



Neo-Neon[®]

NEO-NEON HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1868.HK; 911868.TDR



2017 INTERIM REPORT

We Color the World

Lighting is our business. Color is our concern

www.neo-neon.com

Professional LED product research,
development and production
Focusing on Tape Light Since 1978

CONTENTS

	<i>Page(s)</i>
Corporate Information	2
Management Discussion and Analysis	4
Corporate Governance and Other Information	11
Independent Review Report	23
Consolidated Statement of Comprehensive Income	25
Consolidated Statement of Financial Position	27
Consolidated Statement of Changes in Equity	29
Condensed Consolidated Cash Flow Statement	31
Notes to the Unaudited Interim Financial Report	32
Definitions	46

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. Seah Han Leong

Non-executive Directors

Mr. Huang Yu (*Chairman*)

Mr. Wang Liang Hai

Mr. Liu Wei Dong

Independent non-executive Directors

Mr. Fan Ren Da Anthony

Mr. Liu Tian Min

Ms. Li Ming Qi

AUDIT COMMITTEE

Ms. Li Ming Qi (*Chairman*)

Mr. Fan Ren Da Anthony

Mr. Liu Tian Min

REMUNERATION COMMITTEE

Mr. Liu Tian Min (*Chairman*)

Mr. Huang Yu

Mr. Fan Ren Da Anthony

Ms. Li Ming Qi

NOMINATION COMMITTEE

Mr. Huang Yu (*Chairman*)

Mr. Fan Ren Da Anthony

Mr. Liu Tian Min

Ms. Li Ming Qi

RISK MANAGEMENT AND REGULATORY COMPLIANCE COMMITTEE

Mr. Fan Ren Da Anthony (*Chairman*)

Mr. Huang Yu

Mr. Seah Han Leong

Mr. Wang Liang Hai

Mr. Liu Wei Dong

Mr. Liu Tian Min

Ms. Li Ming Qi

AUTHORIZED REPRESENTATIVES

Mr. Seah Han Leong

Mr. Leung Lok Wai

COMPANY SECRETARY

Mr. Leung Lok Wai

CORPORATE INFORMATION *(Continued)*

HONG KONG BRANCH SHARE REGISTRAR	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
AUDITOR	KPMG 8th Floor, Prince's Building 10 Chater Road Central, Hong Kong
LAWYER AS TO HONG KONG LAWS	Luk & Partners in Association with Morgan, Lewis & Bockius Unit 2001, Level 20 One International Finance Centre 1 Harbour View Street, Central Hong Kong
PRINCIPAL BANKS	China Construction Bank Limited, HeShan Branch Taishin International Bank, Hong Kong Branch China Everbright Bank Company Limited, Jiangmen Branch
REGISTERED OFFICE	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
PRINCIPAL PLACE OF BUSINESS IN HONG KONG	15th Floor Allied Kajima Building 138 Gloucester Road Wanchai, Hong Kong
PRINCIPAL SHARE REGISTRAR	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Shedden Road, George Town Grand Cayman KY1-1110 Cayman Islands
COMPANY WEBSITE ADDRESS	www.neo-neon.com
STOCK CODE	1868

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The total revenue for the Period was approximately RMB322.1 million, representing an increase of approximately 12.3% as compared to approximately RMB286.9 million for the six months ended 30 June 2016. For further details, please refer to the below.

Lighting Segment

The revenue of attributable to the lighting segment (research and development, manufacturing of lighting products and distribution of lighting products and distribution and providing solutions of lighting products) for the Period was approximately RMB311.3 million, representing an increase of approximately 8.5% as compared to approximately RMB286.9 million for the six months ended 30 June 2016, mainly attributable to increasing sales in American market during the Period.

Securities Segment

In August 2016, the Company entered into a sales and purchase agreement to acquire Buttonwood Finance Limited, which is currently named as Tongfang Securities Limited. Tongfang Securities Limited is principally engaged in provision of asset management services, investment advisory services and securities trading. As at 30 June 2017, Tongfang Securities Limited is authorised to be a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and is licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities. The completion of the acquisition took place on 20 January 2017. During the Period, the revenue attributable to securities segment was approximately RMB10.8 million.

Cost of goods sold

For the Period, the cost of goods sold was approximately RMB220.0 million, representing an increase of approximately RMB23.1 million over approximately RMB196.9 million for the six months ended 30 June 2016. Such increase was mainly attributable to the increase in sales revenue.

FINANCIAL REVIEW *(Continued)*

Gross profit and gross profit margin

For the Period, the Group recorded a gross profit of approximately RMB102.1 million, representing an increase of approximately RMB12.1 million or 13.4% over approximately RMB90.0 million for the six months ended 30 June 2016.

Lighting Segment

For the Period, the Group recorded a gross profit of approximately RMB91.3 million for the lighting segment, representing an increase of approximately RMB1.3 million or 1.4% over approximately RMB90.0 million for the six months ended 30 June 2016 primarily due to (1) improvement of technology and efficiency, and (2) the prudent selective acceptance of orders with higher profit margin.

Securities Segment

For the Period, the Group of securities segment recorded a gross profit of approximately RMB10.8 million for the securities segment.

The Group recorded a gross profit margin of approximately 31.7% for the Period, representing an increase of approximately 0.3% over a gross profit margin of approximately 31.4% for the six months ended 30 June 2016 because there is no cost of goods sold for securities segment.

Other gains, losses and expenses

For the Period, the Group recorded other gains of approximately RMB105.6 million, representing an increase of approximately RMB90.0 million over other gains of approximately RMB15.6 million for the six months ended 30 June 2016, due to the net gains of approximately RMB110.6 million resulting from the completion of the disposal of three subsidiaries, namely Yangzhou Tongfang Semiconductors Co.,Ltd, Shanghai Cuiheng Photoelectricity Science and Technology Co.,Ltd and Tianjin Zhenmingli Photoelectricity Co., Ltd. For further details, please refer to the announcement dated 31 October 2016 and the circular dated 28 November 2016.

Impairment loss of property, plant and equipment

For the Period, the impairment losses recognised in respect of property, plant and equipment was nil (as of 30 June 2016: nil).

FINANCIAL REVIEW *(Continued)*

Operating expenses

For the Period, total operating expenses were approximately RMB95.9 million, representing an increase of approximately RMB1.2 million over approximately RMB94.7 million for the six months ended 30 June 2016, mainly attributable to the increase in staff costs due to the completion of the acquisition of Tongfang Securities Limited.

Finance costs

The finance costs for the Period was approximately RMB1.6 million, which remained stable against approximately RMB1.6 million for the six months ended 30 June 2016.

Taxation

For the Period, the Group's tax charge of approximately RMB6.4 million (30 June 2016: tax charge of RMB3.9 million) mainly included taxation imposed in overseas jurisdictions of approximately RMB5.1 million.

