

Neo-Neon[®]

NEO-NEON HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)
Stock Code: 1868.HK; 911868.TDR



2019

INTERIM REPORT



10:05

www.neo-neon.com

CONTENTS

Page(s)

Corporate Information	2
Management Discussion and Analysis	4
Corporate Governance and Other Information	11
Report on Review of Condensed Consolidated Financial Statements	24
Interim Condensed Consolidated Statement of Profit or Loss	26
Interim Condensed Consolidated Statement of Comprehensive Income	27
Interim Condensed Consolidated Statement of Financial Position	28
Interim Condensed Consolidated Statement of Changes in Equity	30
Interim Condensed Consolidated Statement of Cash Flows	31
Notes to Interim Condensed Consolidated Financial Information	32
Definitions	70

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Seah Han Leong
Mr. Daniel P.W. Li

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. Daniel P.W. Li
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 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

Ernst & Young
22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

**LAWYER AS TO HONG KONG
LAWS**

Luk & Partners
in Association with Morgan, Lewis & Bockius
Suites 1902-09,
19th Floor,
Edinburgh Tower,
The Landmark,
15 Queen's Road Central,
Hong Kong

PRINCIPAL BANKS

China Construction Bank Guangdong Branch,
HeShan Sub-branch
Taishin International Bank, Hong Kong Branch
China Everbright Bank,
Jiangmen Branch
Guangdong Heshan Rural Commercial Bank
Company Limited

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 ended 30 June 2019 was approximately RMB372.6 million, representing an increase of approximately 12.3% as compared to approximately RMB331.8 million for the six months ended 30 June 2018. For further details, please refer to the below.

Lighting Segment

The revenue attributable to the lighting segment (research and development, manufacturing of lighting products and distribution and providing solutions of lighting products) for the Period was approximately RMB353.9 million, which represented an increase of approximately RMB59.7 million as compared to approximately RMB294.2 million for the six months ended 30 June 2018. Such increase was mainly attributable to the increased revenue of approximately RMB19.9 million, approximately RMB43.6 million and approximately RMB15.2 million from Novelty, American Lighting and Tivoli respectively, and the decreased revenue of approximately RMB22.2 million from the PRC lighting segment.

Securities Segment

During the Period, the revenue attributable to the securities segment was approximately RMB18.7 million, representing a decrease of approximately 50.3% as compared to approximately RMB37.6 million for the six months ended 30 June 2018. Such decrease was mainly attributable to the decreased revenue from agency services and others.

Cost of goods sold

For the Period, the cost of goods sold was approximately RMB244.3 million, representing an increase of approximately RMB44.4 million over approximately RMB199.9 million for the six months ended 30 June 2018 primarily due to the increase in material costs and labour costs.

Gross profit and gross profit margin

For the Period, the Group recorded a gross profit of approximately RMB128.3 million, representing a decrease of RMB3.6 million over the gross profit of approximately RMB131.9 million for the six months ended 30 June 2018.

FINANCIAL REVIEW *(Continued)*

Gross profit and gross profit margin *(Continued)*

Lighting Segment

For the Period, the Group recorded a gross profit of approximately RMB109.6 million for the lighting segment, representing an increase of approximately RMB15.3 million or 16.2% over approximately RMB94.3 million for the six months ended 30 June 2018 primarily due to the increased sales from the USA lighting segment.

For the Period, the Group recorded a gross profit margin of approximately 31.0% for the lighting segment, representing a decrease of 1.1 percentage points over a gross profit margin of approximately 32.1% for the six months end 30 June 2018 because of the decreased gross profit margin for the PRC lighting segment.

Securities Segment

For the Period, the Group recorded a gross profit of approximately RMB18.7 million for the securities segment.

Other gains, losses and expenses

For the Period, the Group recorded other losses of approximately RMB32.5 million, representing an increase of approximately RMB7.2 million over the other gains of RMB25.3 million for the six months end 30 June 2018, mainly due to the net gain of approximately RMB27.6 million resulting from the fair value gains of financial assets at FVTPL.

Impairment loss of property, plant and equipment

For the Period, the amount of impairment losses recognized in respect of property, plant and equipment was nil (30 June 2018: nil).

Operating expenses

For the Period, total operating expenses were approximately RMB149.8 million, representing an increase of approximately RMB40.3 million over approximately RMB109.5 million for the six months ended 30 June 2018, mainly attributable to the acquisition of Novelty, the new DIY sales team and the promotion of the new brand for the USA lighting segment.

Finance costs

The finance costs for the Period was approximately RMB14.0 million, representing an increase of RMB9.2 million over RMB4.8 million for the six months ended 30 June 2018, mainly due to the interest of the loan from the ultimate holding company of approximately RMB350 million for payment for the land grant fee of Tongfang Science and Technology City* (同方科技城) in December 2018.

FINANCIAL REVIEW *(Continued)*

Taxation

For the Period, the Group's tax charge of RMB2.6 million (30 June 2018: tax charge of RMB2.3 million) mainly included tax provision for the year of 2019 of approximately RMB3.7 million and deferred tax credit of approximately RMB1.1 million.

Profit attributable to owners of the Company

For the Period, the Group recorded a profit attributable to owners of the Company of RMB11.8 million, representing a decrease over RMB36.8 million for the six months ended 30 June 2018, primarily due to the decrease in foreign exchange by approximately RMB19 million and the increased finance cost of approximately RMB9.2 million due to loans granted by the ultimate holding company. Such profit was mainly derived from profit of the USA lighting segment.

Financial Resources and Liquidity and Gearing Ratio

The Group maintained a stable financial position. As at 30 June 2019, the Group had bank balances of RMB211.9 million and short-term bank loans of RMB216.3 million. The gearing ratio representing the ratio of total debt to total equity of the Group was 32.7% as at 30 June 2019 (31 December 2018: 33.8%). Such slight decrease was mainly caused by the decrease in interest-bearing bank borrowings of approximately RMB11.1 million.

Cash flows

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

The Group recorded (1) cash outflow from operating activities of approximately RMB45.5 million for the Period (the six months ended 30 June 2018: cash outflow of RMB89.8 million), (2) cash inflow from investing activities of approximately RMB23.0 million for the Period (the six months ended 30 June 2018: cash outflow of approximately RMB141.7 million), and (3) cash outflow from financing activities of approximately RMB29.1 million for Period (the six months ended 30 June 2018: cash inflow of approximately RMB273.9 million).

