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

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

**(Stock Code: 1164)**

## **DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY**

On 28 January 2011, the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Property at the consideration of HK\$21,000,000.

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

### **INTRODUCTION**

On 28 January 2011, the Vendor, being a wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser in respect of the Disposal.

### **THE AGREEMENT**

#### **Date**

28 January 2011

#### **Parties**

- (1) The Vendor — Vital Pharmaceuticals Company Limited, a wholly-owned subsidiary of the Company.
- (2) The Purchaser — Bright Future Pharmaceutical Laboratories Limited, a company incorporated under the laws of Hong Kong whose principal business activity is manufacturing and trading of pharmaceutical products.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Group and its connected persons as defined in the Listing Rules.

## **The Property**

The Property comprises (1) Workshop B on 6th Floor of the Building; (2) Private Car Parking Space 13 on Upper 1st Floor of the Building; and (3) Truck Parking Space 5 on 1st Floor of the Building.

The Property will be sold on an “as is” basis free from encumbrances and vacant possession of the Property shall be delivered to the Purchaser on Completion.

The acquisition cost of the Property was HK\$13,338,000.00. As at the date of this announcement, the Property is not subject to any mortgage and is self-occupied by the Vendor for its own use.

## **Consideration**

The consideration for the Disposal is HK\$21,000,000.00, of which:

- (1) HK\$100,000.00 has already been paid to the Vendor as initial deposit (the “**Initial Deposit**”) on the signing of the Agreement;
- (2) HK\$2,000,000.00 shall be payable on or before 15 March 2011 as further deposit; and
- (3) the balance of HK\$18,900,000.00 shall be paid to the Vendor on or before the Completion Date.

Certain equipment located in the Property, including a hard gelatine capsule filling and closing machine and a set of mould, air-conditioning and laboratory equipment will also be sold to the Purchaser and the purchase price of such equipment is included in the consideration.

The consideration was determined after arm’s length negotiations between the Vendor and the Purchaser in open market, after taking into account the prevailing property market in Hong Kong and with reference to comparable properties.

## **Default**

In the event that the Purchaser fails to complete the Disposal in accordance with the terms of the Agreement, the Initial Deposit shall be forfeited to the Vendor and the Vendor shall be entitled to re-sell the Property as it deems appropriate. The Vendor shall not be entitled to claim any further damages from the Purchaser or seek for specific performance of the Agreement.

In the event that the Vendor fails to complete the Disposal in accordance with the terms of the Agreement, the Vendor shall refund the Initial Deposit and pay an amount equivalent to the amount of the Initial Deposit to the Purchaser as liquidated damages. The Purchaser shall not be entitled to claim any further damages from the Vendor or seek for specific performance of the Agreement.

## **Formal sale and purchase agreement**

The formal sale and purchase agreement will be signed between the Vendor and the Purchaser on or before 15 March 2011.

## **Completion**

Completion shall take place on or before the Completion Date.

## **REASONS FOR THE DISPOSAL**

The Company has changed its production plan by shifting the manufacturing activities to the People's Republic of China. As a result of the relocation of the manufacturing activities, there is excessive capacity of the production facilities in Hong Kong. After due and careful consideration, the Directors believe that the consideration offered by the Purchaser is of a reasonable value to the Company and the Disposal represents a good opportunity for the Company.

## **FINANCIAL EFFECT ON THE DISPOSAL**

The net book value of the Property and certain equipment located in the Property, as reflected in the audited financial statements in 2009 is approximately HK\$11,969,000. No rental income is generated as the Property is occupied for self-use by the Group. Upon completion of the Disposal, the Vendor will realize a gain of approximately HK\$8,970,000 net of expenses in its profit and loss accounts (subject to the auditors' final confirmation).

The Directors (including the independent non-executive Directors) consider the terms of the Disposal, including the consideration, are fair and reasonable and are on normal commercial terms and that it is in the interests of the Company and its shareholders as a whole.

## **APPLICATION OF SALE PROCEEDS FROM THE DISPOSAL**

The net sale proceeds of approximately HK\$20,940,000 generated from the Disposal shall be used by the Company as general working capital.

## **INFORMATION ABOUT THE GROUP**

As at the date of this announcement, the Group is principally engaged in the research and development, distribution, sale and manufacture of pharmaceutical products; and property investment.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules are more than 5% and below 25%, the Disposal constitutes a discloseable transaction of the Company.

## DEFINITIONS

“Agreement”	the provisional sale and purchase agreement dated 28 January 2011 and entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
“Building”	Sunking Factory Building which is located at Nos.1–7 Shing Chuen Road, Shatin, New Territories, Hong Kong
“Company”	Vital Group Holdings Limited, a company incorporated in the Cayman Islands whose shares are traded on the Main Board of the Stock Exchange (stock code: 1164)
“Completion”	completion of the Disposal
“Completion Date”	completion date of the Disposal which is on or before 16 May 2011
“Directors”	directors of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	comprises (1) Workshop B on 6th Floor of the Building; (2) Private Car Parking Space 13 on Upper 1st Floor of the Building; and (3) Truck Parking Space 5 on 1st Floor of the Building
“Purchaser”	Bright Future Pharmaceutical Laboratories Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Vital Pharmaceuticals Company Limited, a wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 28 January 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.*