Profit attributable to owners of the Company

For the Period, the Group recorded a profit attributable to owners of the Company of approximately RMB111.9 million, representing an increase of approximately RMB104.0 million, as compared to a profit attributable to owners of the Company of approximately RMB7.9 million for the six months ended 30 June 2016, primarily due to the net gains of approximately RMB110.6 million resulting from the completion of the disposal of three subsidiaries, namely Yangzhou Tongfang Semiconductors Co., Ltd, Shanghai Cuiheng Photoelectricity Science and Technology Co., Ltd and Tianjin Zhenmingli Photoelectricity Co., Ltd.

Financial Resources and Liquidity and Gearing Ratio

The Group maintained a stable financial position. As at 30 June 2017, the Group had bank balances of RMB561.7 million and short-term bank loans of RMB208.9 million. The gearing ratio representing the ratio of short-term bank loans to total equity of the Group, was 14.2% as at 30 June 2017 (31 December 2016: 9.2%). Such increase was mainly caused by increase in bank loan of RMB97.9 million.

FINANCIAL REVIEW *(Continued)*

Cash flows

The Group's financial resources mainly consist of cash flow from investing activities and financing activities.

For the Period, the Group recorded (1) cash outflow from operating activities of approximately RMB109.3 million (the six months ended 30 June 2016: RMB37.7 million), (2) cash outflow from investing activities of approximately RMB60.9 million (the six months ended 30 June 2016: RMB8.7 million), and (3) cash inflow from financing activities of approximately RMB96.3 million (the six months ended 30 June 2016: cash inflow of approximately RMB8.7 million).

The above increase in cash outflow from operating activities was mainly attributable to delay of delivery during the Period as compared with the same period of 2016.

The above increase in cash outflow from investing activities was mainly attributable to (1) the receipt of the consideration of approximately RMB251.7 million as a result of the completion of the disposal of three subsidiaries, (2) the payment of cash consideration of RMB40.8 million as a result of acquisition of Tongfang Securities Limited, and (3) purchase of available for sale investment of approximately RMB348.6 million.

The above increase in cash inflow from financing activities was mainly attributable to increase in bank loans of approximately RMB109.0 million during the Period by approximately RMB92.4 million, as compared to bank loans of approximately RMB16.6 million for the six months ended 30 June 2016.

Assets and liabilities

As at 30 June 2017, the Group recorded the total assets of approximately RMB1,858.3 million (31 December 2016: RMB1,521.4 million) and total liabilities of approximately RMB388.7 million (31 December 2016: RMB311.5 million).

As at 30 June 2017, the Group's current assets and non-current assets were approximately RMB1,055.4 million (31 December 2016: RMB1,166.3 million) and approximately RMB802.9 million (31 December 2016: RMB355.1 million) respectively.

As at 30 June 2017, the Group's current liabilities and non-current liabilities were approximately RMB377.8 million (31 December 2016: RMB295.8 million) and approximately RMB10.9 million (31 December 2016: RMB15.7 million) respectively. The increase in current liabilities was mainly attributable to bank borrowings of approximately RMB208.9 million as at 30 June 2017, representing an increase of approximately RMB97.9 million, as compared to approximately RMB111.0 million as at 31 December 2016.

FINANCIAL REVIEW *(Continued)*

Foreign exchange Risk

Several subsidiaries of the Company have sales and purchases denominated in currencies other than the functional currency of respective entity, which expose the Group to foreign currency risk.

The Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise.

Charge on Assets

As at 30 June 2017, the Group did not pledge any of its land and buildings (31 December 2016: nil). The Group pledged certain of its trade receivables and inventories with an aggregate carrying value of RMB76.6 million (31 December 2016: RMB78.5 million), and also bank deposits of aggregate carrying value of RMB39.3 million (31 December 2016: RMB27.7 million) to secure bank credit facilities granted to the Group.

Capital Commitments

As at 30 June 2017, the Group had capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of property, plant and equipment of RMB3.0 million (31 December 2016: RMB1.8 million).

Contingent Liabilities

During the Period, certain subsidiaries are parties to various legal claims in their ordinary course of business. In the opinion of the Directors, these claims would not have a significant impact on the Group's results and financial position.

Capital Structure

As at 30 June 2017, the issued share capital of the Company was RMB187,459,992 (equivalent to HK\$211,534,742) (31 December 2016: RMB171,808,087 (equivalent to HK\$193,831,969)), divided into 2,115,347,417 ordinary shares of HK\$0.10 each. Such increase was primarily due to settlement of part of the consideration by issuing of new 177,227,723 shares for the acquisition of Tongfang Securities Limited.

FINANCIAL REVIEW *(Continued)*

Material Acquisition, Disposal and Significant Investment

There were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Period, nor was there any plan authorized by the Board for other material investments or additions of capital assets during the Period.

Interim Dividend

The Board resolved not to declare any interim dividend for the Period. (30 June 2016: nil)

BUSINESS REVIEW

Overview

During the Period, the Group seized the opportunity to explore the overseas market without slack, vigorously developed sales channels in the PRC market, increased the gross margins, improved the management level, and revitalized idle assets, which lead to the improvement in operating performance.

In addition, the Company has start to cultivate the following into new pillar businesses, fund management, investment banking, financial management and technology-based financial business investments from emerging industries. During the Period, the Company completed the acquisition of Buttonwood Finance Limited, which is currently name as Tongfang Securities Limited and has become a wholly-owned subsidiary of the Company. Tongfang Securities Limited is a company incorporated in Hong Kong with limited liability and is principally engaged in provision of asset management services, investment advisory services and securities trading, and is licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities. The deployment and development such national strategic emerging industries would facilitate the Group to continue to innovate and develop.

BUSINESS REVIEW *(Continued)*

Sales and Distribution

During the Period, the Group took efforts in distribution and marketing, improving and expanding the sales channel of general LED lighting products. The Group proactively made deployment in branding establishment and sales channel in the world's fastest growing markets and brought to its customers better sales services in energy-saving technologies and solutions.

During the Period, the revenue of American Lighting Inc., an indirect wholly owned subsidiary of the Company based in Denver, USA which is engaged in distribution of lighting products and distribution and providing solutions of lighting product in the United States, has outperformed expectations. The primary fuels of its business are its opportunity to motivate strong revenue growth in large national retailers, advancements in its e-commerce expansion, and the well-developed channels of American Lighting Inc. Management believes that the growth momentum will continue in the foreseeable future.

Research and Development ("R&D")

The Group's R&D efforts were driven towards product design, new product development and production efficiency improvement in order to reduce the overall production cost.

Employees and Remuneration Policy

As at 30 June 2017, the Group's total number of employees was approximately 1,500 (31 December 2016: 1,500). The basic remunerations of the employees are determined with reference to the industry remuneration benchmark, the employees' experience and their performance. Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. Directors' remuneration is determined based on a variety of factors such as market conditions and responsibilities assumed by each Director. Apart from the basic remuneration and statutory benefits required by laws, the Group provides discretionary bonus based upon the Group's results and the individual performance of the staff.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Shareholders.

Throughout the Period, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules.

MODEL CODE

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules throughout the Period as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the Period.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The interim financial report is unaudited but has been reviewed by the auditors.