The above decrease in cash outflow from operating activities was mainly attributable to the decrease in cash used in operations of approximately RMB32.6 million and the increase in interest income received from money lending business of approximately RMB13.9 million.

FINANCIAL REVIEW *(Continued)*

Cash flows *(Continued)*

The above increase in cash inflow from investing activities was mainly attributable to the decrease in the cash outflow of other cash flows arising from investing activities of approximately RMB27.9 million, and the decrease in the cash outflow of purchase of financial assets at fair value through profit or loss of approximately RMB377.5 million, and cash inflow of proceeds from disposal of financial assets at fair value through profit or loss of approximately RMB519.6 million.

The above decrease in cash inflow from financing activities was mainly attributable to the decrease in the new bank loans of approximately RMB212.9 million, and the increase in the repayment of bank loans of approximately RMB78.9 million.

Assets and liabilities

As at 30 June 2019, the Group recorded the total assets of approximately RMB2,570.0 million (31 December 2018: RMB2,517.9 million) and total liabilities of approximately RMB839.9 million (31 December 2018: RMB811.1 million).

As at 30 June 2019, the Group's current assets and non-current assets were approximately RMB1,267.4 million (31 December 2018: RMB1,217.0 million) and approximately RMB1,302.6 million (31 December 2018: RMB1,300.9 million), respectively. The increase in current assets was mainly attributable to the increase in inventories of approximately RMB31.8 million (including the increased inventories of approximately RMB19.6 million and approximately RMB8.8 million for Novelty and the PRC lighting segment respectively), trade and bills receivables of approximately RMB29.5 million, and financial assets at fair value through profit or loss of approximately RMB15.2 million.

As at 30 June 2019, the Group's current liabilities and long-term liabilities were approximately RMB430.0 million (31 December 2018: RMB402.9 million) and approximately RMB410.0 million (31 December 2018: RMB408.3 million), respectively. There was no obvious movement for Group's liabilities during the period.

Foreign Currency Risk

Several subsidiaries of the Company have sales and purchases denominated in currencies other than the functional currency of the 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 exposure should the need arise.

FINANCIAL REVIEW *(Continued)*

Charge on Assets

As at 30 June 2019, the Group pledged certain of its land and buildings with an aggregate carrying value of approximately RMB45.3 million, and a valuation of approximately RMB111.9 million (31 December 2018: nil). The Group pledged certain of its trade receivables and inventories with an aggregate carrying value of approximately RMB134.6 million (31 December 2018: RMB135.4 million), and also bank deposits of aggregate carrying value of RMB34.4 million (31 December 2018: RMB34.3 million) to secure bank credit facilities granted to the Group.

Capital Commitments

As at 30 June 2019, 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 RMB0.8 million (31 December 2018: RMB4.4 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 2019, the issued share capital of the Company was RMB185,675,667 (equivalent to approximately HK\$209,450,542) (31 December 2018: RMB185,675,667 (equivalent to HK\$209,450,542)), divided into 2,094,505,417 ordinary shares of HK\$0.10 each. No movement in share capital was noted during the period.

Advance to an Entity

On 6 April 2018, Tongfang Finance Limited, a wholly-owned subsidiary of the Company, had agreed to advance an aggregate of secured loans of HK\$269,102,000 to Mr. Wang Li Feng as the borrower (the "Borrower") by way of (i) an acquisition of bonds (the "Bonds") issued by the Borrower at a consideration of HK\$185,450,000; and (ii) a provision of a secured loan in cash of HK\$83,652,000 at an interest rate of 8% per annum under a loan agreement (the "Loan Agreement") dated 6 April 2018 and entered into between Tongfang Finance Limited and the Borrower. On 6 April 2018, Tongfang Finance Limited had also entered into a supplemental agreement (the "Supplemental Agreement") with the Borrower to amend certain terms of the Bonds. The transactions contemplated under the Bonds as amended by the Supplemental Agreement and the Loan Agreement constitute an advance to an entity by the Company under Rule 13.13 of the Listing Rules and details of the relevant interest rates, repayment terms and collaterals are disclosed in the announcement of the Company dated 6 April 2018.

FINANCIAL REVIEW *(Continued)*

Advance to an Entity *(Continued)*

As at 30 June 2019, the circumstances giving rise to the disclosure under Rule 13.13 of the Listing Rules continued to exist and the advance to the Borrower by the Group as at 30 June 2019 amounted to HK\$269,102,000. The maturity dates of the Bonds and the secured loan have been extended to 31 March 2020 and 31 December 2019 respectively.

Material Acquisition, Disposal and Significant Investment

On 1 January 2019 (MST), American Lighting, Inc. ("American Lighting"), an indirect non-wholly-owned subsidiary of the Company, entered into a membership interest purchase agreement with Lighten Up Holdings, Inc. ("Lighten Up"), pursuant to which American Lighting has agreed to purchase 100% membership interest of Novelty Lights, LLC ("Novelty Lights") from Lighten Up. After the initial closing on 1 January 2019 (MST), the Company indirectly holds 80% of the membership interests in Novelty Lights for an aggregate consideration of approximately US\$12,000,000 subject to adjustment under the said purchase agreement and Novelty Lights became an indirectly non-wholly owned subsidiary of the Company. For details, please refer to the Company's announcement dated 1 January 2019.

There were no other 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 dividend for the Period (30 June 2018: nil).

BUSINESS REVIEW

Overview

During the Period, the trade war between China and USA had a certain impact on sales and is expected to have a greater impact in future. However, lighting segment of the Group still made efforts to seize the opportunity to explore the overseas market, improved the management level, and revitalized idle assets.

As disclosed above, American Lighting purchased 80% membership interest of Novelty Lights, and Novelty Lights became an indirectly non-wholly-owned subsidiary of the Company. The acquisition of Novelty Lights was made as part of the Group's strategy to expand its market share of lighting products in the USA.

BUSINESS REVIEW *(Continued)*

Overview *(Continued)*

On the other hand, the Company continued to cultivate the following businesses: fund management, investment banking, financial management and technology – based financial business investments from emerging industries. The deployment and development of such national strategic emerging industries would facilitate the Group to continue to innovate and develop.

Sales and Distribution

Lighting Segment

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.

