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VISION VALUES HOLDINGS LIMITED

遠見控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 862)

PROPOSED CAPITAL REDUCTION

The Board proposes that: (i) the issued share capital of the Company be reduced from HK\$259,183,889.20 to HK\$25,918,388.92 by the cancellation of HK\$0.09 paid up capital on each issued share so that each issued share shall be treated as one fully paid up share of par value HK\$0.01 each in the capital of the Company; and (ii) the par value of each authorised but unissued share be reduced from HK\$0.10 to HK\$0.01, such that the authorised share capital of the Company shall be reduced from HK\$2,000,000,000.00 to HK\$200,000,000.00 (as detailed in this announcement) and that the credit arising from the Capital Reduction in the amount of approximately HK\$233,265,500.28 be credited towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company, and the balance (if any) be transferred to the share premium account of the Company which may be applied as a distributable reserve in accordance with the Memorandum and Articles of Association of the Company and all applicable laws and rules (including the Listing Rules) and as the Board considers appropriate.

The board lot size for trading of the New Shares will remain unchanged at 20,000 shares upon the Capital Reduction taking effect.

As at the date of this announcement, the authorised share capital of the Company is HK\$2,000,000,000.00 divided into 20,000,000,000 Shares of a nominal or par value HK\$0.10 each, of which 2,591,838,892 Shares have been issued and are fully paid or credited as fully paid. Accordingly, assuming that the nominal or par value of each of the Shares will be reduced from HK\$0.10 to HK\$0.01, upon the Capital Reduction taking effect the authorised share capital of the Company will be HK\$200,000,000.00 divided into 20,000,000,000 New Shares of a nominal or par value of HK\$0.01 each, of which 2,591,838,892 New Shares will be in issue and fully paid or credited as fully paid and the remainder unissued. The Company's issued and paid up share capital of HK\$259,183,889.20 will be reduced by HK\$233,265,500.28 to HK\$25,918,388.92.

The Capital Reduction will take effect, and trading in the New Shares will commence, upon all the conditions set out in this announcement having been satisfied. The Capital Reduction will not result in any change in the rights of the Shareholders.

The Circular containing, among others, details of the Capital Reduction, together with the notice of the AGM and the related proxy form, will be despatched to the Shareholders on or before 6 October 2016.

The Capital Reduction

As at the date of this announcement, the authorised share capital of the Company is HK\$2,000,000,000.00 divided into 20,000,000,000 Shares of a nominal or par value of HK\$0.10 each, of which 2,591,838,892 Shares have been issued and are fully paid or credited as fully paid.

The Board proposes that:

- (a) the share capital of the Company be reduced in the following manner: (i) the issued share capital of the Company be reduced from HK\$259,183,889.20 to HK\$25,918,388.92 by the cancellation of HK\$0.09 paid up capital on each issued share so that each issued share shall be treated as one fully paid up share of par value HK\$0.01 in the capital of the Company; and (ii) the par value of each authorised but unissued share be reduced from HK\$0.10 to HK\$0.01, such that the authorised share capital of the Company shall be reduced from HK\$2,000,000,000.00 to HK\$200,000,000.00; and
- (b) the credit arising from the Capital Reduction in the amount of approximately HK\$233,265,500.28 be credited towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company, and the balance (if any) be transferred to the share premium account of the Company which may be applied as a distributable reserve in accordance with the M&A of the Company and all applicable laws and rules including the Listing Rules and as the Board considers appropriate.

1. Effect of the Capital Reduction

Assuming that no further Shares will be issued and allotted or repurchased prior to the effective date of the Capital Reduction, the share capital structure of the Company will be as follows:

	As at the date of this announcement	Immediately upon the Capital Reduction taking effect
Nominal or par value	HK\$0.10 per Share	HK\$0.01 per New Share
Amount of the authorised share capital	HK\$2,000,000,000.00	HK\$200,000,000.00
Number of authorised shares	20,000,000,000 Shares	20,000,000,000 New Shares
Number of issued shares	2,591,838,892 Shares	2,591,838,892 New Shares
Amount of the issued share capital	HK\$259,183,889.20	HK\$25,918,388.92

As at the date of this announcement, 2,591,838,892 Shares have been issued and are fully paid or credited as fully paid. Accordingly, assuming that the nominal or par value of each of the Shares will be reduced from HK\$0.10 to HK\$0.01, upon the Capital Reduction taking effect, the authorised share capital of the Company will be HK\$200,000,000.00 divided into 20,000,000,000 New Shares of a nominal or par value of HK\$0.01 each, of which 2,591,838,892 New Shares will be in issue and fully paid or credited and the remainder unissued. The Company's issued and paid up share capital of HK\$259,183,889.20 will be reduced by HK\$233,265,500.28 to HK\$25,918,388.92.