The Directors confirm that disclosure of financial information in this interim report complies with Appendix 16 of the Listing Rules. The audit committee of the Company has held meetings to discuss the internal controls, risk management and financial reporting matters of the Company, including the review of the interim results and the unaudited consolidated interim financial statements for the Period.

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

During the Period, the Company repurchased its own shares on the Stock Exchange, details of which are as follows:

Month/Year	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid
9 January 2017 ⁽¹⁾	200,000	HK\$1.15	HK\$1.12	HK\$229,560

Notes:

(1) The repurchased shares were cancelled in February 2017.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

DIVIDENDS

The Board resolved not to declare any interim dividend for the Period.

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2017, the Directors and the chief executive of the Company and their respective associates had the following interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

Long Positions in the Shares and underlying Shares of the Company:

Name	Capacity	Number of Ordinary Shares as at 30 June 2017	Percentage of total issued share capital as at 30 June 2017
Mr. Seah Han Leong ⁽¹⁾	Beneficial owner	1,500,000	0.07%
Mr. Wang Liang Hai ⁽²⁾	Beneficial owner	1,500,000	0.07%
Mr. Liu Wei Dong ⁽³⁾	Beneficial owner	1,000,000	0.05%
Mr. Fan, Ren Da Anthony ⁽⁴⁾	Beneficial owner	600,000	0.03%
Mr. Liu Tian Min ⁽⁵⁾	Beneficial owner	600,000	0.03%
Ms. Li Ming Qi ⁽⁶⁾	Beneficial owner	600,000	0.03%

DISCLOSURE OF INTERESTS *(Continued)***Long Positions in the Shares and underlying Shares of the Company:**
(Continued)

Notes:

- (1) Mr. Seah Han Leong is deemed to be interested in 1,500,000 Shares which may be issued to him upon the exercise of the share options granted to him on 15 May 2015 under the 2006 Share Option Scheme.
- (2) Mr. Wang Liang Hai is deemed to be interested in 1,500,000 Shares which may be issued to him upon the exercise of the share options granted to him on 15 May 2015 under the 2006 Share Option Scheme.
- (3) Mr. Liu Wei Dong is deemed to be interested in 1,000,000 Shares which may be issued to him upon the exercise of the share options granted to him on 15 May 2015 under the 2006 Share Option Scheme.
- (4) Mr. Fan, Ren Da Anthony is deemed to be interested in 600,000 Shares which may be issued to him upon the exercise of the share options granted to him on 15 May 2015 under the 2006 Share Option Scheme.
- (5) Mr. Liu Tian Min is deemed to be interested in 600,000 Shares which may be issued to him upon the exercise of the share options granted to him on 15 May 2015 under the 2006 Share Option Scheme.
- (6) Ms. Li Ming Qi is deemed to be interested in 600,000 Shares which may be issued to him upon the exercise of the share options granted to him on 15 May 2015 under the 2006 Share Option Scheme.

DISCLOSURE OF INTERESTS *(Continued)***Long Positions in the Shares and underlying Shares of the associated corporation:***American Lighting*

Name	Capacity	Number of Ordinary Shares as at 30 June 2017	Percentage of total issued share capital of American Lighting as at 30 June 2017
Mr. Seah Han Leong ⁽¹⁾	Beneficial owner	363	0.99%

Notes:

- (1) Mr. Seah Han Leong is deemed to be interested in 363 common stocks which may be issued to him upon the exercise of the share options granted to him under the Subsidiary Share Incentive Plan on 30 June 2015.

Save as disclosed above, as at 30 June 2017, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short position in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors and the chief executive of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

DISCLOSURE OF INTERESTS *(Continued)***Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares**

So far as is known to any Director or chief executive of the Company, as at 30 June 2017, the persons or corporations (other than the Directors or chief executive of the Company) who had interest or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Capacity	Number of Ordinary Shares as at 30 June 2017	Percentage of total issued share capital as at 30 June 2017
THTF ES ⁽¹⁾	Beneficial owner	1,348,360,690	63.8%
Resuccess Investments Limited ⁽¹⁾⁽²⁾	Interest of controlled corporation and beneficial owner	1,352,694,690	64.0%
Tsinghua Tongfang ⁽¹⁾⁽²⁾	Interest of controlled corporation	1,352,694,690	64.0%
Vast Stone Limited ⁽³⁾	Beneficial owner	177,227,723	8.4%
Li Pak Wang Daniel ⁽³⁾	Interest of controlled corporation	177,227,723	8.4%

Notes:

- (1) Resuccess holds the entire issued share capital of THTF ES and Tsinghua Tongfang holds the entire issued share capital of Resuccess. Therefore, each of Resuccess and Tsinghua Tongfang is deemed to be interested in all 1,348,360,690 Shares held by THTF ES.
- (2) Resuccess directly holds 4,604,000 Shares in the Company. Tsinghua Tongfang holds the entire issued share capital of Resuccess. Therefore, Tsinghua Tongfang is deemed to be interested in all Shares held by Resuccess.
- (3) Li Pak Wang Daniel holds the entire issued share capital of Vast Stone Limited and is therefore deemed to be interested in all 177,227,723 Shares held by Vast Stone Limited.

Save as disclosed above, as at 30 June 2017, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short position in the Shares and underlying Shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEMES

2006 Share Option Scheme

The 2006 Share Option Scheme was adopted by the Company pursuant to the Shareholders' resolutions passed on 20 November 2006 for the primary purpose of providing incentives to Directors and eligible employees. The 2006 Share Option Scheme became effective on 15 December 2006 and the options issued pursuant to the 2006 Share Option Scheme will expire no later than 10 years from the date of grant of the option. Under the 2006 Share Option Scheme, the Board may grant options to any employees of the Company or any of its subsidiaries to subscribe shares of the Company.

For any options granted to Directors, chief executives or substantial shareholders of the Company, options to be granted shall be approved by the independent non-executive Directors of the Company (excluding any independent non-executive Director who is the proposed grantee of options).

The number of shares issued and to be issued in respect of options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the total shares of the Company in issue at any point in time, without prior approval from the Company's Shareholders.

The amount payable on acceptance of an option is HK\$1.00. In relation to any options granted under the 2006 Share Option Scheme, the exercise price is determined by the Directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Upon the adoption of the 2016 Share Option Scheme on 13 May 2016, the 2006 Share Option Scheme has been terminated and no further share options can be granted under the 2006 Share Option Scheme.

As at the date of this interim report, a total of 33,000,000 Shares (representing 1.6% of the issued share capital of the Company as at the date of this interim report) may be issued upon exercise of all options which had been granted and yet to be exercised under the 2006 Share Option Scheme.