Securities Segment

Tongfang Securities, a direct wholly-owned subsidiary of the Company, expects to leverage on the Company's diversified business portfolio, solid client bases and extensive expertise in the high technology industry to further develop its financial service business and to explore cross-selling opportunities within the Company, especially relating to the technology sector.

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 2019, the Group's total number of employees was approximately 1,200 (31 December 2018: 1,100). 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.

Mr. Fan Ren Da, Anthony was re-elected as an independent non-executive Director at the annual general meeting of the Company held on 18 June 2019. The Board reviewed the track record of Mr. Fan in attending the Company's meetings. Mr. Fan had a high level of participation at board meetings and committee meetings in the past years. The Board believes that Mr. Fan will still be able to devote sufficient time to the Board in the future notwithstanding that he is holding the directorship of seven or more listed companies. It was an inadvertent omission that such assessment of the Board was not disclosed in the circular or the notice of the annual general meeting as required under paragraph A.5.5(2) of Appendix 14 to the Listing Rules which took effect since 1 January 2019. The Company commits to comply with such code provision for future election of independent non-executive Directors.

Save as disclosed in this interim report throughout the Period, the Company complied with the 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 FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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.

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

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.

AUDIT COMMITTEE

The audit committee of the Company comprises the three independent non-executive Directors of the Company.

The audit committee of the Company has reviewed the Group's unaudited interim results and the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2019 including the accounting principles and practices adopted by the Group, and discussed with the management the internal control and financial reporting matters 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 2019, 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:

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

Name	Capacity	Number of Ordinary Shares as at 30 June 2019	Percentage of total issued share capital as at 30 June 2019
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%
Mr. Daniel P.W. Li ⁽⁷⁾	Interest of controlled corporation	177,227,723	8.5%

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.
- (7) Mr. Daniel P.W. Li 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.

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 2019	Percentage of total issued share capital of American Lighting as at 30 June 2019
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 2019, 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 2019, 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 Divisions 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 2019	Percentage of total issued share capital as at 30 June 2019
THTF ES ⁽¹⁾	Beneficial owner	1,348,360,690	64.3%
Resuccess Investments Limited ⁽¹⁾⁽²⁾	Interest of controlled corporation and beneficial owner	1,357,442,690	64.8%
Tsinghua Tongfang ⁽¹⁾⁽²⁾	Interest of controlled corporation	1,357,442,690	64.8%
Vast Stone Limited ⁽³⁾	Beneficial owner	177,227,723	8.5%
Daniel P.W. Li ⁽³⁾	Interest of controlled corporation	177,227,723	8.5%

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 9,082,000 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) Daniel P.W. Li 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 2019, 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 Divisions 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 20,700,000 Shares (representing 0.99% 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 2019 are set forth as below:

Category of participants	Date of grant	Exercise price per share (HK\$)	Outstanding as at 1 January 2019	Granted during the Period	Exercise during the Period	Forfeited/ Lapsed during the Period	Outstanding as at 30 June 2019
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	15,400,000	-	-	(500,000)	14,900,000
Total:	-	-	21,200,000	-	-	(500,000)	20,700,000

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 9.26% 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 9.26% 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 2019 are set forth as below:

Category of participants	Date of grant	Exercise price per share (US\$)	Outstanding	Granted during the Period	Exercise during the Period	Forfeited/ Lapsed during the Period	Outstanding
			as at 1 January 2019				as at 30 June 2019
Director							
Mr. Seah Han Leong	30 June 2015	330	363	-	-	-	363
Employees							
	30 June 2015	330	2,072	-	-	-	2,072

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.

Share Award Scheme

On 13 April 2018, the Company approved the adoption of Share Award Scheme which is a long-term incentive plan of the Company to align the interests of selected participants directly to the Shareholders through ownership of Shares. (i) A director or a proposed director of any member of the Group or of a holding company or a subsidiary of the Company, or a subsidiary of the holding company of the Company (the "Eligible Entity"); (ii) a manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group; and (iii) 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 selected by the person authorized to administer the Scheme will be entitled to participate as a selected participant.

SHARE OPTION SCHEMES *(Continued)*

Share Award Scheme *(Continued)*

The Share Award Scheme shall terminate on the earlier of (i) upon expiry of the period of 10 years from the adoption date (i.e. 13 April 2018); (ii) on the date of any change in control of the Company; or (iii) on the date determined/resolved by the Board to terminate the Share Award Scheme pursuant to the scheme rules. Any termination of the Share Award Scheme shall not affect the subsisting rights of any selected participant. The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

Details of the Share Award Scheme were set out in the announcement of the Company dated 13 April 2018. No Share has been granted under the Share Award Scheme since its adoption.

CHANGES IN INFORMATION OF DIRECTORS

The Directors of the Company are not aware of any information in respect of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel電話：+852 2846 9888
Fax傳真：+852 2868 4432
ey.com

To the shareholders of Neo-Neon Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements set out on pages 26 to 69, which comprise the condensed consolidated statement of financial position of Neo-Neon Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) as at 30 June 2019 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows 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 a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review. Our report is made 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* (“HKSRE 2410”) issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, 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.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

OTHER MATTERS

We draw attention to the fact that the comparative condensed consolidated statements of profit or loss, condensed consolidated statements of comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statements of cash flows for the six months ended 30 June 2018, and the relevant notes disclosed in this interim financial information have not been reviewed in accordance with HKSRE 2410.

Ernst & Young

Certified Public Accountants

Hong Kong

19 August 2019

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

		Six months ended 30 June	
	<i>Notes</i>	2019	2018
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
REVENUE	4	372,568	331,821
Cost of sales		(244,284)	(199,875)
Gross profit		128,284	131,946
Other income and gains, net	4	49,073	29,738
Reversal/(provision) of impairment losses on financial assets, net	5	351	(8,087)
Selling and distribution expenses		(69,895)	(51,320)
Administrative expenses		(79,878)	(58,172)
Finance costs	5	(13,964)	(4,815)
PROFIT BEFORE TAX	5	13,971	39,290
Income tax expense	6	(2,645)	(2,300)
PROFIT FOR THE PERIOD		11,326	36,990
Attributable to:			
Owners of the parent		11,822	36,799
Non-controlling interests		(496)	191
		11,326	36,990
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	8	RMB0.56 cents	RMB1.75 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)
PROFIT FOR THE PERIOD	11,326	36,990
OTHER COMPREHENSIVE INCOME/(LOSS):		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	5,332	(6,846)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Change in fair value	–	(1,295)
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD, NET OF TAX	5,332	(8,141)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	16,658	28,849
Attributable to:		
Owners of the parent	17,416	28,549
Non-controlling interests	(758)	300
	16,658	28,849

