

Neo-Neon[®]

NEO-NEON HOLDINGS LIMITED

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



INTERIM REPORT

2020

www.neo-neon.com

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Gao Zhi (*Chairman*)
(appointed on 9 January 2020)
Mr. Daniel P.W. Li

Non-executive Directors

Mr. Zhou Hai Ying (appointed on 9 January 2020)
Mr. Seah Han Leong
(redesignated on 9 January 2020)
Mr. Huang Yu (resigned on 9 January 2020)
Mr. Wang Liang Hai (resigned on 9 January 2020)
Mr. Liu Wei Dong (resigned on 9 January 2020)

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. Gao Zhi
Mr. Fan Ren Da Anthony
Ms. Li Ming Qi

NOMINATION COMMITTEE

Mr. Gao Zhi (*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. Gao Zhi
Mr. Seah Han Leong
Mr. Daniel P.W. Li
Mr. Zhou Hai Ying
Mr. Liu Tian Min
Ms. Li Ming Qi

AUTHORIZED REPRESENTATIVES

Mr. Gao Zhi
Mr. Chow Hiu Tung

COMPANY SECRETARY

Mr. Chow Hiu Tung

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
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 was approximately RMB303.0 million, representing a decrease of approximately 18.7% as compared to approximately RMB372.6 million for the six months ended 30 June 2019. 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 RMB283.6 million, which represented a decrease of approximately RMB70.3 million as compared to approximately RMB353.9 million for the six months ended 30 June 2019. Such decrease was mainly attributable to decreased revenue of RMB57.5 million from PRC lighting segment due to production delay caused by the outbreak of coronavirus disease ("COVID-19").

Securities Segment

During the Period, the revenue attributable to the securities segment was approximately RMB19.4 million, representing a slight increase of approximately 3.7% as compared to approximately RMB18.7 million for the six months ended 30 June 2019 mainly due to the increased interest revenue.

Cost of goods sold

For the Period, the cost of goods sold was approximately RMB208.3 million, representing a decrease of approximately RMB36.0 million over approximately RMB244.3 million for the six months ended 30 June 2019 primarily due to decrease in material costs and labour costs caused by the decreased sales.

Gross profit and gross profit margin

For the Period, the Group recorded a gross profit of approximately RMB94.8 million, representing a decrease of RMB33.5 million over the gross profit of approximately RMB128.3 million for the six months ended 30 June 2019.

FINANCIAL REVIEW *(Continued)*

Gross profit and gross profit margin *(Continued)*

Lighting Segment

For the Period, the Group recorded a gross profit of approximately RMB75.4 million for the lighting segment, representing a decrease of approximately RMB34.2 million or 31.2% over approximately RMB109.6 million for the six months ended 30 June 2019 primarily due to the decreased sales from PRC lighting segment.

For the Period, the Group recorded a gross profit margin of approximately 26.6% for the lighting segment, representing a decrease of 4.4 percentage points over a gross profit margin of approximately 31.0% for the six months end 30 June 2019 mainly resulting from the effect of USA tariff and the decreased orders of lighting engineering.

Securities Segment

For the Period, the Group recorded a gross profit of approximately RMB19.4 million for the securities segment, representing an increase of approximately RMB0.7 million over approximately RMB18.7 million for the six month ended 30 June 2019. The reason is the same as disclosed in the revenue section.

Other income and (losses)/gains, net

For the Period, the Group recorded other losses of approximately RMB8.3 million, representing a decrease of approximately RMB57.4 million over the other gains of RMB49.1 million for the six months end 30 June 2019, mainly due to the decrease in fair value changes on financial assets at FVTPL of approximately RMB28.9 million and the decrease in fair value of investment properties of approximately RMB27.5 million

Impairment loss of goodwill

For the Period, the amount of impairment losses recognized in respect of goodwill was approximately RMB21.7 million (30 June 2019: nil) mainly due to the impairment loss of goodwill from securities cash-generating unit.

Operating expenses

For the Period, total operating expenses were approximately RMB147.7 million, representing a slight decrease of approximately RMB2.1 million over approximately RMB149.8 million for the six months ended 30 June 2019 due to the decreased travel expense and entertainment expense caused by COVID-19.