SHARE OPTION SCHEMES (Continued)**2006 Share Option Scheme** (Continued)

Details of the share options under the 2006 Share Option Scheme as at 30 June 2017 are set forth as below:

Category of participants	Date of grant	Exercise price per share (HK\$)	Outstanding	Granted during the Period	Exercise during the Period	Forfeited/	Outstanding as at 30 June 2017
			as at 1 January 2017			Lapsed during the Period	
Directors							
Mr. Seah Han Leong	15 May 2015	1.31	1,500,000	-	-	-	1,500,000
Mr. Wang Liang Hai	15 May 2015	1.31	1,500,000	-	-	-	1,500,000
Mr. Liu Wei Dong	15 May 2015	1.31	1,000,000	-	-	-	1,000,000
Mr. Fan, Ren Da Anthony	15 May 2015	1.31	600,000	-	-	-	600,000
Mr. Liu Tian Min	15 May 2015	1.31	600,000	-	-	-	600,000
Ms. Li Ming Qi	15 May 2015	1.31	600,000	-	-	-	600,000
Employees	15 May 2015	1.31	18,500,000	-	-	1,700,000	16,800,000

Notes:

- (1) Share options granted under the 2006 Share Option Scheme on 15 May 2015 vest in the relevant grantee in accordance with the timetable below with a 5-year exercise period.

Vesting date	Percentage of options to vest	Vesting condition
--------------	-------------------------------	-------------------

1 July 2016	50% of the total number of share options granted	The vesting of the share options shall be conditional upon the Company meeting its performance targets for the year of 2015
1 July 2017	50% of the total number of share options granted	The vesting of the share options shall be conditional upon the Company meeting its performance targets for the year of 2016

Save as disclosed above, no share option was granted, exercised, lapsed, or cancelled under the 2006 Share Option Scheme during the Period.

SHARE OPTION SCHEMES *(Continued)*

2016 Share Option Scheme

The Company has adopted the 2016 Share Option Scheme on 13 May 2016 to optimize eligible persons' future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain ongoing relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executive (as defined in the 2016 Share Option Scheme), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

Eligible persons include any of the following persons: (a) an Executive, any full time or part-time employee, or a person for the time being seconded to work full time or part-time for any member of the Group or of an Eligible Entity (as defined in the 2016 Share Option Scheme); (b) a director or proposed director (including an independent non-executive director) of any member of the Group or of an Eligible Entity; (c) a direct or indirect shareholder of any member of the Group; (d) a supplier of goods or services to any member of the Group or of an Eligible Entity; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group or of an Eligible Entity; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group or of an Eligible Entity; and (g) an associate of any of the foregoing persons.

The maximum number of shares which may be issued upon exercise of all options to be granted under the 2016 Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 193,931,969 Shares, representing approximately 10% of the issued share capital as at 13 May 2016, being the date of adoption of the 2016 Share Option Scheme and representing approximately 9.2% of the issued share capital as at the date of this report.

No option may be granted to any participant of the 2016 Share Option Scheme such that the total number of shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time.

SHARE OPTION SCHEMES *(Continued)***2016 Share Option Scheme** *(Continued)*

An option may be exercised in accordance with the terms of the 2016 Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. Participants of the 2016 Share Option Scheme are required to pay the Company HK\$1.0 upon acceptance of the grant on or before the 28 days after the offer date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

- (a) the nominal value of a share;
- (b) the closing price of a share as stated in the Stock Exchange's daily quotations sheets on the offer date; and
- (c) the average closing price of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date.

The 2016 Share Option Scheme shall be valid and effective for a period of 10 years from the adoption date, after which no further options will be granted or offered.

As at the date of this interim report, a total of 193,931,969 Shares (representing 9.2% of the issued share capital of the Company as at the date of this report) may be issued upon exercise of all options which may be granted under the 2016 Share Option Scheme.

Since the adoption of the 2016 Share Option Scheme, no share options have been granted.

SHARE OPTION SCHEMES *(Continued)*

Subsidiary Share Incentive Plan

On 2 April 2015, the Company adopted the Subsidiary Share Incentive Plan by Shareholders' approval in order to advance the interests of current and future stockholders of American Lighting, by enhancing American Lighting's ability to attract, retain and motivate persons who make (or are expected to make) important contributions to American Lighting by providing such persons with equity ownership opportunities and thereby better aligning the interests of such persons with those of the Company's stockholders. The Subsidiary Share Incentive Plan is valid for ten years after its adoption. The eligible persons include the employees, consultants, and directors of American Lighting or any parent or subsidiary of American Lighting.

Subject to adjustment under the Subsidiary Share Incentive Plan, awards may be made under the Subsidiary Share Incentive Plan covering up to 3,632 shares of common stock (all of which may, but need not, be granted as incentive stock options, subject to any limitations under the Internal Revenue Code of 1986), which is equal to 10% of the issued and outstanding shares of Common Stock on the date when the Subsidiary Share Incentive Plan is adopted and approved by the Shareholders. If any award expires or lapses or is terminated, surrendered or cancelled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of common stock subject to such award being repurchased by the Company at or below the original issuance price), in any case in a manner that results in any shares of common stock covered by such award not being issued or being so reacquired by the Company, the unused Common Stock covered by such award shall again be available for the grant of awards under the Subsidiary Share Incentive Plan.

The total number of shares of common stock issued and to be issued upon the exercise of options granted and to be granted to each Service Provider (as defined in the Subsidiary Share Incentive Plan) (including both exercised and outstanding options) in any period of twelve (12) consecutive months up to and including the date of grant shall not exceed 1% of shares of common stock in issue as at the date of grant. The Company may grant further options in excess of such limit set out in subject to approval by the Shareholders in general meeting in accordance with the Listing Rules, at which the Service Provider involved and its close associates (or the Service Provider's associates if the Service Provider is a connected person) shall be required to abstain from voting.

SHARE OPTION SCHEMES *(Continued)*

Subsidiary Share Incentive Plan *(Continued)*

The Administrator (as defined in the Subsidiary Share Incentive Plan) shall establish the exercise price of each Option and specify the exercise price in the applicable award agreement. The exercise price shall be not less than 100% of the Option Exercise Price, which means, as of any date, the price per share of common stock payable on the exercise of the option and determined as follows: (i) if the common stock is listed on any established stock exchange (including but not limited to) a National Securities Exchange (within the meaning of the Exchange Act); the Option Exercise Price shall be the greater of (A) the closing sales price for such common stock as quoted on such exchange on the date of grant of the option, or if no sale occurred on such date, the first market trading day immediately prior to such date during which a sale occurred; and (B) the average closing sales price for such common stock as quoted on such exchange for the five business days preceding the date of grant of option, or if no sale occurred on such date, the first market trading day immediately prior to such date during which a sale occurred, as the prices contemplated by the preceding clauses (A) and (B) are reported in The Wall Street Journal or such other source as the board of American Lighting deems reliable; (ii) if the common stock is not listed on a stock exchange but is quoted on a national market system or other quotation system, the Option Exercise Price shall be the last sales price for such common stock on the date of grant of the option, or if no sales occurred on such date, then on the date immediately prior to such date on which sales prices are reported, as reported in The Wall Street Journal or such other source as the board of American Lighting deems reliable; or (iii) in the absence of an established market for the common stock, the Option Exercise Price shall be determined by the board of American Lighting in its sole discretion.