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	80,494	83,450
Investment properties		772,965	772,965
Right-of-use assets		62,879	–
Prepaid land lease payments		–	46,321
Goodwill		196,510	129,421
Other intangible assets		45,734	44,483
Equity investments designated at fair value through other comprehensive income	10	624	624
Prepayments and other assets	12	4,334	85,683
Financial assets at fair value through profit or loss	14	130,989	130,989
Deferred tax assets		8,027	7,005
Total non-current assets		1,302,556	1,300,941
CURRENT ASSETS			
Inventories		230,021	198,205
Trade and bills receivables	11	185,336	155,844
Loan receivables	13	307,159	300,922
Prepayments, other receivables and other assets	12	117,877	95,290
Prepaid lease payments		–	1,081
Equity investments designated at fair value through other comprehensive income	10	–	600
Financial assets at fair value through profit or loss	14	209,510	194,333
Tax recoverable		1,648	2,527
Pledged deposits		34,362	34,307
Cash held on behalf of clients		3,966	4,056
Cash and cash equivalents		177,525	229,819
Total current assets		1,267,404	1,216,984

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*(Continued)*

30 June 2019

	Notes	30 June 2019 <i>RMB'000</i> (Unaudited)	31 December 2018 <i>RMB'000</i> (Audited)
CURRENT LIABILITIES			
Trade and bills payables	15	136,463	101,798
Other payables and accruals	16	57,127	64,193
Lease liabilities		10,575	–
Interest-bearing bank borrowings	17	216,266	227,323
Provision		9,546	9,546
Total current liabilities		429,977	402,860
NET CURRENT ASSETS		837,427	814,124
TOTAL ASSETS LESS CURRENT LIABILITIES		2,139,983	2,115,065
NON-CURRENT LIABILITIES			
Government grants		2,250	6,725
Lease liabilities		6,232	–
Deferred tax liabilities		51,482	51,540
Loan from the ultimate holding company	23	350,000	350,000
Total non-current liabilities		409,964	408,265
Net assets		1,730,019	1,706,800
EQUITY			
Equity attributable to owners of the parent			
Issued capital	18	185,676	185,676
Reserves	19	1,535,777	1,518,142
Non-controlling interests		1,721,453 8,566	1,703,818 2,982
Total equity		1,730,019	1,706,800

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company													Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Capital redemption reserve	Special reserve	Share compensation reserve	Share options reserve	Exchange fluctuation reserve	Fair value reserve	Asset revaluation reserve	Other reserve	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 18)		(note 19)	(note 19)	(note 19)	(note 19)		(note 19)	(note 19)	(note 19)	(note 19)				
At 1 January 2019 (audited)	185,676	-	2,415,147	2,146	55,238	50,024	7,438	(263,691)	(2,528)	114,245	(9,100)	(850,777)	1,703,818	2,982	1,706,800
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	11,822	11,822	(496)	11,326
Other comprehensive income for the period:	-	-	-	-	-	-	-	5,594	-	-	-	-	5,594	(262)	5,332
Total comprehensive income for the period	-	-	-	-	-	-	-	5,594	-	-	-	11,822	17,416	(758)	16,658
Equity-settled share option arrangements	-	-	-	-	-	-	219	-	-	-	-	-	219	-	219
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	(138)	-	-	-	-	138	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	6,342	6,342
At 30 June 2019 (unaudited)	185,676	-	2,415,147	2,146	55,238	50,024	7,519	(258,097)	(2,528)	114,245	(9,100)	(838,817)	1,721,453	8,566	1,730,019

	Attributable to owners of the parent													Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Capital redemption reserve	Special reserve	Share compensation reserve	Share options reserve	Exchange fluctuation reserve	Fair value reserve	Asset revaluation reserve	Other reserve	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 18)		(note 19)	(note 19)	(note 19)	(note 19)		(note 19)	(note 19)	(note 19)	(note 19)				
At 1 January 2018 (audited)	186,912	(6,300)	2,425,111	910	55,238	50,024	7,308	(282,700)	(13,285)	-	(9,100)	(984,283)	1,429,835	3,964	1,433,799
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	36,799	36,799	191	36,990
Other comprehensive income for the period:	-	-	-	-	-	-	-	(6,955)	(1,295)	-	-	-	(8,250)	109	(8,141)
Total comprehensive income for the period	-	-	-	-	-	-	-	(6,955)	(1,295)	-	-	36,799	28,549	300	28,849
Share repurchase	-	(3,339)	-	-	-	-	-	-	-	-	-	-	(3,339)	-	(3,339)
Cancellation of treasury shares	(1,098)	8,999	(9,431)	427	-	-	-	-	-	-	-	-	(1,103)	-	(1,103)
Equity-settled share option arrangements	-	-	-	-	-	-	180	-	-	-	-	-	180	-	180
At 30 June 2018 (unaudited)	185,814	(640)	2,415,680	1,337	55,238	50,024	7,488	(289,655)	(14,580)	-	(9,100)	(947,484)	1,454,122	4,264	1,458,386

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash used in operations	(56,640)	(89,232)
Interest income received from money lending business	13,938	–
Hong Kong profits tax paid	(5)	–
Overseas taxes paid	(2,841)	(597)
Net cash flows used in operating activities	(45,548)	(89,829)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of equity investments designated at fair value through other comprehensive income	600	–
Proceeds from disposal of items of property, plant and equipment	7,347	12,075
Purchase of financial assets at fair value through profit or loss	(5,529)	(383,002)
Proceeds from disposal of financial assets at fair value through profit or loss	19,018	538,625
Acquisition of a subsidiary	5,600	–
Increase in loan receivables	–	(277,466)
Other cash flows arising from investing activities	(4,039)	(31,887)
Net cash flows from/(used in) investing activities	22,997	(141,655)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	101,214	314,103
Repayment of bank loans	(110,943)	(32,072)
Principal portion of lease payments	(6,552)	–
Other cash flows arising from financing activities	(12,813)	(8,154)
Net cash flows (used in)/from financing activities	(29,094)	273,877
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(51,645)	42,393
Cash and cash equivalents at the beginning of period	229,819	435,964
Effect of foreign exchange rate changes, net	(649)	3,590
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	177,525	481,947

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Hong Kong Accounting Standard 34 Interim Financial Reporting ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2019.