FINANCIAL REVIEW *(Continued)*

Finance costs

The finance costs for the Period was approximately RMB13.5 million, representing a slight decrease of RMB0.5 million over RMB14.0 million for the six months ended 30 June 2019.

Taxation

For the Period, the Group's tax credit of approximately RMB5.2 million (30 June 2019: tax charge of RMB2.6 million) mainly included tax provision for the year of 2020 of approximately RMB1.3 million and deferred tax credit of approximately RMB6.5 million.

Loss attributable to owners of the Company

For the Period, the Group recorded a loss attributable to owners of the Company of RMB92.9 million, representing a decrease over a profit attributable to the owners of the Company of RMB11.8 million for the six months ended 30 June 2019, primarily due to the provision of impairment loss of approximately RMB23.4 million, the decrease in gross profit of approximately RMB33.5 million, the decrease in fair value changes on financial assets at FVTPL of approximately RMB28.9 million and the decrease in fair value of investment properties of approximately RMB27.5 million.

Financial Resources and Liquidity and Gearing Ratio

The Group maintained a stable financial position. As at 30 June 2020, the Group had bank balances of RMB366.5 million and bank loans of RMB173.5 million. The gearing ratio representing the ratio of total debt to total equity of the Group was 33.3% as at 30 June 2020 (31 December 2019: 29.2%). Such slight increase was mainly caused by the increase in interest-bearing bank borrowings of approximately RMB32.4 million.

Assets and liabilities

As at 30 June 2020, the Group recorded the total assets of approximately RMB2,491.1 million (31 December 2019: RMB2,494.7 million) and total liabilities of approximately RMB828.0 million (31 December 2019: RMB763.1 million).

As at 30 June 2020, the Group's current assets and non-current assets were approximately RMB1,164.7 million (31 December 2019: RMB1,125.7 million) and approximately RMB1,326.4 million (31 December 2019: RMB1,369.0 million), respectively. The decrease in non-current assets was mainly attributable to the decrease in investment properties of approximately RMB23.6 million and the decrease in goodwill of approximately RMB17.9 million which was mainly from the impairment loss of goodwill of Tongfang Securities Limited.

FINANCIAL REVIEW *(Continued)*

Assets and liabilities *(Continued)*

As at 30 June 2020, the Group's current liabilities and long-term liabilities were approximately RMB374.5 million (31 December 2019: RMB331.9 million) and approximately RMB453.6 million (31 December 2019: RMB431.1 million), respectively. The increase in current liabilities was mainly attributable to the increase in short-term interest-bearing bank borrowings of approximately RMB21.0 million.

As at 30 June 2020, the Group had a contingent consideration payable of approximately RMB27.4 million, arising from the acquisition of the remaining 20% membership interests of Novelty Lights, LLC by American Lighting, Inc, which is expected to complete no later than two business days after the third anniversary of 1 January 2019 (MST) subject to certain conditions having been satisfied. For details, please refer to the Company's announcement dated 1 January 2019. The fair value of the contingent consideration payable was estimated by applying income approach and the probability-weighted average of payouts associated with the earnings before interest, taxes, depreciation, and amortisation of Novelty Lights, LLC.

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.

Charge on Assets

As at 30 June 2020, the Group pledged certain property, plant and equipment totaling approximately RMB7.8 million (31 December 2019: RMB8.1 million), certain trade receivables and inventories with an aggregate carrying value of approximately RMB122.2 million (31 December 2019: RMB118.8 million), certain of the Group's right to use assets with an aggregate carrying value of approximately RMB8.2 million (31 December 2019: RMB8.3 million) and certain of its non-current assets held for sale with an aggregate carrying value of approximately RMB28.1 million), and also certain term deposit with an aggregate carrying value of approximately RMB35.4 million (31 December 2019: nil) to secure bank credit facilities granted to the Group.

FINANCIAL REVIEW *(Continued)*

Capital Commitments

As at 30 June 2020, 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 RMB5.6 million (31 December 2019: RMB9.9 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 2020, the issued share capital of the Company was RMB185,675,667 (equivalent to approximately HK\$209,450,542) (31 December 2019: 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.

Material Acquisition, Disposal and Significant Investment

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

Interim Dividend

The Board resolved not to declare any dividend for the Period (30 June 2019: nil).