Notwithstanding anything to the contrary herein, in the event that an award of options is made (a) on or after the date that American Lighting has resolved to seek the listing, or (b) during the six month period immediately preceding the date on which American Lighting files an application for Listing, and the Listing occurs concurrent with the offer and sale of the common stock, then the Option Exercise Price shall be the higher of (a) the offering price for the shares of common stock to be issued in connection with the listing, and (b) the exercise price in the applicable award agreement.

SHARE OPTION SCHEMES (Continued)**Subsidiary Share Incentive Plan** (Continued)

Details of the share options under the Subsidiary Share Incentive Plan as at 30 June 2017 are set forth as below:

Category of participants	Date of grant	Exercise price per share (HK\$)	Outstanding	Granted during the Period	Exercise during the Period	Forfeited/	Outstanding as at 30 June 2017
			as at 1 January 2017			Lapsed during the Period	
Director							
Mr. Seah Han Leong	30 June 2015	330	363	-	-	-	363
Employees	30 June 2015	330	1,868	-	-	-	1,868

Notes:

- (1) The Stock Options granted have an exercisable term of 10 years and vest as follows: (i) thirty percent (30%) of the total number of shares subject to the Stock Options vest and become exercisable on the first (1st) anniversary of 30 June 2015 (the "Vesting Commencement Date"); (ii) an additional thirty percent (30%) of the total number of shares subject to the Stock Options vest and become exercisable on the second (2nd) anniversary of the Vesting Commencement Date; and (iii) the remaining unvested forty percent (40%) of the total number of shares subject to the Stock Options vest (and, as a result, the Stock Options become fully vested) on the third (3rd) anniversary of the Vesting Commencement Date; provided in each case that the Grantee continues to provide services to the Company, American Lighting or Tivoli, LLC ("Tivoli"), as the case may be, as of each such vesting date and that the board of directors of American Lighting has determined in its sole discretion that performance criteria, if any, that has been specified by the board of directors and agreed to by the Grantee, has been satisfied.

Save as disclosed above, no share option under the Subsidiary Share Incentive Plan was granted, exercised, lapsed, or cancelled during the Period.

CHANGES IN INFORMATION OF DIRECTORS

During the Period and up to the date of this report, Mr. Fan Ren Da, Anthony, an independent non-executive director of the Company, has retired as independent non-executive director of LT Commercial Real Estate Limited (stock code: 112) with effect from 30 June 2017 and Guodian Technology & Environment Group Corporation Limited (stock code:1296) with effect from 8 August 2017, both of which are listed on the Main Board of the Stock Exchange.

Save as disclosed above, the Directors of the Company are not aware of any other information in respect of the Directors which is required to be disclosed pursuant to Rule13.51B(1) of the Listing Rules.

INDEPENDENT REVIEW REPORT



Review report to the board of directors of Neo-Neon Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 25 to 45 which comprises the consolidated statement of financial position of Neo-Neon Holdings Limited as of 30 June 2017 and the related consolidated statement of comprehensive income, statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

INDEPENDENT REVIEW REPORT *(Continued)*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2017 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, Interim financial reporting.

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

21 August 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017 – unaudited

(Expressed in Renminbi (“RMB”))

		Six months ended	
		30 June	30 June
		2017	2016
	<i>Note</i>	RMB'000	<i>RMB'000</i>
Revenue	3	322,054	286,907
Cost of goods sold		(219,973)	(196,888)
Gross profit		102,081	90,019
Other income		8,679	2,738
Other gains and losses	4	105,582	15,607
Other expenses		(462)	(255)
Distribution and selling expenses		(41,736)	(43,407)
Administrative expenses		(54,172)	(51,276)
Finance costs		(1,636)	(1,625)
Profit before taxation	5	118,336	11,801
Income tax	6	(6,423)	(3,899)
Profit for the period		111,913	7,902
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements, net of nil tax		(27,544)	13,031
– Available-for-sale securities: net movement in fair value reserve		(7,496)	–
Total comprehensive income for the period		76,873	20,933

The notes on pages 32 to 45 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June 2017 – unaudited
(Expressed in RMB)

		Six months ended	
		30 June	30 June
		2017	2016
	<i>Note</i>	RMB'000	<i>RMB'000</i>
Profit/(loss) for the period attributable to			
– owners of the Company		111,915	7,929
– non-controlling interests		(2)	(27)
		111,913	7,902
Total comprehensive income for the period attributable to			
– owners of the Company		77,011	20,901
– non-controlling interests		(138)	32
		76,873	20,933
		RMB cents	<i>RMB cents</i>
Earnings per share			
Basic and diluted	7	5.3	0.4

The notes on pages 32 to 45 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017 – unaudited
(Expressed in RMB)

	Note	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Non-current assets			
Investment properties		14,700	14,700
Property, plant and equipment		134,950	151,213
Prepaid lease payments		31,396	31,863
Goodwill	8	128,169	8,663
Intangible assets	16(b)	37,429	29,840
Available-for-sale investments	9	341,829	3,639
Financial asset at fair value through profit or loss		108,160	108,152
Deferred tax assets		6,257	7,063
		802,890	355,133
Current assets			
Inventories		197,063	184,316
Trade and other receivables	10	226,834	178,930
Tax reserve certificates		30,512	22,765
Restricted bank deposits		39,302	27,667
Cash and cash equivalents		561,702	647,356
		1,055,413	1,061,034
Assets held for sale	11	–	105,275
		1,055,413	1,166,309

The notes on pages 32 to 45 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 30 June 2017 – unaudited

(Expressed in RMB)

	Note	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Current liabilities			
Trade and other payables	12	166,049	163,546
Taxation payable		2,871	10,068
Bank borrowings		208,874	110,967
		377,794	284,581
Liabilities held for sale	11	–	11,195
		377,794	295,776
Net current assets		677,619	870,533
Total assets less current liabilities		1,480,509	1,225,666
Non-current liabilities			
Government grants		7,475	12,765
Deferred tax liabilities		3,449	2,950
		10,924	15,715
Net assets		1,469,585	1,209,951
Capital and reserves			
Share capital	13	187,460	171,808
Reserves		1,281,482	1,037,362
Equity attributable to owners of the Company		1,468,942	1,209,170
Non-controlling interests		643	781
Total equity		1,469,585	1,209,951

The notes on pages 32 to 45 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

For the six months ended 30 June 2017

(Expressed in RMB)

	Attributable to owners of the Company											Non-controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Special reserve	Share compensation reserve	Share options reserve	Translation reserve	Other reserve	Accumulated losses	Total			
	RMB'000	RMB'000	(note (i)) RMB'000	(note (ii)) RMB'000	(note (iii)) RMB'000	RMB'000	RMB'000	(note (iv)) RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2016	171,897	2,264,928	255	55,238	50,024	3,671	(258,747)	(8,220)	(1,116,436)	1,162,610	874	1,163,484	
Changes in equity for the six months ended 30 June 2016:													
Profit for the period	-	-	-	-	-	-	-	-	7,929	7,929	(27)	7,902	
Other comprehensive income	-	-	-	-	-	-	12,972	-	-	12,972	59	13,031	
Total comprehensive income	-	-	-	-	-	-	12,972	-	7,929	20,901	32	20,933	
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(198)	-	(198)	(182)	(380)	
Recognition of equity-settled share based payments	-	-	-	-	-	1,700	-	-	-	1,700	-	1,700	
	-	-	-	-	-	1,700	-	(198)	-	1,502	(182)	1,320	
At 30 June 2016	171,897	2,264,928	255	55,238	50,024	5,371	(245,775)	(8,418)	(1,108,507)	1,185,013	724	1,185,737	