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements</i> <i>2015-2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases* and HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2019

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Adoption of HKFRS 16

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balances of the statements of financial position at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(a) Adoption of HKFRS 16** *(Continued)**As a lessee – Leases previously classified as operating leases*

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property, machinery, vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and presented separately in the statement of financial position.

The right-of-use assets for most leases were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the lease assets recognised previously under operating leases of RMB47,402,000 that were reclassified from prepaid land lease payments.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(a) Adoption of HKFRS 16** *(Continued)*

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	Increase/(decrease) RMB'000 (Unaudited)
Assets	
Increase in right-of-use assets	66,227
Decrease in prepaid land lease payments	(47,402)
Increase in total assets	<u>18,825</u>
Liabilities	
Increase in lease liabilities	<u>18,825</u>
Increase in total liabilities	<u>18,825</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(a) Adoption of HKFRS 16** *(Continued)*

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	<i>RMB'000</i> (Unaudited)
Operating lease commitments as at 31 December 2018	20,714
Weighted average incremental borrowing rate as at 1 January 2019	4.44%
Discounted operating lease commitments as at 1 January 2019	19,445
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	(620)
Lease liabilities as at 1 January 2019	18,825

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2019

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Adoption of HKFRS 16 (Continued)

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for 'investment properties'.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(a) Adoption of HKFRS 16** *(Continued)*

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follow:

	Right-of-use assets				Lease liabilities RMB'000
	Land	Office and warehouse	Sub-total	Investment properties	
	RMB'000	RMB'000	RMB'000	RMB'000	
As at 1 January 2019	47,402	18,825	66,227	758,765	18,825
Acquisition of a subsidiary	–	663	663	–	663
Addition	–	2,680	2,680	–	2,680
Depreciation charge	(535)	(6,190)	(6,725)	–	–
Interest expense	–	–	–	–	1,151
Payments	–	–	–	–	(6,552)
Exchange realignment	2	32	34	–	40
As at 30 June 2019	46,869	16,010	62,879	758,765	16,807

The Group recognised rental expenses from short-term leases of RMB410,000 for the six months ended 30 June 2019.

- (b)** HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2019

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that bank interest income, finance costs, government grants, changes in fair value of investment properties, changes in fair value of equity investments at fair value through profit or loss ("FVTPL"), as well as unallocated corporate gains and expenses are excluded from this measurement.

Segment assets exclude deferred tax assets, tax recoverable, pledged deposits, cash and cash equivalents, equity investments designated at fair value through other comprehensive income ("FVTOCI"), financial assets at FVTPL and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, a loan from the ultimate holding company, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

3. OPERATING SEGMENT INFORMATION *(Continued)***Six months ended 30 June 2019** (unaudited)

	PRC lighting RMB'000 (unaudited)	USA lighting RMB'000 (unaudited)	Securities RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment revenue (Note 4):				
Sales to external customers	83,186	270,725	5,968	359,879
Interest revenue	–	–	12,689	12,689
Intersegment sales	4,948	–	–	4,948
	88,134	270,725	18,657	377,516
<i>Reconciliation:</i>				
Elimination of intersegment sales				(4,948)
Revenue				372,568
Segment results	(3,451)	8,700	(6,477)	(1,228)
<i>Reconciliation:</i>				
Interest income and unallocated gains				12,209
Finance costs				(13,964)
Fair value gains on financial assets at FVTPL				27,646
Unallocated expenses				(10,692)
Profit before tax				13,971

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

3. OPERATING SEGMENT INFORMATION *(Continued)***Six months ended 30 June 2018** (unaudited)

	PRC lighting RMB'000 (unaudited)	USA lighting RMB'000 (unaudited)	Securities RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment revenue (Note 4):				
Sales to external customers	110,535	183,665	31,869	326,069
Interest revenue	–	–	5,752	5,752
Intersegment sales	8,359	–	–	8,359
	118,894	183,665	37,621	340,180
<i>Reconciliation:</i>				
Elimination of intersegment sales				(8,359)
Revenue				331,821
Segment results	21,031	16,698	9,204	46,933
<i>Reconciliation:</i>				
Interest income and unallocated gains				6,080
Finance costs				(4,815)
Fair value gains on financial assets at FVTPL				5,947
Unallocated expenses				(14,855)
Profit before tax				39,290

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

3. OPERATING SEGMENT INFORMATION *(Continued)*

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2019 and 31 December 2018, respectively.

	30 June 2019	31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(audited)
Segment assets		
PRC lighting	1,618,539	1,405,624
USA lighting	284,558	273,998
Securities	556,385	506,769
Others	110,478	331,534
Total	2,569,960	2,517,925
Segment liabilities		
PRC lighting	204,911	108,868
USA lighting	101,302	83,817
Securities	373,975	256,150
Others	159,753	362,290
Total	839,941	811,125

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>	359,879	326,069
<i>Revenue from other sources</i>		
Interest revenue	12,689	5,752
	372,568	331,821

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

4. REVENUE, OTHER INCOME AND GAINS, NET *(Continued)***Revenue from contracts with customers***(i) Disaggregated revenue information***For the six months ended 30 June 2019** (unaudited)

Segments	PRC	USA	Securities	Total
	lighting	lighting		
	RMB'000	RMB'000	RMB'000	RMB'000
Type of goods or services				
Sale of lighting products	83,186	270,725	–	353,911
Advisory and management services	–	–	3,940	3,940
Agency services	–	–	2,028	2,028
Total revenue from contracts with customers	83,186	270,725	5,968	359,879
Geographic markets				
North America	53,490	270,725	–	324,215
Europe	20,708	–	–	20,708
PRC	2,275	–	–	2,275
Asia (excluding PRC)	5,949	–	5,968	11,917
Other countries	764	–	–	764
Total revenue from contracts with customers	83,186	270,725	5,968	359,879
Timing of revenue recognition				
Goods transferred and services rendered at a point in time	83,186	270,725	2,028	355,939
Services rendered over time	–	–	3,940	3,940
Total revenue from contracts with customers	83,186	270,725	5,968	359,879