BUSINESS REVIEW

Overview

During the Period, the outbreak of COVID-19 globally since early 2020 had an adverse impact on global economy. The Company experienced a decline in revenue resulting from production delay for the lighting segment and a decrease in gain recognised from the fair value changes of equity funds for the securities segment. The Company has taken proactive measures to mitigate the operational risks including providing facial masks, implementing working from home arrangement and using online meeting system. In order to minimize the impact of the COVID-19, the Group will continue to implement measures for COVID-19 pandemic prevention and control, whilst pursuing to recoup the Group's financial performance through various means. The lighting segment will continue to explore the online market, reduce the operation cost and dispose of bad assets.

BUSINESS REVIEW *(Continued)*

Sales and Distribution

Lighting Segment

During the Period, the Group took efforts in distribution and marketing, cultivating the new DIY sales team and promoting the new brand of 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 Limited is a licensed corporation to carry on Type 1 (Dealing in Securities), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities and expects to further develop its financial service business.

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 2020, the Group's total number of employees was approximately 960 (31 December 2019: 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.

Under the code provision A2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have a separate chairman and a chief executive officer and Mr. Gao Zhi holds both positions. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company as non-executive Directors and independent non-executive Directors form the majority of the Board, with five out of seven of the Directors being non-executive directors and independent non-executive Directors. The Board believes that vesting the roles of both chairman and chief executive officer in the same person can facilitate execution of the Company's business strategies and boost effectiveness of its operation. The Board will review the current structure from time to time and shall make necessary arrangements when the Board considers appropriate.

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, redeemed or sold any of the Company's listed securities during the Period.

DIVIDENDS

The Board resolved not to declare any interim dividend for the Period (30 June 2019: nil).

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 condensed consolidated financial statements of the Group for the six months ended 30 June 2020 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 2020, the Directors and the chief executive of the Company and their respective associates had the following interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

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

Name	Capacity	Number of Ordinary Shares as at 30 June 2020	Percentage of total issued share capital as at 30 June 2020
Mr. Daniel P.W. Li ⁽¹⁾	Interest of controlled corporation	177,227,723	8.5%

Note:

- (1) 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 2020	Percentage of total issued share capital of American Lighting as at 30 June 2020
Mr. Seah Han Leong ⁽¹⁾	Beneficial owner	363	0.99%

Note:

- (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 2020, 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 2020, 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 2020	Percentage of total issued share capital as at 30 June 2020
THTF ES ⁽¹⁾	Beneficial owner	1,348,360,690	64.4%
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 2020, 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 has been terminated and no further share options can be granted under the 2006 Share Option Scheme. All outstanding options under the 2006 Share Option Scheme lapsed on 14 May 2020.

Details of the share options under the 2006 Share Option Scheme as at 30 June 2020 are set forth as below:

Category of participants	Date of grant	Exercise price per share (HK\$)	Outstanding	Granted during the Period	Exercise during the Period	Forfeited/ Lapsed	Outstanding
			as at 1 January 2020			during the Period	as at 30 June 2020
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	9,800,000	-	-	(9,800,000)	-
Total:			15,600,000	-	-	(15,600,000)	-

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

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

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.

SHARE OPTION SCHEMES *(Continued)*

2016 Share Option Scheme *(Continued)*

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.

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 2020 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 2020				as at 30 June 2020
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



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To the board of directors 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 23 to 55, 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 2020 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.

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

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the 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.

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.

Ernst & Young

Certified Public Accountants

Hong Kong

24 August 2020

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
REVENUE	4	303,043	372,568
Cost of sales		(208,261)	(244,284)
Gross profit		94,782	128,284
Other income and (losses)/gains, net	4	(8,281)	49,073
(Provision)/reversal of impairment, net		(23,350)	351
Selling and distribution expenses		(63,160)	(69,895)
Administrative expenses		(84,568)	(79,878)
Finance costs	5	(13,527)	(13,964)
(LOSS)/PROFIT BEFORE TAX	5	(98,104)	13,971
Income tax credit/(expense)	6	5,247	(2,645)
(LOSS)/PROFIT FOR THE PERIOD		(92,857)	11,326
Attributable to:			
Owners of the parent		(92,933)	11,822
Non-controlling interests		76	(496)
		(92,857)	11,326
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	8	RMB(4.44) cents	RMB0.56 cent