	Attributable to owners of the Company											Non-controlling interests	Total equity	
	Share capital	Share premium	Capital redemption reserve	Special reserve	Share compensation reserve	Share options reserve	Translation reserve	Fair value reserve	Other reserve	Accumulated losses	Total			
	RMB'000	RMB'000	(note (i)) RMB'000	(note (ii)) RMB'000	(note (iii)) RMB'000	RMB'000	RMB'000	(note (iv)) RMB'000	(note (v)) RMB'000	RMB'000	RMB'000			RMB'000
At 1 January 2017	171,808	2,264,017	344	55,238	50,024	6,389	(225,574)	-	(8,418)	(1,104,658)	1,209,170	781	1,209,951	
Changes in equity for the six months ended 30 June 2017:														
Profit for the period	-	-	-	-	-	-	-	-	111,915	111,915	(2)	111,913		
Other comprehensive income	-	-	-	-	-	-	(27,408)	(7,496)	-	(34,904)	(136)	(35,040)		
Total comprehensive income	-	-	-	-	-	-	(27,408)	(7,496)	111,915	77,011	(138)	76,873		
Issue of shares (note 13(a))	15,670	166,098	-	-	-	-	-	-	-	-	181,768	-	181,768	
Share repurchased and cancelled	(18)	(205)	18	-	-	-	-	-	-	(205)	-	(205)		
Recognition of equity-settled share based payments	-	-	-	-	-	1,198	-	-	-	-	1,198	-	1,198	
	15,652	165,893	18	-	-	1,198	-	-	-	-	182,761	-	182,761	
At 30 June 2017	187,460	2,429,910	362	55,238	50,024	7,587	(252,982)	(7,496)	(8,418)	(992,743)	1,468,942	643	1,469,585	

The notes on pages 32 to 45 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

(Continued)

For the six months ended 30 June 2017

(Expressed in RMB)

Notes:

- (i) Capital redemption reserve represents the amount by which the issued share capital of the Company is diminished through the repurchase of shares.
- (ii) The special reserve represents the differences between the nominal amount of the shares issued by the Company and the Group's former holding company and the aggregate amount of share capital and share premium of the subsidiaries acquired pursuant to a corporate reorganisation in 1996 and a group reorganisation in preparation for the listing of the Company's shares in 2006.
- (iii) Share compensation reserve represents the difference of fair value of certain THTF Lighting's shares (the "Shares") transferred to the Group's certain senior management by the Company's shareholders and the consideration paid by the senior management in obtaining the Shares in 2004.
- (iv) Fair value reserve represents the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.
- (v) Other reserve represents the difference between the consideration paid for acquiring additional interests in subsidiaries of the Company and the amount of interests acquired.

The notes on pages 32 to 45 form part of these financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

For the six months ended 30 June 2017
(Expressed in RMB)

		Six months ended	
		30 June	30 June
		2017	2016
	<i>Note</i>	RMB'000	RMB'000
Operating activities			
Cash used in operations		(100,714)	(31,577)
Tax paid		(8,565)	(6,085)
		<hr/>	<hr/>
Net cash used in operating activities		(109,279)	(37,662)
Investing activities			
Disposal of subsidiaries, net of cash and cash equivalents disposed of	11	251,668	–
Acquisition of a subsidiary, net of cash and cash equivalents acquired	16	40,768	–
Purchase of available-for-sale investment		(348,600)	–
Other cash flows arising from investing activities		(4,691)	(8,655)
		<hr/>	<hr/>
Net cash used in investing activities		(60,855)	(8,655)
Financing activities			
Proceeds from new bank loans		108,968	16,641
Other cash flows arising from financing activities		(12,697)	(7,918)
		<hr/>	<hr/>
Net cash generated from financing activities		96,271	8,723
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(73,863)	(37,594)
Cash and cash equivalents at 1 January		647,356	615,663
Effect of foreign exchange rates changes		(11,791)	11,771
		<hr/>	<hr/>
Cash and cash equivalents at 30 June		561,702	589,840
		<hr/>	<hr/>

The notes on pages 32 to 45 form part of these financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2017

(Expressed in RMB unless otherwise indicated)

1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 21 August 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included in the interim financial report.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of Neo-Neon Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”). None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

A number of amendments and new standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2017

3. REVENUE AND SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance by divisions, which are organised by a mixture of both business lines (products and services) and geography. Specifically, the Group's reportable segments under HKFRS 8 are as follows:

People's Republic of China ("PRC") lighting segment	–	research and development, manufacture of lighting products in PRC and distribution of lighting products in PRC and overseas
United States of America ("USA") lighting segment	–	distribution and providing solutions of lighting products in the USA.
Securities segment	–	asset management services, investment advisory services and securities trading

During the six months ended 30 June 2017, the chief operating decision maker of the Group changed the structure of internal reports they review regularly in allocating resources to segments and in assessing their performance as a result of the acquisition of Tongfang Securities Limited ("Tongfang Securities", formerly known as "Buttonwood Finance Limited") (see note 16). Accordingly, the Group has restated the operating segment information for the six months ended 30 June 2016.

Revenue represents the fair value of the consideration received and receivable for goods sold and services provided by the Group to external customers during the period.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

For the six months ended 30 June 2017

3. REVENUE AND SEGMENT INFORMATION (Continued)**(a) Information about profit or loss, assets and liabilities**

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

For the six months ended	PRC lighting segment		USA lighting segment		Securities segment		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	96,079	129,448	215,207	157,459	10,768	–	322,054	286,907
Inter-segment revenue	7,449	17,240	–	–	–	–	7,449	17,240
Reportable segment revenue	103,528	146,688	215,207	157,459	10,768	–	329,503	304,147
Reportable segment profit	111,602	14,399	14,526	15,060	3,341	–	129,469	29,459
<i>As at 30 June/ 31 December</i>								
Reportable segment assets	961,672	775,216	261,748	263,805	489,474	–	1,712,894	1,039,021
Reportable segment liabilities	292,888	211,883	91,102	99,608	4,728	–	388,718	311,491

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

For the six months ended 30 June 2017

3. REVENUE AND SEGMENT INFORMATION (Continued)**(b) Reconciliations of reportable segment profit or loss**

	Six months ended	
	30 June 2017 RMB'000	30 June 2016 RMB'000
Reportable segment profit derived from Group's external customers	129,469	29,459
Unallocated expenses	(8,915)	(12,432)
Unallocated other gains and losses	(582)	(3,601)
Finance costs	(1,636)	(1,625)
Profit before taxation	118,336	11,801

Segment profit represents the profit incurred by each segment without allocation of unallocated expenses, certain other gains or losses and expenses and finance costs. This is the measure reported to the board of directors of the Company for the purposes of resource allocation and performance assessment.