2. Conditions for the Capital Reduction

The Capital Reduction is conditional upon:

- (i) the passing by the Shareholders at the AGM of a special resolution approving the Capital Reduction;
- (ii) the approval of the Capital Reduction by the Court;
- (iii) the compliance with any conditions which the Court may impose in relation to the Capital Reduction;
- (iv) the registration by the Registrar of Companies of the Cayman Islands of the order of the Court confirming the Capital Reduction and the minutes approved by the Court containing the particulars required under the Companies Law with respect to the Capital Reduction; and
- (v) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reduction.

The Capital Reduction will take effect, and trading in the New Shares will commence, upon all the above-mentioned conditions having been satisfied. Upon approval by the Shareholders of the Capital Reduction at the AGM, the legal adviser to the Company (as to Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction and further announcement(s) will be made by the Company on the progress of the Capital Reduction as and when appropriate.

3. Status of the New Shares

The New Shares shall rank *pari passu* in all respects with each other within the same class and have the same rights and be subject to the restrictions in respect of ordinary shares contained in the Articles of Association of the Company. The Capital Reduction will not result in any change in the rights of the Shareholders.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the New Shares arising from the Capital Reduction. No application is required to be sought from any other stock exchange for the listing of, and permission to deal in, the New Shares.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

4. Board lot size

The board lot size for trading of the New Shares will remain unchanged at 20,000 shares upon the Capital Reduction taking effect.

5. Free exchange of share certificates

Subject to the Capital Reduction having taken effect, Shareholders may, within one month from the effective date of the Capital Reduction, submit their Existing Share Certificates for the Shares (in Green colour) to the Company's Branch Share Registrar in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange for the New Share Certificates for the New Shares (in Purple colour) at the expense of the Company. As the Court hearing date(s) have yet to be fixed, the exact effective date of the Capital Reduction is not ascertainable at present. Further details of such free exchange of share certificates will be announced as soon as the effective date of the Capital Reduction is ascertained.

Following the expiry of the period for free exchange of share certificates, Existing Share Certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such amount as may from time to time prescribed in the Listing Rules) payable by the Shareholders for each Existing Share Certificate or New Share Certificate, whichever number of certificates is higher.

Nevertheless, Existing Share Certificates will continue to be good evidence of legal title and will be valid for delivery, trading and settlement purposes after the Capital Reduction has taken effect.

6. Reasons for the Capital Reduction

As noted, the credit arising from the Capital Reduction will be credited towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company, with the balance (if any) to be credited to the share premium account of the Company which may be applied as a distributable reserve in accordance with the M&A of the Company and all applicable laws and rules (including the Listing Rules) and as the Board considers appropriate.

As at 30 June 2015, the accumulated losses of the Company amounted to approximately HK\$158,877,000.00, and it is expected that the credit arising from the Capital Reduction will amount to HK\$233,265,500.28. The proposed capital reduction would, if implemented and to the extent that the credit arising from the Capital Reduction exceeds the accumulated losses of the Company as at and following the effective date of the Capital Reduction, facilitate the Company in its ability to make payment of dividends out of, and/or to undertake corporate exercises requiring the use of, distributable reserves of the Company as and when the Board of Directors considers appropriate in the future.

Accordingly, the Board is of the opinion that the proposed Capital Reduction will give greater flexibility to the Company to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company's performance and when the Board considers that it is appropriate to do so in the future. In addition, the Board considers that the Capital Reduction will enable the nominal or par value of the Shares to be reduced from HK\$0.10 to HK\$0.01 each, thus giving greater flexibility to the Company to raise funds, should the Board consider it prudent or advisable to do so, through the issue of New Shares in the future given that the Company is not permitted, pursuant to its Articles of Association, to issue new Shares below their nominal or par value. It is important for Shareholders to note that, at this stage, there can be no assurance that any dividends will be declared or paid in the future, or that the Company will look to raise funds through the issue of New Shares, even if the Capital Reduction takes effect.

Save for the expenses to be incurred by the Company in implementing the Capital Reduction, the Board considers that the Capital Reduction will have no impact on the underlying assets, business operations, management or financial position of the Group or the proportionate interests of the Shareholders in the Company and their respective voting rights. Further, the Capital Reduction does not involve the diminution of any liability in respect of any unpaid capital of the Company nor does it involve the repayment to the Shareholders of any paid up capital of the Company. The Board considers that the Capital Reduction will not have any material adverse effect on the financial position of the Company or on the ability of the Company to continue to meet its obligations to creditors as they fall due.

