Neo-Neon Holdings Limited
真明麗控股有限公司

(Incorporated in Cayman Islands with limited liability)

Stock code: 1868

ANNUAL RESULTS ANNOUNCEMENT
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2007

ANNUAL RESULTS

The board of directors (the "Board") of Neo-Neon Holdings Limited ("Neo-Neon" or the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31st December, 2007 with comparative figures for the year ended 31st December, 2006 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2007

	Notes	2007 HK$'000	2006 HK$'000
Turnover	3	**1,572,126**	1,258,825
Cost of goods sold		**(966,914)**	(758,718)
Gross profit		**605,212**	500,107
Other income		**78,271**	58,819
Distribution and selling expenses		**(76,342)**	(70,829)
Administrative expenses		**(279,629)**	(219,572)
Finance costs		**(1,473)**	(8,912)
Increase in fair value of investment properties		**21,083**	–
Share of profits of associates		**285**	2,004
Share of results of a jointly controlled entity		**(882)**	4,118
Profit before taxation	4	**346,525**	265,735
Taxation	5	**(14,844)**	(5,026)
Profit for the year		**331,681**	260,709
Attributable to			
– equity holders of the Company		**334,029**	259,965
– minority interests		**(2,348)**	744
		331,681	260,709
Dividends	6	**20,550**	120,000
Earnings per share			
– Basic	7	**HK$0.439**	HK$0.428
– Diluted		**HK$0.437**	N/A

CONSOLIDATED BALANCE SHEET

AT 31ST DECEMBER, 2007

	Notes	**2007** **HK$'000**	2006 HK$'000
Non-current assets			
Investment properties		**50,193**	17,381
Property, plant and equipment		**714,694**	459,234
Land use rights		**27,244**	12,871
Intangible assets		**11,781**	12,583
Interests in associates		**–**	16,803
Interest in a jointly controlled entity		**21,938**	22,782
Deposits made on acquisition of property, plant and equipment		**118,529**	4,152
Deferred tax assets		**11,974**	15,247
		956,353	561,053
Current assets			
Inventories		**720,457**	495,729
Trade and other receivables	8	**362,641**	226,435
Investments held-for-trading		**47,336**	–
Pledged bank deposits		**2,105**	1,985
Bank balances and cash		**609,828**	1,158,158
		1,742,367	1,882,307
Asset held for sale		**18,068**	–
		1,760,435	1,882,307
Current liabilities			
Trade and other payables	9	**296,046**	219,518
Amount due to a director		**10,396**	2,126
Taxation		**28,617**	19,854
Mortgage loan due within one year		**–**	5,747
Current portion of long-term bank loans		**–**	18,000
Secured short-term bank loans		**–**	52,635
		335,059	317,880
Net current assets		**1,425,376**	1,564,427
Total assets less current liabilities		**2,381,729**	2,125,480

	2007	2006
	HK$'000	HK$'000
Non-current liabilities		
Mortgage loan due after one year	**–**	45,999
Long-term bank loans due after one year	**–**	55,500
	–	101,499
Net assets	**2,381,729**	2,023,981
Capital and reserves		
Share capital	**76,120**	76,000
Reserves	**2,297,821**	1,937,845
Equity attributable to equity holders of the Company	**2,373,941**	2,013,845
Minority interests	**7,788**	10,136
Total equity	**2,381,729**	2,023,981

Notes:

1. GENERAL AND BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The Company was incorporated and registered as an exempted company with limited liability under the Companies Law of the Cayman Islands and acts as an investment holding company. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report. Its ultimate holding company is Rightmass Agents Limited, a company which is incorporated in the British Virgin Islands.

Through a group reorganisation to rationalise the structure of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") in preparation for the listing of the Company's shares (the "Group Reorganisation"), the Company became the holding company of the Group on 20th November, 2006. Details of the Group Reorganisation are more fully explained in Appendix VII to the prospectus of the Company dated 4th December, 2006. The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements for the year ended 31st December, 2006 have been prepared using the principles of merger accounting. The consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ended 31st December, 2006 had been prepared on the basis as if the current group structure had been in existence throughout that year.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS"s)

In the current year, the Group has applied, for the first time, the following new Standard, Amendment on Hong Kong Accounting Standard ("HKAS") and Interpretations ("INT"s) (collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1st January, 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial reporting in hyperinflationary economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of embedded derivatives
HK(IFRIC) – Int 10	Interim financial reporting and impairment

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised Standards or INTs that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements[1]
HKAS 23 (Revised)	Borrowing costs[1]
HKAS 27 (Revised)	Consolidated and separate financial statements[2]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[3]
HKFRS 3 (Revised)	Business combinations[2]
HKFRS 8	Operating segments[1]
HK(IFRIC) – Int 11	HKFRS 2: Group and treasury share transactions[4]
HK(IFRIC) – Int 12	Service concession arrangements[5]
HK(IFRIC) – Int 13	Customer loyalty programmes[6]
HK(IFRIC) – Int 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction[5]

[1] Effective for annual periods beginning on or after 1st January, 2009.
[2] Effective for annual periods beginning on or after 1st July, 2009.
[3] Effective for annual periods beginning on or after 1st January, 2009.
[4] Effective for annual periods beginning on or after 1st March, 2007.
[5] Effective for annual periods beginning on or after 1st January, 2008.
[6] Effective for annual periods beginning on or after 1st July, 2008.