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Unaudited)
(LOSS)/PROFIT FOR THE PERIOD	(92,857)	11,326
OTHER COMPREHENSIVE (LOSS)/INCOME:		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	21,799	5,332
Other comprehensive (loss)/income 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	(52)	–
Surplus on revaluation upon transfer of right-of-use assets to investment properties	352	–
Income tax effect	(88)	–
	264	–
Surplus on revaluation upon transfers of property, plant and equipment to investment properties	2,820	–
Income tax effect	(705)	–
	2,115	–

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	24,126	5,332
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(68,731)	16,658
Attributable to:		
Owners of the parent	(69,691)	17,416
Non-controlling interests	960	(758)
	(68,731)	16,658

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	87,122	82,405
Investment properties		850,255	873,891
Right-of-use assets		31,590	24,597
Goodwill	10	203,121	220,978
Other intangible assets		43,144	44,064
Equity investments designated at fair value through other comprehensive income		352	404
Prepayments and other assets		960	5,096
Financial assets at fair value through profit or loss		106,173	113,458
Deferred tax assets		3,703	4,127
Total non-current assets		1,326,420	1,369,020
CURRENT ASSETS			
Inventories		170,281	156,684
Trade and bills receivables	11	103,591	97,409
Loan receivables	12	185,392	302,648
Prepayments, other receivables and other assets		188,429	119,555
Financial assets at fair value through profit or loss		111,355	156,097
Pledged deposits		35,398	–
Cash held on behalf of clients		3,773	4,322
Cash and cash equivalents		366,508	256,938
		1,164,727	1,093,653
Non-current assets classified as held for sale		–	32,076
Total current assets		1,164,727	1,125,729

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

30 June 2020

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade payables	13	95,767	71,484
Other payables and accruals		60,063	60,008
Lease liabilities		9,816	9,957
Interest-bearing bank borrowings	14	162,172	141,135
Tax payable		7,486	9,232
Provision		11,735	12,316
Contingent consideration payable		27,433	27,800
Total current liabilities		374,472	331,932
NET CURRENT ASSETS			
		790,255	793,797
TOTAL ASSETS LESS CURRENT LIABILITIES			
		2,116,675	2,162,817
NON-CURRENT LIABILITIES			
Government grants		2,815	2,250
Lease liabilities		8,665	905
Interest-bearing bank borrowings	14	11,317	–
Deferred tax liabilities		68,292	74,277
Loan from the ultimate holding company	17(b)	362,464	353,706
Total non-current liabilities		453,553	431,138
Net assets			
		1,663,122	1,731,679
EQUITY			
Equity attributable to owners of the parent			
Issued capital		185,676	185,676
Reserves		1,472,264	1,541,781
		1,657,940	1,727,457
Non-controlling interests		5,182	4,222
Total equity		1,663,122	1,731,679

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the parent													Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Special reserve RMB'000	Share compensation reserve RMB'000	Share options reserve RMB'000	Exchange fluctuation reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Asset revaluation reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000			
At 1 January 2020 (audited)	185,676	(19)	2,415,147	2,146	55,238	50,024	6,374	(246,217)	(2,748)	143,101	(9,100)	(872,165)	1,727,457	4,222	1,731,679	
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	(92,933)	(92,933)	76	(92,857)	
Other comprehensive (loss)/ income for the period:																
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	20,915	-	-	-	-	20,915	884	21,799	
Changes in fair value of equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	(52)	-	-	-	(52)	-	(52)	
Surplus on revaluation upon transfer of right-of-use assets to investment properties, net of tax	-	-	-	-	-	-	-	-	-	264	-	-	264	-	264	
Surplus on revaluation upon transfer of property, plant and equipment to investment properties, net of tax	-	-	-	-	-	-	-	-	-	2,115	-	-	2,115	-	2,115	
Total comprehensive loss for the period	-	-	-	-	-	-	-	20,915	(52)	2,379	-	(92,933)	(69,691)	960	(68,731)	
Equity-settled share option arrangements	-	-	-	-	-	-	174	-	-	-	-	-	174	-	174	
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	(4,298)	-	-	-	-	4,298	-	-	-	
At 30 June 2020 (unaudited)	185,676	(19)	2,415,147	2,146	55,238	50,024	2,250	(225,302)	(2,800)	145,480	(9,100)	(960,800)	1,657,940	5,182	1,663,122	
	Attributable to owners of the parent															
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Special reserve RMB'000	Share compensation reserve RMB'000	Share options reserve RMB'000	Exchange fluctuation reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Asset revaluation reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000	
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:																
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	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	