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

4. REVENUE, OTHER INCOME AND GAINS, NET *(Continued)***Revenue from contracts with customers** *(Continued)**(i) Disaggregated revenue information (continued)***For the six months ended 30 June 2018** (unaudited)

Segments	PRC lighting RMB'000	USA lighting RMB'000	Securities RMB'000	Total RMB'000
Type of goods or services				
Sale of lighting products	110,535	183,665	–	294,200
Advisory and management services	–	–	1,448	1,448
Agency services and others	–	–	30,421	30,421
<hr/>				
Total revenue from contracts with customers	110,535	183,665	31,869	326,069
<hr/>				
Geographic markets				
North America	61,849	183,665	–	245,514
Europe	20,129	–	–	20,129
PRC	12,680	–	–	12,680
Asia (excluding PRC)	15,852	–	31,869	47,721
Other countries	25	–	–	25
<hr/>				
Total revenue from contracts with customers	110,535	183,665	31,869	326,069
<hr/>				
Timing of revenue recognition				
Goods transferred and services rendered at a point in time	110,535	183,665	30,421	324,621
Services rendered over time	–	–	1,448	1,448
<hr/>				
Total revenue from contracts with customers	110,535	183,665	31,869	326,069
<hr/>				

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

4. REVENUE, OTHER INCOME AND GAINS, NET *(Continued)*

	Six months ended 30 June	
	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)
Other income		
Bank interest income	488	1,591
Other interest income	2,391	–
Dividend income from financial assets at FVTPL	2,587	540
Government grants*	4,319	806
Gross rental income	5,504	1,488
Others	1,238	–
	16,527	4,425
Gains, net		
Gain on disposal of items of property, plant and equipment	5,018	71
Fair value gains of financial assets at FVTPL	27,646	5,947
Foreign exchange (losses)/gains, net	(120)	19,268
Others	2	27
	32,546	25,313
	49,073	29,738

* There are no unfulfilled conditions or contingencies relating to these grants.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)
Finance costs		
Interest on bank loans	3,573	2,560
Interest on a loan from an intermediate holding company	–	2,255
Interest on a loan from the ultimate holding company	9,240	–
Interest on lease liabilities	1,151	–
	13,964	4,815
Depreciation of property, plant and equipment	6,146	8,940
Depreciation of right-of-use assets	6,725	–
Research and development costs:		
Deferred expenditure amortised	2,299	1,574
Amortisation of land lease payments	–	644
Amortisation of other intangible assets	5,004	2,314
Minimum lease payments under operating leases	410	5,619
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	35	47
(Reversal)/provision of impairment losses on financial assets, net:		
Trade and bills receivables	(58)	8,087
Other receivables	(293)	–
	(351)	8,087
Write-down of inventories to net realisable value	7,493	–
Foreign exchange (losses)/gains, net	(120)	19,268

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. For the Group's subsidiaries established in the USA, income tax is calculated at the rate of 24.5% (30 June 2018: 24.5%). For the Group's subsidiary established in Vietnam, income tax is calculated at the rate of 20.0% (30 June 2018: 20.0%). Tax on profits assessable in the PRC has been calculated at the applicable PRC corporate income tax ("CIT") rate of 25.0% (30 June 2018: 25.0%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current		
Charge for the period	3,725	1,487
Deferred tax	(1,080)	813
Total tax charge for the period	2,645	2,300

7. DIVIDEND

The directors of the Company did not recommend the payment of a dividend for the six months ended 30 June 2018 and 2019.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,094,505,417 (30 June 2018: 2,099,477,931) in issue during the period.

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	11,822	36,799
	Six months ended 30 June	
	2019	2018
	Number of shares	Number of shares
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	2,094,505,417	2,099,477,931

Note: Diluted earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by weighted average number of ordinary shares in issue and adjusting the potential dilutive effect of the outstanding options.

The computation of diluted earnings per share does not assume the exercise of the Company's share options for the six months ended 30 June 2019 because the exercise price of those share options was higher than the average market price of the Company's share during the period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired assets with a cost of RMB4,925,000 (30 June 2018: RMB3,879,000), excluding property, plant and equipment acquired through a business combination disclosed in note 20 to the interim condensed consolidated financial information.

Property, plant and equipment with a net book value of RMB2,329,000 were disposed by the Group during the six months ended 30 June 2019 (30 June 2018: RMB12,004,000), resulting in a net gain on disposal of RMB5,018,000 (30 June 2018: RMB71,000).

10. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Equity investments designated at FVTOCI		
Unlisted equity investments, at fair value	624	1,224
Current portion	–	(600)
Non-current portion	624	624

The above equity investments were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

11. TRADE AND BILLS RECEIVABLES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade receivables	189,680	160,226
Bills receivables	4,420	4,269
Less: Impairment loss on trade receivables	(8,749)	(8,636)
Less: Impairment loss on bills receivables	(15)	(15)
	185,336	155,844

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2019			31 December 2018		
	Lighting RMB'000 (Unaudited)	Securities RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Lighting RMB'000 (Audited)	Securities RMB'000 (Audited)	Total RMB'000 (Audited)
Within 1 month	121,991	759	122,750	48,934	6,381	55,315
1 to 2 months	19,887	-	19,887	18,370	276	18,646
2 to 3 months	3,885	417	4,302	10,859	185	11,044
3 to 6 months	1,029	338	1,367	25,330	217	25,547
Over 6 months	19,701	17,329	37,030	27,949	17,343	45,292
	166,493	18,843	185,336	131,442	24,402	155,844

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2019	31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Prepayments	24,425	94,617
Deposits and other receivables	19,001	12,607
Value added tax recoverable	52,440	47,807
Tax reserve certificates	26,830	26,724
	122,696	181,755
Less: impairment allowance	(485)	(782)
	122,211	180,973
Current portion	(117,877)	(95,290)
	4,334	85,683

13. LOAN RECEIVABLES

	30 June 2019	31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Loan receivables	307,815	301,575
Less: impairment allowance	(656)	(653)
	307,159	300,922

The loan receivables bear interest rate ranged from 8% p.a. to 12% p.a. and repayable within one year. As at 30 June 2019, the Group's loan receivables amounted to RMB307,815,000 (31 December 2018: RMB301,575,000) were secured by certain properties and listed securities.

