都維奧置業有限公司) as vendor entered into an agreement with Sichuan Longhe Properties Limited (四川隆禾置業有限公司) as purchaser and Chengdu Wenjiang Vital Property Development Company Limited (成都溫江維奧房地產開發有限公司) as target, pursuant to which Chengdu Vital Property Co.,Ltd. has agreed to dispose of and Sichuan Longhe Properties Limited has agreed to acquire the Sale Interest and the Sale Loan of Chengdu Wenjiang Vital Property Development Company Limited at an aggregate consideration of RMB230,609,000 (equivalent to approximately HK$281,230,000). Details of the major transaction in relation to the disposal have been set out in the Company's circular dated 19 August 2011 which has been approved by passing of a resolution by the shareholders of the Company at the extraordinary general meeting held on 8 September 2011. The transaction has been completed during the year.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the year ended on 31 December 2011, the Company was in compliance with the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the deviation from the code provision E.1.2.

Code provision E.1.2 of the CG Code provides that the Chairman of the independent board committee (if any) should be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval. Mr. Ling Bing, the Chairman of the Independent Board Committee, did not attend the extraordinary general meeting of the Company, held on 28 November 2011, by the reason of his business trip.

Save as the aforesaid and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code for the year ended 31 December 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the principle standards of securities transactions for directors of the Company. Save as disclosed herein, all directors have confirmed, in response to the specific enquiry made by the Company that they have compiled with the required standards set out in the Model Code during the year ended 31 December 2011. Details of non-compliance and remedial steps taken by the Company are as follow:

According to The Codes on Takeovers and Mergers and Share Repurchases (the "Takeovers Code") published by the Securities and Futures Commission (the "SFC"), the offer period of the Company starts when an announcement is made of a proposed or possible offer and ends whichever is the latest of the date when the offer is accepted, lapsed or withdrawn. When an offer period begins, the respective associates of the Company must disclose their dealings in any securities of the Company.

Reference is made to the Company's announcement dated 31 March 2011 (the "Joint Announcement") regarding the proposed subscription of shares of the Company and the proposed subscription of convertible bonds offered by China Uranium Development. The offer period of the Company starts on 31 March 2011, the date of the Joint announcement, and ends on 8 June 2011, the date of EGM approving the Subscription Agreement (as defined in the Joint Announcement) and the transactions contemplated thereunder and the Whitewash Waiver (as defined in the Joint Announcement).

Ms. Zeng Qingling's late submission of disclosure form

Ms. Zeng Qingling is the wife of Mr. James Liu Jin, a former executive director of the Company. Under class (3) of the definition of "associate" of the Takeovers Code, Ms. Zeng Qingling is an associate of the Company.

On 1 April 2011 and 4 April 2011, Ms. Zeng Qingling bought a total of 1,000,000 shares of the Company. As required by Rule 22 of the Takeover Code (Disclosure of dealings during offer period), Ms. Zeng Qingling is required to disclose any dealing during the offer period from 31 March 2011 to 8 June 2011. Disclosure must be made no later than 10:00 a.m. on the business day following the date of the dealing.

Ms. Zeng Qingling submitted the disclosure of dealing form to SFC on 11 April 2011.

Ms. Tao Bei Di's late submission of disclosure form

Ms. Tao Bei Di is the daughter of Mr. Tao Lung, who is one of the shareholders of Perfect Develop Holding Inc. Under class (3) of the definition of "associate" of the Takeover Code, Ms. Tao Bei Di is an associate of the Company.

On 6 April 2011, Ms. Tao Bei Di bought 250,000 shares of the Company. As required by Rule 22 of the Takeover Code (Disclosure of dealings during offer period), Ms. Tao Bei Di is required to disclose any dealing during the offer period from 31 March 2011 to 8 June 2011. Disclosure must be made no later than 10:00 a.m. on the business day following the date of the dealing.

Ms. Tao Bei Di submitted the disclosure of dealing form to SFC on 12 April 2011.

Save as disclosed above, the Directors have complied with the Model Code.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

None of the Company and its subsidiaries redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year 2011.

CHANGE OF COMPANY NAME

In view of the expansion and diversification in the Company's scope of business, the Board considered that a change of company name would reflect the Company's corporate nature more accurately. Therefore, pursuant to a special resolution passed by the shareholders in the extraordinary general meeting held on 21 November 2011, the Company had changed its name from "Vital Group Holdings Limited 維奧集團控股有限公司" to "CGN Mining Company Limited" and adopted "中廣核礦業有限公司" as its new Chinese name for identification purposes only, with effect from 21 November 2011.

CHANGE OF STOCK SHORT NAME AND TRADING ARRANGEMENT

In connection with the change of company name, trading in the shares of the Company under the new English stock short name of "CGN MINING" and new Chinese stock short name "中廣核礦業" has taken effect from 3 January 2012. The stock code of the Company remains as "1164".

CHANGE OF COMPANY WEBSITE

The website of the Company has been changed from "www.vital-pharm.com" to "http://www.irasia.com/listco/hk/cgnmining/index.htm", with effect from 3 January 2012.

DIVIDEND

Since the Group intends to retain sufficient capital for the business expansion, the Board would not recommend the payment of the final dividend of year 2011 (2010 final dividend: Nil).

AUDIT COMMITTEE

The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements for the year ended 31 December 2011.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company and The Stock Exchange of Hong Kong Limited. The 2011 annual report will be dispatched to the shareholders and available on the same websites on or before the latest practicable date.

By Order of the Board
CGN Mining Company Limited
Mr. Yu Zhiping
The Chairman

Hong Kong, 23 March 2012

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

* *For identification purposes only*