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from/(used in) operations	68,540	(56,640)
Interest income received from money lending business	15,586	13,938
Interest paid	(639)	–
Hong Kong profits tax paid	–	(5)
Overseas taxes paid	(3,049)	(2,841)
Net cash flows from/(used in) operating activities	80,438	(45,548)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of equity investments designated at fair value through other comprehensive income	–	600
Purchases of items of property, plant and equipment	(10,365)	(4,925)
Proceeds from disposal of items of property, plant and equipment	409	7,347
Proceeds from disposal of non-current assets held for sale	41,624	–
Purchase of financial assets at fair value through profit or loss	–	(5,529)
Proceeds from disposal of financial assets at fair value through profit or loss	–	19,018
Acquisition of a subsidiary	–	5,600
Increase in pledged deposits	(35,398)	–
Other cash flows arising from investing activities	30	886
Net cash flows (used in)/from investing activities	(3,700)	22,997
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	130,178	101,214
Repayment of bank loans	(98,566)	(110,943)
Principal portion of lease payments	(7,246)	(6,552)
Other cash flows arising from financing activities	(4,769)	(12,813)
Net cash flows from/(used in) financing activities	19,597	(29,094)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	96,335	(51,645)
Cash and cash equivalents at the beginning of period	256,938	229,819
Effect of foreign exchange rate changes, net	13,235	(649)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	366,508	177,525

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

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 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 consolidated financial statements for the year ended 31 December 2019.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

Other than as explained below regarding the nature and impact of amendments to HKAS 1 and HKAS 8 *Definition of Material*, the revised HKFRSs are not relevant to the preparation of the Group's unaudited interim condensed consolidated financial statements. The nature and impact of the revised HKFRSs are described below:

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

30 June 2020

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2020

3. OPERATING SEGMENT INFORMATION *(Continued)*

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/(loss) before tax except that bank interest income, non-lease-related finance costs, changes in fair value of investment properties, changes in fair value of financial assets 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, 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 2020

3. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2020 (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	25,735	257,898	6,142	289,775
Interest revenue	–	–	13,268	13,268
Intersegment sales	5,456	–	–	5,456
	31,191	257,898	19,410	308,499
<i>Reconciliation:</i>				
Elimination of intersegment sales				(5,456)
Revenue				303,043
Segment results	(17,114)	1,631	(32,177)	(47,660)
<i>Reconciliation:</i>				
Interest income and unallocated income				6,222
Finance costs (other than interest on lease liabilities)				(12,888)
Fair value losses on investment properties				(27,539)
Fair value losses on financial assets at FVTPL, net				(1,231)
Unallocated expenses				(15,008)
Loss before tax				(98,104)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2020

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 2020

3. OPERATING SEGMENT INFORMATION (Continued)

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2020 and 31 December 2019, respectively.

	30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
Segment assets		
PRC lighting	1,346,591	1,449,501
USA lighting	250,684	266,677
Securities	396,384	471,318
<i>Reconciliation:</i>		
Elimination of intersegment receivables	(134,865)	(227,811)
Others	632,353	535,064
Total	2,491,147	2,494,749
Segment liabilities		
PRC lighting	118,456	63,886
USA lighting	88,951	102,985
Securities	141,716	240,258
<i>Reconciliation:</i>		
Elimination of intersegment payables	(134,865)	(227,811)
Others	613,767	583,752
Total	828,025	763,070

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2020

4. REVENUE, OTHER INCOME AND (LOSSES)/GAINS, NET

An analysis of revenue is as follows:

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>	289,775	359,879
<i>Revenue from other sources</i>		
Interest revenue	13,268	12,689
	303,043	372,568

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2020

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

Revenue from contracts with customers

Disaggregated revenue information

For the six months ended 30 June 2020 (unaudited)