During the period, the Group grant a loan facilities of RMB52,780,000 (equivalent to HKD60,000,000), bearing interest rate at 8% p.a., to an independent third party. As at 30 June 2019, no balance was utilised.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Current			
Listed equity investments, at fair value	(i)	99,475	85,221
Other unlisted investments, at fair value	(ii)	110,035	109,112
		209,510	194,333
Non-current			
Unlisted investment, at fair value	(iii)	130,989	130,989
		340,499	325,322

Notes:

- (i) The above equity investments at 30 June 2019 and 31 December 2018 were classified as financial assets at FVTPL as they were held for trading.
- (ii) On 16 June 2017, Tongfang Securities Limited ("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 HK\$ Class R1A Shares in the Haitong Freedom Multi-Tranche Bond Fund (the "Fund") for and on behalf of Tongfang Securities at the consideration of 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 debts, 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 are unrated by any relevant agency.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)**Notes: (continued)*(ii) *(continued)*

On 9 February 2018, the Investment Manager has redeemed certain interest in the Fund in the amount of HK\$370,000,000 (equivalent to approximately RMB316,757,000), for and on behalf of Tongfang Securities pursuant to its discretionary authority under the discretionary client agreement.

On 18 March 2019, the Investment Manager has redeemed the remaining interest in the Fund in the amount of HK\$13,562,000 (equivalent to approximately RMB11,906,000), for and on behalf of Tongfang Securities pursuant to its discretionary authority under the discretionary client agreement. As at 30 June 2019, the balance was fully redeemed.

Except for the Fund, the above unlisted investments included various investing funds issued by Burwill Holdings Limited and 8.5% Senior Unsecured Notes issued by Sunshine 100 China Holdings Limited (31 December 2018: various investing funds issued by Burwill Holdings Limited and 8.125% Senior Secured Notes issued by Jiayuan International Group Limited). The convertible bond and the funds were mandatorily classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

(iii) On 29 October 2014, Guangdong Tongfang Science Park Company Limited ("Tongfang Science Park"), a wholly-owned subsidiary of the Company, entered into an overseas asset management plan contract (the "Contract") with China Asset Management Co., Ltd. and China Construction Bank Corporation, pursuant to which Tongfang Science Park has agreed to participate in the overseas asset management plan operated by China Asset Management Co., Ltd. (the "Fund") by depositing the investment amount of RMB105,500,000 (the "Investment Amount") in a designated account maintained with China Construction Bank Corporation. Pursuant to the Contract, the Investment Amount is proposed to be invested principally in equity interest and equity-linked structured products of Sinopec Marketing Co., Ltd. and bonds (including convertible bonds), funds, money market instruments, derivatives commodities and other financial instruments as permitted by the applicable securities laws and the requirements of the China Securities Regulatory Commission. It was mandatorily classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

15. TRADE AND BILLS PAYABLES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade payables	132,497	97,742
Accounts payables to securities clients	3,966	4,056
	136,463	101,798

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2019			31 December 2018		
Accounts payables to securities clients	Trade payables		Total	Accounts payables to securities clients		Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)		RMB'000 (Unaudited)	RMB'000 (Audited)	
Within 1 month	3,966	71,208	75,174	4,056	53,275	57,331
1 to 2 months	-	26,144	26,144	-	16,797	16,797
2 to 3 months	-	8,957	8,957	-	1,862	1,862
3 to 6 months	-	2,571	2,571	-	2,272	2,272
6 months to 1 year	-	3,333	3,333	-	3,469	3,469
Over 1 year	-	20,284	20,284	-	20,067	20,067
	3,966	132,497	136,463	4,056	97,742	101,798

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

16. OTHER PAYABLES AND ACCRUALS

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Accruals	18,789	25,825
Other payables	22,986	22,641
Contract liabilities	15,352	15,727
	57,127	64,193

17. INTEREST-BEARING BANK BORROWINGS

	30 June 2019			31 December 2018		
	Effective interest rate %	Maturity	RMB'000	Effective interest rate %	Maturity	RMB'000
Bank loans – unsecured	4.50–4.60	2019-2020	88,614	3.45–4.75	2019	156,975
Bank loan – secured	5.00	2020	40,000	3.50	2019	10,295
Bank loans – secured	LIBOR	2019-2020	84,215	LIBOR	2019	60,053
	Wall Street Journal Prime Rate	2019	3,437	–		–
Bank loans – secured			216,266			227,323

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

17. INTEREST-BEARING BANK BORROWINGS *(Continued)*

The maturity of the above bank borrowings is as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Analysed into:		
Bank loans:		
Within one year or on demand	216,266	227,323

18. SHARE CAPITAL

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Authorised:		
5,000,000,000 (2018: 5,000,000,000) ordinary shares of RMB0.10 (2018: RMB0.10) each	500,000	500,000
Issued and fully paid:		
2,094,505,417 (2018: 2,094,505,417) ordinary shares	185,676	185,676

No movement in share capital was noted during the six-month period ended 30 June 2019.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2019

19. RESERVES

The nature of the Group's reserves are described as below:

- (a) The application of the share premium account of the Company is governed by the Company Law (Revised) of the Cayman Islands. Under the constitutional documents and Companies Law (Revised) of the Cayman Islands, the share premium is distributable as a dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business immediately after the proposed dividend is paid.
- (b) Capital redemption reserve comprises the amount by which the issued share capital of the Company is diminished through the cancellation of shares.
- (c) Special reserve comprises the differences between the nominal amount of the shares issued by the Company and the Group's former holding company, Neo-Neon Holdings (BVI) Limited ("NNH"), 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.
- (d) Share compensation reserve comprises the difference of fair value of certain NNH'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.
- (e) Share options reserve represents the fair value of share options granted to directors and employees of the Group in accordance with the accounting policy adopted for share-based payment.
- (f) Exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

19. RESERVES *(Continued)*

- (g) Fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVTOCI which will not be recycled to profit or loss in subsequent period under HKFRS 9.

- (h) The asset revaluation reserve arose from a change in use from owner-occupied properties to investment properties carried at fair value for the year ended 31 December 2018.

- (i) Other reserve comprises: (i) the difference between the consideration paid for acquiring additional interests in subsidiaries of the Company and the amount of interests acquired; and (ii) the difference between the cash received on exercise of share options plus the amount included in equity from the recognition of the compensation cost and the non-controlling interest measured at the proportionate interest in subsidiary's equity as measured in the Group's interim condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

20. BUSINESS COMBINATION

On 1 January 2019, the Group acquired a 80% interest in Novelty Lights, LLC from third parties. Novelty Lights, LLC is engaged in the trading of lighting products. The acquisition was made as part of the Group's strategy to expand its market share of lighting products in the USA. The purchase consideration for the acquisition was in the form of cash, with USD12,000,000 paid on 27 December 2018 and the remaining USD1,400,000 paid on 30 January 2019.