In view of the above, the Board considers that the Capital Reduction is in the interests of the Company and the Shareholders at a whole.

7. Expected timetable

Set out below is the expected timetable for the implementation of the Capital Reduction and the relevant trading arrangements, which is subject to satisfaction of the conditions set out in the paragraph headed “Conditions for the Capital Reduction” above:

	2016 <i>(Hong Kong dates and time unless otherwise specified)</i>
Despatch of the Circular (including the notice of the AGM and the related form of proxy)	on or before Thursday, 6 October
Latest time for lodging the form of proxy for the AGM	11:00 a.m. on Sunday, 13 November
AGM	11:00 a.m. on Tuesday, 15 November
Publication of an announcement of the result of the AGM	Tuesday, 15 November

The following events are conditional on the results of the AGM and the approval from the Court and therefore the dates are indicative only and subject to change:

	2017 <i>(Hong Kong dates and time unless otherwise specified)</i>
Expected date of registration of a copy of the order from the Court confirming the Capital Reduction and the minutes approved by the Court pursuant to the Companies Law	Tuesday, 24 January (Cayman Islands date)
Expected effective date of the Capital Reduction	Tuesday, 24 January (Cayman Islands date), which will take effect on Wednesday, 25 January in Hong Kong due to time difference
First day of the free exchange of the Existing Share Certificates for the New Share Certificates for the New Shares	Wednesday, 25 January
Commencement of the dealings in the New Shares	9:00a.m. on Wednesday, 25 January
Last day for the free exchange of the Existing Share Certificates for the New Share Certificates	4:30 p.m. on Friday, 24 February

Dates or time specified in this announcement for events in the timetable for (or otherwise in relation to) the Capital Reduction are indicative only and may be extended or varied due to the timetable and availability of the Court, additional time required for compliance with the regulatory requirements in the Cayman Islands and/or with any requirements imposed by the Court or varied by the Company. Further announcement(s) will be made by the Company if there is any change made to the expected period of the free exchange of the Existing Share Certificates for the New Share Certificates for the New Shares.

General

The Capital Reduction is conditional upon the passing of a special resolution approving the Capital Reduction by the Shareholders at the AGM.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares arising from the Capital Reduction.

The Circular containing further details of the Capital Reduction, together with the notice of the AGM and the related proxy form, will be despatched to the Shareholders on or before 6 October 2016.

To the best of knowledge, belief and information of the Directors having made all reasonable enquiries, no Shareholders will be required under the Listing Rules to abstain from voting at the AGM.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“AGM”	the annual general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, among others, the Capital Reduction
“Articles of Association”	the articles of association of the Company
“Board”	the board of directors of the Company
“Capital Reduction”	the proposed reduction of the share capital of the Company by (i) reducing the par value of each issued Share from HK\$0.10 to HK\$0.01 by cancelling the paid up share capital to the extent of HK\$0.09 per issued Share, such that the issued share capital of the Company shall be reduced from HK\$259,183,889.20 to HK\$25,918,388.92; and (ii) reducing the par value of each authorised but unissued share from HK\$0.10 to HK\$0.01, such that the authorised share capital of the Company shall be reduced from HK\$2,000,000,000.00 to HK\$200,000,000.00
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	The shareholders’ circular to be issued by the Company and dispatched to the Shareholders, in relation to, among others, the Capital Reduction
“Companies Law”	the Companies Law(as revised) of the Cayman Islands
“Company”	Vision Values Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	the directors of the Company
“Existing Share Certificate(s)”	the certificate for the Share(s)

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“M&A”	the memorandum and articles of association of the Company
“New Share(s)”	the ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company immediately following the Capital Reduction becoming effective
“New Share Certificate(s)”	the certificate of the New Share(s)
“Share(s)”	the ordinary share(s) with par value of HK\$0.10 each in the share capital of the Company prior to the Capital Reduction becoming effective
“Shareholder(s)”	holder(s) of the Share(s) or the New Share(s), as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Vision Values Holdings Limited
Tang Chi Kei
Company Secretary

Hong Kong, 15 September 2016

As at the date of this announcement, the Board comprises two executive Directors namely Mr. Lo Lin Shing, Simon and Mr. Ho Hau Chong, Norman and three independent non-executive Directors namely Mr. Tsui Hing Chuen, William _{JP}, Mr. Lau Wai Piu and Mr. Lee Kee Wai, Frank.

This announcement is made in English and Chinese. In case of any inconsistency, the English version shall prevail.