Segments	PRC lighting RMB'000	USA lighting RMB'000	Securities RMB'000	Total RMB'000
Types of goods or services				
Sale of lighting products	25,735	257,898	–	283,633
Advisory and management services	–	–	5,161	5,161
Agency services	–	–	981	981
Total revenue from contracts with customers	25,735	257,898	6,142	289,775
Geographic markets				
North America	11,461	257,898	–	269,359
Europe	7,353	–	–	7,353
PRC	976	–	–	976
Asia (excluding PRC)	5,945	–	6,142	12,087
Total revenue from contracts with customers	25,735	257,898	6,142	289,775
Timing of revenue recognition				
Goods transferred and services rendered at a point in time	25,735	257,898	981	284,614
Services rendered over time	–	–	5,161	5,161
Total revenue from contracts with customers	25,735	257,898	6,142	289,775

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2020

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

Revenue from contracts with customers (Continued)

Disaggregated revenue information (Continued)

For the six months ended 30 June 2019 (unaudited)

Segments	PRC lighting RMB'000	USA lighting RMB'000	Securities RMB'000	Total RMB'000
Types 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
<hr/>				
Total revenue from contracts with customers	83,186	270,725	5,968	359,879
<hr/>				
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
<hr/>				
Total revenue from contracts with customers	83,186	270,725	5,968	359,879
<hr/>				
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
<hr/>				
Total revenue from contracts with customers	83,186	270,725	5,968	359,879
<hr/>				

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2020

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

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Other income		
Bank interest income	1,199	488
Other interest income	928	2,391
Dividend income from financial assets at FVTPL	1,500	2,587
Government grants*	1,037	4,319
Gross rental income	1,955	5,504
Others	640	1,238
	7,259	16,527
(Losses)/gains, net		
Gain on disposal of property, plant and equipment	112	5,018
Gain on disposal of non-current assets held for sale	9,548	–
Fair value changes on financial assets at FVTPL, net	(1,231)	27,646
Fair value losses on revaluation of investment properties	(27,539)	–
Fair value change of contingent consideration payable	785	–
Foreign exchange gains/(losses), net	2,785	(120)
Others	–	2
	(15,540)	32,546
	(8,281)	49,073

* A portion of government grants in the current period was granted from the Employment Support Scheme and Subsidy Scheme for the Securities Industry under the Anti-epidemic Fund of the Hong Kong Government, which aim to retain employment and combat COVID-19. As a condition of receiving the grant from the Employment Support Scheme, the Group undertakes not to make redundancies by 31 August 2020. Except for the above government grants, there are no unfulfilled conditions or contingencies relating to the remaining grants.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2020

5. (LOSS)/PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance costs		
Interest on bank loans	4,129	3,573
Interest on a loan from the ultimate holding company	8,759	9,240
Interest on lease liabilities	639	1,151
	13,527	13,964
Depreciation of property, plant and equipment	7,134	6,146
Depreciation of right-of-use assets	7,764	6,725
Research and development costs:		
Deferred expenditure amortised	2,908	2,299
Amortisation of other intangible assets	2,523	5,004
Lease payments not included in the measurement of lease liabilities	476	410
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	44	35
Provision/(reversal) of impairment losses on financial assets, net:		
Trade and bills receivables	844	(58)
Other receivables	770	(293)
	1,614	(351)
Impairment of goodwill	21,736	–
Write-down of inventories to net realisable value	7,751	7,493
Foreign exchange losses/(gains), net	(2,785)	120

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

30 June 2020

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the current period (30 June 2019: Nil). For the Group's subsidiaries established in the USA, income tax is calculated at the rate of 24.5% (30 June 2019: 24.5%). No provision for the PRC corporate income tax has been made as the Group did not generate any assessable profits arising in PRC during the current period (30 June 2019: 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	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current		
Charge for the period	1,303	3,725
Deferred tax	(6,550)	(1,080)
Total tax (credit)/charge for the period	(5,247)	2,645

7. DIVIDEND

The directors of the Company did not recommend the payment of a dividend for the six months ended 30 June 2020 and 2019.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2020

8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,094,465,417 (30 June 2019: 2,094,505,417) in issue during the period.

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings (Loss)/profit attributable to ordinary equity holders of the parent, used in the basic (loss)/earnings per share calculation	(92,933)	11,822
	Six months ended 30 June	
	2020	2019
	Number of shares	Number of shares
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation	2,094,465,417	2,094,505,417

Note: Diluted (loss)/earnings per share is calculated by dividing the (loss)/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 (loss)/earnings per share does not assume the exercise of the Company's outstanding share options for the six months ended 30 June 2020 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 2020

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired assets with a cost of RMB10,365,000 (30 June 2019: RMB4,925,000).