The provisional fair values of the identifiable assets and liabilities of Novelty Lights, LLC as at the date of acquisition were as follows:

	Fair value recognised on acquisition <i>RMB'000</i> (Unaudited)
Property, plant and equipment	343
Right-of-use assets	663
Cash and bank balances	15,140
Trade receivables	1,682
Inventories	23,301
Other receivables	69
Trade payables	(6,170)
Lease liabilities	(663)
Accrual and other payables	(2,652)
Total identifiable net assets at fair value	31,713
Non-controlling interests	(6,342)
	25,371
Provisional goodwill on acquisition	66,597
Satisfied by cash	91,968

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

20. BUSINESS COMBINATION *(Continued)*

The provisional fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB1,682,000 and RMB69,000, respectively. All provisional trade receivables and other receivables are expected to be collectible.

An analysis of the cash flows in respect of the acquisition of the subsidiaries is as follows:

	<i>RMB'000</i> (Unaudited)
Cash consideration	(91,968)
Deposits paid in prior years	82,428
Cash and bank balances acquired	15,140
Net inflow of cash and cash equivalents included in cash flows from investing activities	5,600

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

21. OPERATING LEASE ARRANGEMENTS**As lessor**

The Group leases its investment properties under operating lease arrangements with leases negotiated for terms ranging from one to eleven years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

At 30 June 2019, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within one year	9,725	9,061
In the second to fifth years, inclusive	33,015	21,349
After five years	13,939	13,885
	56,679	44,295

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

22. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Contracted, but not provided for: Property, plant and equipment	842	4,414

23. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the period:

		Six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
	Notes		
Interest paid to an intermediate holding company	(i)	–	2,255
Interest paid to the ultimate holding company	23(b)	9,240	–

Notes:

- (i) The loan from Resuccess Investment Ltd., an intermediate holding company, was unsecured and interest-bearing at 6.0% per annum and was repaid in 2018.

(b) Loan from the ultimate holding company

At 30 June 2019, the loan from Tsinghua Tongfang Co., Ltd. with an amount of RMB350,000,000 (31 December 2018: RMB350,000,000) is unsecured, interest-bearing at 4.95% per annum and repayable in 2020.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Financial assets				
Equity investments				
designated at FVTOCI	624	1,224	624	1,224
Financial assets at FVTPL	340,499	325,322	340,499	325,322
	341,123	326,546	341,123	326,546
Financial liabilities				
Interest-bearing				
bank borrowings	216,266	227,323	222,393	230,534
Loan from the ultimate holding company	350,000	350,000	384,650	384,650
	566,266	577,323	607,043	615,184

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. Management reports directly to the executive directors and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by management. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2019

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted investments, which were classified as financial assets at FVTPL, have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EBITDA") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors of the Company believe that the estimated fair values resulting from the valuation technique, which are recorded in the interim condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair value of convertible bond are measured using valuation techniques by present value calculations. For the rest of the financial assets FVTPL, their fair values are derived from the net asset value per share of the investments or latest transaction prices. The directors of the Company believe that the estimated fair values which are recorded in the interim condensed consolidated statement of financial position with net changes in fair value recognised in the interim condensed consolidated statement of profit or loss are reasonable, and that they were the most appropriate values at the end of the reporting period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The fair values of other financial assets and financial liabilities carried at amortised cost approximate to their carrying amounts.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2019 and 31 December 2018:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted investments	Valuation multiple	EV/EBITDA multiple of peers	30 June 2019: 14.46 (31 December 2018: 13.7)	1% (31 December 2018: 1%) increase/decrease in the multiple would result in increase/decrease in fair value by RMB1,833,000 (31 December 2018: RMB1,530,000)
Convertible bond	Hull-White model	Discount rate	30 June 2019: 7.09% (31 December 2018: 13.3%)	5% (31 December 2018: 5%) increase/decrease in the discount rate would result in decrease/increase in fair value by RMB38,000 (31 December 2018: RMB252,000)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)***Fair value hierarchy**

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
As at 30 June 2019 (Unaudited)				
Equity investments designated at FVTOCI	–	–	624	624
Financial assets at FVTPL	99,476	31,566	209,457	340,499
	99,476	31,566	210,081	341,123
As at 31 December 2018 (Audited)				
Equity investments designated at FVTOCI	–	–	1,224	1,224
Financial assets at FVTPL	85,221	35,408	204,693	325,322
	85,221	35,408	205,917	326,546

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)***Fair value hierarchy** *(Continued)*

The movements in fair value measurements within Level 3 during the year are as follows:

	2019 RMB'000 (Unaudited)	2018 <i>RMB'000</i> (Unaudited)
Financial assets at FVTPL – unlisted:		
At 1 January	204,693	111,166
Total gains/(losses) recognised in the statement of profit or loss	5,817	(3,963)
Additions	5,529	59,299
Disposals	(6,876)	–
Exchange realignment	294	(814)
At 30 June	209,457	165,688

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION*(Continued)*

30 June 2019

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)***Fair value hierarchy** *(Continued)*

The movements in fair value measurements within Level 3 during the year are as follows:

	2019 RMB'000 (Unaudited)	2018 <i>RMB'000</i> (Unaudited)
Equity investments designated at FVTOCI investments – unlisted:		
At 1 January	1,224	3,324
Disposals	(600)	–
Exchange realignment	–	27
At 30 June	624	3,351

The Group did not have any financial liabilities measured at fair value as at 30 June 2018 and 31 December 2018. As at 30 June 2019, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included interest-bearing bank borrowings and a loan from the ultimate holding company with fair values of RMB222,393,000 (31 December 2018: 230,534,000) and RMB384,650,000 (31 December 2018: RMB384,650,000), respectively. The fair values of these financial liabilities disclosed were measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly (Level 2).

During the period, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (31 December 2018: Nil).

25. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 19 August 2019.

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 non-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 2019
“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
“Share Award Scheme”	means the share award scheme of the Company adopted by the Board on 13 April 2018
“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>