4. OTHER GAINS AND LOSSES

	Six months ended	
	30 June 2017 RMB'000	30 June 2016 RMB'000
Gain on disposal of subsidiaries (note 11)	110,649	–
Gain on disposal of property, plant and equipment	432	1,196
(Net allowance)/net reversal of allowance for bad and doubtful debts	(352)	3,665
Net exchange (loss)/gain	(5,178)	8,481
Others	31	2,265
	105,582	15,607

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

For the six months ended 30 June 2017

5. PROFIT BEFORE TAXATION

	Six months ended	
	30 June 2017 RMB'000	30 June 2016 RMB'000
Profit before taxation has been arrived at after charging/(crediting):		
(a) Finance costs		
Interest on bank borrowings	1,636	1,625
(b) Other items		
Depreciation	9,471	15,150
Amortisation		
– prepaid lease payment	405	498
– intangible assets	3,036	1,447
Research and development costs (other than amortisation)	462	255
Operating lease rentals in respect of rented premises	4,163	3,740
Interest income from bank deposits	(1,291)	(1,125)
Property rental income before deduction of negligible outgoings	(1,809)	(811)

6. TAXATION

	Six months ended	
	30 June 2017 RMB'000	30 June 2016 RMB'000
Taxation in the consolidated statement of comprehensive income represents:		
Provision for the period	6,745	4,154
Deferred taxation	(322)	(255)
	6,423	3,899

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

For the six months ended 30 June 2017

7. EARNINGS PER SHARE

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

	Six months ended	
	30 June 2017 RMB'000	30 June 2016 RMB'000
Profits attributable to owners of the Company	111,915	7,929

Weighted average number of ordinary shares:

	Number of shares	
	Six months ended	
	30 June 2017 '000	30 June 2016 '000
Issued ordinary shares at 1 January	1,938,320	1,939,320
Effect of shares repurchased (note 13(a))	(191)	–
Effect of issuance of new shares (note 13(a))	158,520	–
Weighted average number of ordinary shares at 30 June	2,096,649	1,939,320

The equity-settled share options were not included in the calculation of diluted earnings per share because they are anti-dilutive for the six months ended 30 June 2017 and 2016.

8. GOODWILL

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Balance at beginning of the period/year	8,663	8,109
Additions (note 16)	121,948	–
Currency realignment	(2,442)	554
At the end of the period/year	128,169	8,663

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

For the six months ended 30 June 2017

8. GOODWILL (Continued)

Goodwill is allocated to the Group's cash-generating units identified according to operating segment as follows:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
USA lighting segment	8,460	8,663
Securities segment	119,709	–
At the end of the period/year	128,169	8,663

9. AVAILABLE-FOR-SALE INVESTMENTS

On 16 June 2017, Tongfang Securities, a wholly-owned subsidiary of the Company, entered into a discretionary client agreement with Hai Tong Asset Management (HK) Limited ("Investment Manager"), pursuant to which the Investment Manager has agreed to subscribe for 374,448.04 HKD Class R1A Shares in the Haitong Freedom Multi-Tranche Bond Fund (the "Fund") for and on behalf of Tongfang Securities at the consideration of HK\$400,000,000 (equivalent to approximately RMB348,600,000) (the "Investment Amount").

The Fund will invest all or substantially all of its assets, to the extent not retained in cash to meet operating expenses, in the shares of the Haitong Freedom Multi-Tranche Master Bond Fund (the "Master Fund"). The Master Fund will primarily invest in fixed income securities such as government, corporate or convertible bonds, private placement debt, notes linked to fixed income instruments or preferred shares, other bond funds, money market funds or cash. The Master Fund may invest in debt securities that are rated below investment grade or which are unrated by any relevant agency.

At 30 June 2017, the above investments were classified as available-for-sale with a fair value of RMB338,190,000 that are held for long-term purposes.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2017

9. AVAILABLE-FOR-SALE INVESTMENTS *(Continued)*

The fair value of the Group's available-for-sale investments is measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

At as 30 June 2017, the fair value of the Group's available-for-sale investments are categorised into Level 2, which have been arrived by the directors on the basis of a valuation carried out on that date by the Investment Manager of the Fund. The valuation was made with reference to recent transaction price of the Fund, which is an observable input in the market.

During the six months ended 30 June 2017 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Trade receivables	187,804	149,141
Bills receivables	10,461	11,815
Less: allowance for bad and doubtful debts	(47,802)	(47,450)
	150,463	113,506
Deposits paid to suppliers	24,094	21,079
Other receivables	52,277	44,345
	226,834	178,930

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

For the six months ended 30 June 2017

10. TRADE AND OTHER RECEIVABLES (Continued)

The following is an ageing analysis of trade and bills receivables presented based on the invoice dates (or date of revenue recognition, if earlier) and net of allowance for doubtful debts:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
0 to 60 days	77,301	72,292
61 to 90 days	30,275	12,828
91 to 180 days	25,427	10,473
Over 180 days	17,460	17,913
	150,463	113,506

11. ASSETS AND LIABILITIES HELD FOR SALE/DISPOSAL OF SUBSIDIARIES

On 31 October 2016, the Group entered into three equity transfer agreements with a fellow subsidiary of the Group, Tongfang Science and Technology Park Co., Ltd (“Tongfang Technology Park”), to dispose all its 100% equity interest in three subsidiaries, namely Yangzhou Tongfang Semiconductors Co. Ltd (“Yangzhou Tongfang”), Shanghai Cuiheng Photoelectricity Science and Technology Co., Ltd (“Shanghai Cuiheng”) and Tianjin Zhenmingli Photoelectricity Co., Ltd (“Tianjin Zhenmingli”) (collectively the “Disposal Group”) at a consideration of RMB251,668,000.