Property, plant and equipment with a net book value of RMB297,000 were disposed of by the Group during the six months ended 30 June 2020 (30 June 2019: RMB2,329,000), resulting in a net gain on disposal of RMB112,000 (30 June 2019: RMB5,018,000).

10. GOODWILL

An analysis of the carrying amounts of goodwill allocated to each of the cash-generating units is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
USA lighting cash-generating unit for Tivoli, LLC	8,841	8,712
USA lighting cash-generating unit for Novelty Lights, LLC	90,029	88,715
Securities cash-generating unit	104,251	123,551
Total	203,121	220,978

During the current period, as the fluctuation of the capital market adversely affected the operating performance of the Group's securities cash-generating unit, management re-assessed the outlook and future performance of the Group's securities cash-generating unit and determined the estimated recoverable amount of this cash-generating unit is approximately RMB494.0 million which is lower than its carrying amount. Accordingly, an impairment of RMB21.7 million (2019: nil) was recognised in the interim condensed consolidated statement of profit or loss for the period (note 5).

The estimated recoverable amount of the Securities cash-generating unit has been determined based on fair value less cost of disposal using cash flow projections based on financial budgets covering the five-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections is 13.8% (31 December 2019: 14.8%). The growth rate used to extrapolate the cash flows of the financial services beyond the five-year period is 2.0% (31 December 2019: 3.0%).

In the opinion of the Company's directors, a decrease in the growth rate to 1% would cause the recoverable amount of the securities cash-generating unit decrease by approximately RMB38.8 million.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2020

11. TRADE AND BILLS RECEIVABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade receivables	108,208	100,742
Bills receivables	528	968
Less: Impairment loss on trade receivables	(5,131)	(4,281)
Less: Impairment loss on bills receivables	(14)	(20)
	103,591	97,409

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 2020			31 December 2019		
	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	52,685	2,580	55,265	42,509	5,825	48,334
1 to 2 months	25,045	–	25,045	21,502	38	21,540
2 to 3 months	1,813	918	2,731	10,751	288	11,039
3 to 6 months	1,898	4,144	6,042	6,356	47	6,403
Over 6 months	12,079	2,429	14,508	9,522	571	10,093
	93,520	10,071	103,591	90,640	6,769	97,409

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

30 June 2020

12. LOAN RECEIVABLES

	30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
Loan receivables	185,859	303,115
Less: impairment allowance	(467)	(467)
	185,392	302,648

The loan receivables bear interest rate at 8% (31 December 2019: ranging from 8% to 12%) per annum and are repayable within one year. As at 30 June 2020, the Group's loan receivables amounted to RMB185,859,000 (31 December 2019: RMB303,115,000) and were secured by certain properties and equity shares (31 December 2019: secured by certain properties, other investments and listed securities).

13. TRADE PAYABLES

	30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
Accounts payables to suppliers	91,995	67,162
Accounts payables to securities clients	3,772	4,322
	95,767	71,484

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2020

13. TRADE PAYABLES (Continued)

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

	30 June 2020			31 December 2019		
	Accounts payables to securities clients	Accounts payables to suppliers	Total	Accounts payables to securities clients	Accounts payables to suppliers	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Within 1 month	3,772	38,411	42,183	4,322	37,774	42,096
1 to 2 months	–	19,240	19,240	–	6,177	6,177
2 to 3 months	–	7,632	7,632	–	2,442	2,442
3 to 6 months	–	7,549	7,549	–	68	68
6 months to 1 year	–	141	141	–	600	600
Over 1 year	–	19,022	19,022	–	20,101	20,101
	3,772	91,995	95,767	4,322	67,162	71,484

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2020

14. INTEREST-BEARING BANK BORROWINGS

	30 June 2020			31 December 2019		
	Effective interest rate %	Maturity	RMB'000 (Unaudited)	Effective interest rate %	Maturity	RMB'000 (Audited)
Current						
Bank loans – unsecured	–	–	–	4.4	2020	20,000
Bank loan – secured	3.25-5.0	2021	113,795	3.6-5.0	2020	63,000
	The London Inter-bank offered Rate (“LIBOR”)	2020	48,377	LIBOR	2020	58,135
Non-current						
Bank loans – secured	0.33	2022	11,317	–	–	–
			173,489			141,135

