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Neo-Neon Holdings Limited

真明麗控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1868)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that, based on the Company's preliminary assessment on the consolidated management accounts of the Group (not yet audited by the independent auditors of the Company) for the year ended 31 March 2012, the Group is expected to record a consolidated loss for the year ended 31 March 2012 as compared to a consolidated profit for the year ended 31 March 2011.

Shareholders of the Company and potential investors are advised to exercise caution in dealing in the shares of the Company.

This announcement is made by Neo-Neon Holdings Limited (the "Company", and together with its subsidiaries, the "Group") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The board (the "Board") of directors of the Company wishes to inform the shareholders of the Company and potential investors that, based on the Company's preliminary assessment on the consolidated management accounts of the Group (not yet audited by the independent auditors of the Company) for the year ended 31 March 2012, the Group is expected to record a consolidated loss for the year ended 31 March 2012 as compared to a consolidated profit for the year ended 31 March 2011.

The Board considers that the consolidated loss expected to be recorded for the year ended 31 March 2012 is mainly due to the fact that (i) despite promising prospect of industry growth with strong supports from the relevant government policy, the LED industry as a whole confronts with a structural overproduction crisis as it is mingled with a premature market. The majority of LED enterprises including Philips, Taiwan manufacturers, Epistar, Formosa, Tekcore, Huga and Lextar were in a loss-making situation in 2011 accordingly; (ii) as for our recent expansion in China and overseas markets and investments in research and development, the Company has decided to make adjustments to and provisions for non-performing assets in light of the worsening economic environments, and expects to see a healthy growing momentum from 2012 to 2015; (iii) gross margin shrank due to the surging raw materials prices, increase in labour costs and operating expenses; and (iv) depreciation expenses related to our expansion into the upstream plant and equipment of epitaxy and chips increased significantly.

The Group's LED series of products have subsequently obtained certifications from CCC and CQC, and are also accredited as China Energy Conservation Products, all of which make them the new model products in compliance with the State Safety and Energy Conservation Standards. The Company has participated in the promotion program, bidding for the fiscal grants for the semiconductor lighting products authorized by SDRC, MOHURD and MOT in 2012, and is now finalising the audited results of the Group for the year ended 31 March 2012. The information and data contained in this announcement represents only a preliminary assessment by the Board of the Company with reference to the unaudited management accounts of the Group, which have not been audited by the Company's independent auditors. Shareholders of the Company and potential investors are advised to refer to the final results of the Group for the year ended 31 March 2012, which is expected to be released in June 2012.

Shareholders of the Company and potential investors are advised to exercise caution in dealing in the shares of the Company.

By order of the Board
Neo-Neon Holdings Limited
Ben FAN
Chairman

Hong Kong, 23 March 2012

As at the date of this announcement, the Executive Directors of the Company are Mr. Ben FAN, Ms. Michelle WONG and Mr. FAN Pong Yang and the Independent Non-Executive Directors are Mr. WONG Kon Man, Mr. WENG Shih Yuan, Ms. LIU Shengping and Mr. ZHAO Shan Xiang.