At 31 December 2016, the Disposal Group was available for immediate sale in its present condition. The above transactions were completed in February 2017, resulting in a gain of RMB110,649,000 which was mainly due to the appreciation of the land use rights owned by the Disposal Group and has been recorded in the PRC lighting segment. Management are of the view that the Disposal Group do not constitute a separate major line of business, and accordingly do not meet the criteria of discontinued operations. The related assets and liabilities of the Disposal Group have been reclassified as disposal group held for sale and presented separately in the consolidated statements of financial position as at 31 December 2016.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

For the six months ended 30 June 2017

12. TRADE AND OTHER PAYABLES

	At 30 June 2017 RMB'000	At 31 December 2016 <i>RMB'000</i>
Trade payables	93,219	71,613
Bills payables	9,935	21,935
Payroll and welfare payables	3,687	9,808
Other payables	37,918	42,680
Financial liabilities measured at amortised cost	144,759	146,036
Customers' deposits	17,323	13,433
Other taxes payable	3,967	4,077
	166,049	163,546

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

	At 30 June 2017 RMB'000	At 31 December 2016 <i>RMB'000</i>
0 to 60 days	68,718	58,926
61 to 90 days	4,532	4,236
91 to 180 days	4,019	873
Over 180 days	25,885	29,513
	103,154	93,548

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

For the six months ended 30 June 2017

13. CAPITAL, RESERVES AND DIVIDENDS**(a) Share capital**

	Authorized		Issued and fully paid	
	Number of shares	Amount RMB'000	Number of shares	Amount RMB'000
Ordinary shares of nominal value HK\$0.10 each				
– at 31 December 2016	5,000,000,000	520,000	1,938,319,694	171,808
– Issuance of new shares (note 16(a))	–	–	177,227,723	15,670
– Share repurchased and cancelled (note)	–	–	(200,000)	(18)
– at 30 June 2017	<u>5,000,000,000</u>	<u>520,000</u>	<u>2,115,347,417</u>	<u>187,460</u>

Note: During the six months ended 30 June 2017, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid HK\$'000
January 2017	200,000	1.15	1.12	230

The total amount paid on the repurchased shares of HK\$230,000 (equivalent to approximately RMB205,000) was paid wholly out of capital. The total repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by HK\$20,000 (equivalent to approximately RMB18,000).

(b) Dividends

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2017 and 2016.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

For the six months ended 30 June 2017

14. CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2017 not provided for in the interim financial statements were as follows:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Acquisition of property, plant and equipment	2,999	1,773

15. MATERIAL RELATED PARTY TRANSACTIONS**(a) Transactions with the controlling shareholder and its subsidiaries**

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of products	1,612	4,128
Consideration received from disposal of subsidiaries (note 11)	251,668	–

(b) Key management personnel remuneration

The Company's directors represented the Group's key management and their emoluments for the six months ended 30 June 2017 and 2016 are RMB855,000 and RMB940,000, respectively.

(c) Transactions with other state-controlled entities in the PRC

The controlling shareholder of the Company, Tsinghua Tongfang Co., Ltd. ("Tsinghua Tongfang") is a state-controlled enterprise controlled by the PRC government. Apart from transactions with Tsinghua Tongfang and its subsidiaries which were disclosed in note 15 above, the Group also has transactions with other state-controlled entities, included but not limited to the following:

- sales of products and provision of services;
- purchase of materials; and
- bank deposits and borrowings.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

For the six months ended 30 June 2017

16. ACQUISITION OF A SUBSIDIARY

On 20 January 2017, the Group acquired the entire issued share capital of Tongfang Securities. Following the completion of the acquisition, Tongfang Securities has become a wholly-owned subsidiary of the Company and the company name of Tongfang Securities is changed from "Buttonwood Finance Limited" to "Tongfang Securities Limited".

From 20 January 2017 to 30 June 2017, Tongfang Securities contributed revenue of RMB10,768,000 and profit of RMB3,341,000 to the Group's results. If the acquisition had occurred on 1 January 2017, management estimates that consolidated revenue of the Group would have been RMB322,712,000, and consolidated profit for the year would have been RMB118,568,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2017.

(a) Consideration transferred

On 20 January 2017, an aggregate of 177,227,723 new ordinary shares were issued (note 13(a)) as the consideration for the acquisition of Tongfang Securities.

The fair value of the ordinary shares issued was HK\$205,584,000 (equivalent to approximately RMB181,768,000) which was based on the listed share price of the Company on 20 January 2017 of HK\$1.16 per share.

(b) Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	RMB'000
Intangible assets (<i>note</i>)	10,610
Property, plant and equipment	3,016
Cash and cash equivalents	40,768
Other current assets	28,734
Deferred tax liabilities	(1,751)
Trade and other payable	(21,557)
	<hr/>
Total identifiable net assets acquired	<u>59,820</u>

Note: The intangible assets represent the fair value of licenses owned by Tongfang Securities and contributed to an increase in intangible assets of the Group during the six months ended 30 June 2017.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2017

16. ACQUISITION OF A SUBSIDIARY *(Continued)***(b) Identifiable assets acquired and liabilities assumed** *(Continued)****Fair values measured on a provisional basis***

The fair value of Tongfang Securities' identifiable assets acquired and liabilities assumed has been measured provisionally, pending completion of an independent valuation.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

(c) Goodwill

Goodwill arising from the acquisition has been recognised as follows.

	<i>RMB'000</i>
Consideration transferred	181,768
Fair value of identifiable net assets	<u>(59,820)</u>
Goodwill	<u>121,948</u>

The goodwill is attributable mainly to the skills and technical talent of Tongfang Securities' work force. None of the goodwill recognised is expected to be deductible for tax purposes.

17. COMPARATIVE FIGURES

As a result of the change of the Group's reportable segments (note 3), certain comparative figures have been adjusted to conform to current period's presentation.

DEFINITIONS

In this interim report, the following expressions shall have the following meanings unless the context requires otherwise:

“2006 Share Option Scheme”	the share option scheme adopted by the Company on 20 November 2006, the principal terms of which are summarized under Appendix VII of the prospectus of the Company dated 4 December 2006
“2016 Share Option Scheme”	the share option scheme adopted by the Company on at the annual general meeting on 13 May 2016
“American Lighting”	means American Lighting, Inc., a Delaware corporation and an indirectly wholly-owned subsidiary of the Company
“Articles of Association” or “Articles”	the articles of association of the Company adopted by the written resolution of the Shareholders on 20 November 2006 and as amended, supplemented and otherwise modified from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“Business Day” or “business day”	a day on which banks in Hong Kong and Cayman Islands are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong or Cayman Islands
“BVI”	British Virgin Islands
“China” or “PRC”	the People’s Republic of China, excluding for the purpose of this interim report, Hong Kong, Macau and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time

DEFINITIONS *(Continued)*

“Company”	means Neo-Neon Holdings Limited (stock code: 1868), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, and part of shares of which are listed on the Taiwan Stock Exchange as depositary receipts
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholders”	has the meaning ascribed thereto in the Listing Rules
“Corporate Governance Code”	code on corporate governance practices contained in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$” and “HK cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	individual(s) or company(ies) who is/are not connected with (within the meaning of the Listing Rules) any of the Company, Directors, chief executive or substantial shareholders of the Company, our subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Model Code”	the model code for securities transactions by directors of listed issuers as set out in Appendix 10 of the Listing Rules
“Period”	the six months ended 30 June 2017
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS *(Continued)*

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Share(s)”	means share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Share Incentive Plan”	means American Lighting’s share incentive plan adopted by the Shareholders on 2 April 2015
“subsidiary(ies)”	has the meaning ascribed to it in sections 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“THTF ES”	THTF Energy Saving Holdings Limited, a substantial shareholder of the Company
“Tsinghua Tongfang”	同方股份有限公司 (Tsinghua Tongfang Co., Ltd*), a joint stock limited company incorporated in the PRC, whose shares are listed and traded on the Shanghai Stock Exchange (stock code: 600100)
“%”	per cent.
“*”	<i>For identification only</i>