The maturity of the above bank borrowings is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Analysed into:		
Within one year or on demand	162,172	141,135
Within one to two years	11,317	–
	173,489	141,135

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2020

15. OPERATING LEASE ARRANGEMENTS

As lessor

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

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Within one year	4,063	3,473
After one year but within two years	3,754	2,667
After two years but within three years	3,574	2,899
After three years but within four years	3,574	3,107
After four years but within five years	1,903	3,107
After five years	1,764	45
	18,632	15,298

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2020

16. COMMITMENTS

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Contracted, but not provided for: Property, plant and equipment	5,610	9,921

17. RELATED PARTY TRANSACTIONS

(a) The Group had the following transaction with a related party during the period:

		Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
	Note	(Unaudited)	(Unaudited)
Interest expense to the ultimate holding company	17(b)	8,759	9,240

(b) Loan from the ultimate holding company

At 30 June 2020, the loan from Tsinghua Tongfang Co., Ltd. with an amount of RMB362,464,000 (31 December 2019: RMB353,706,000) is unsecured, interest-bearing at 4.95% per annum and repayable in 2022.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2020

18. 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 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Financial assets				
Equity investments				
designated at FVTOCI	352	404	352	404
Financial assets at FVTPL	217,528	269,555	217,528	269,555
	217,880	269,959	217,880	269,959
Financial liabilities				
Interest-bearing bank borrowings	173,489	141,135	173,604	144,676
Loan from the ultimate holding company	362,464	353,706	364,426	384,840
Contingent consideration payable	27,433	27,800	27,433	27,800
	563,386	522,641	565,463	557,316

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 of each segment 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 2020

18. 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 to calculate an appropriate price multiple, such as enterprise value ("EV") 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 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.

For the financial assets at FVTPL or equity investments designated at FVTOCI, 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 or comprehensive income are reasonable, and that they were the most appropriate values at the end of the reporting period.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2020

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2020 and 31 December 2019:

	Valuation technique	Significant unobservable input	Multiple	Sensitivity of fair value to the input
Unlisted investments	Valuation multiple	EV/EBITDA multiple of peers	13.7 (31 December 2019: 13.7)	1% (31 December 2019: 1%) increase/decrease in the multiple would result in increase/decrease in fair value by RMB1,516,000 (31 December 2019: RMB1,528,000)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2020

18. 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 2020 (Unaudited)				
Equity investments designated at FVTOCI	–	–	352	352
Financial assets at FVTPL	52,735	58,620	106,173	217,528
	52,735	58,620	106,525	217,880
As at 31 December 2019 (Audited)				
Equity investments designated at FVTOCI	–	–	404	404
Financial assets at FVTPL	60,589	43,130	165,836	269,555
	60,589	43,130	166,240	269,959

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2020

18. 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 period are as follows:

	2020 RMB'000 (Unaudited)	2019 <i>RMB'000</i> (Unaudited)
Financial assets at FVTPL – unlisted:		
At 1 January	165,836	204,693
Total (losses)/gains recognised in the condensed consolidated statement of profit or loss	(7,285)	5,817
Additions	–	5,529
Disposals	(52,378)	(6,876)
Exchange realignment	–	294
	106,173	209,457

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

	2020 RMB'000 (Unaudited)	2019 <i>RMB'000</i> (Unaudited)
Equity investments designated at FVTOCI investments – unlisted:		
At 1 January	404	1,224
Total losses recognised in the condensed consolidated statement of comprehensive income	(52)	–
Disposals	–	(600)
	352	624

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Continued)

30 June 2020

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities 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 2020 (Unaudited)				
Contingent consideration payable	–	–	27,433	27,433
As at 31 December 2019 (Audited)				
Contingent consideration payable	–	–	27,800	27,800

As at 30 June 2020, 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 RMB173,604,000 (31 December 2019: RMB144,676,000) and RMB364,426,000 (31 December 2019: RMB384,840,000), 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 (Six months ended 30 June 2019: Nil).

19. 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 24 August 2020.

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

DEFINITIONS *(Continued)*

“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
“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

DEFINITIONS *(Continued)*

“Period”	the six months ended 30 June 2020
“RMB”	Renminbi, the lawful currency of the PRC
“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>