The directors of the Company anticipate that the application of these Standards or INTs will have no material impact on the results and the financial position of the Group.

3. TURNOVER

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers during the year.

4. PROFIT BEFORE TAXATION

	2007	2006
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**87,440**	67,591
Less: Depreciation included in research and development costs	**(1,233)**	(665)
	86,207	66,926
Allowance for bad and doubtful debts	**–**	8,616
Amortisation of intangible assets included in administrative expenses	**2,372**	2,097
Depreciation of investment properties	**–**	362
and after crediting:		
Dividend income from listed investments held-for-trading	**272**	866
Increase in fair value of listed investments held-for-trading	**7,204**	11,780
Interest income	**30,272**	9,082
Net write-back of allowance for bad and doubtful debts	**15,031**	–

5. TAXATION

	2007 HK$'000	2006 HK$'000
The charge comprises:		
PRC enterprise income tax	**(9,171)**	(9,104)
Taxation in other overseas jurisdictions	**(421)**	(528)
	(9,592)	(9,632)
Hong Kong Profits Tax	**(1,538)**	(270)
Overprovision in prior years	**484**	812
	(1,054)	542
Deferred taxation		
– current year	**(3,000)**	4,064
– attributable to a change in tax rate	**(1,198)**	–
	(4,198)	4,064
	(14,844)	(5,026)

Pursuant to the relevant laws and regulations in the PRC, certain Group's PRC subsidiaries are entitled to exemption from PRC enterprise income tax for two years commencing from their first profit making year of operation and thereafter, these PRC subsidiaries will be entitled to a 50% relief from PRC enterprise income tax for the following three years. This exemption concession will expire in 2008.

The PRC enterprise income tax and overseas taxation are calculated at the rates prevailing in the respective jurisdictions while Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for the year.

On 16th March, 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6th December, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the applicable tax rate from 27% to 25% for certain subsidiaries from 1st January, 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

6. DIVIDENDS

During the year, an interim dividend of HK$0.027 per share totalling HK$20,550,000 was paid to the shareholders of the Company.

In 2006, a subsidiary, Neo-Neon Holdings (BVI) Limited ("NNH") distributed dividends of HK$120,000,000 to its then shareholders prior to the Group Reorganisation.

The final dividend of HK$0.083 cents per share for the year ended 31st December, 2007 which has been proposed by the directors and is subjected to approval by the shareholders in the forthcoming annual general meeting is calculated on the basis of 761,197,500 shares in issue at the date of this report.

7. EARNINGS PER SHARE

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

	2007	2006
	HK$'000	HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**334,029**	259,965
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**760,610,874**	607,452,054
Effect of dilutive potential ordinary shares – share options	**3,332,809**	
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**763,943,683**	

The shares in issue in 2006 is based on the assumption that the Group Reorganisation and the capitalisation issue have been effective on 1st January, 2006.

No diluted earnings per share was presented in 2006 as there were no potential shares during that year.

8. TRADE AND BILLS RECEIVABLES

Payment terms with customers are mainly on credit together with deposits. Invoices are normally payable from 60 days to 90 days of issuance, except for certain well established customers in which the credit terms are up to 180 days. The following is an aged analysis of trade and bills receivables at the balance sheet date:

	2007	2006
	HK$'000	HK$'000
Age		
0 to 60 days	**179,275**	66,514
61 to 90 days	**31,619**	16,074
91 to 180 days	**48,162**	63,897
181 to 360 days	**9,424**	17,809
Over 1 year	**139**	6,424
	268,619	170,718

9. TRADE AND BILLS PAYABLES

The following is an aged analysis of trade and bills payables at the balance sheet date:

	At 31st December,	
	2007	2006
	HK$'000	HK$'000
Age		
0 to 30 days	**35,817**	41,126
31 to 60 days	**60,976**	21,610
61 to 90 days	**22,164**	8,801
91 to 120 days	**47,464**	15,473
121 days to 360 days	**26,280**	16,032
	192,701	103,042

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group reported good results for the 2007 financial year. Both turnover and net profit grew moderately. For the year ended 31st December, 2007, the turnover of the Group reached HK$1.572 billion, an increase of 24.9%. Net profit increased by 27.2% to a record HK$331.7 million. Basic earnings per share was HK$0.439, representing an increase of 2.6% as compared with HK$0.428 in 2006.

These encouraging results in 2007 were mainly attributable to continued favourable sales of the Group's LED decorative lighting products, LED general lighting products and incandescent lighting products. Effective cost and operational expense control also contributed to the rise in profit.

TURNOVER

Incandescent-based decorative lighting products

The sales revenue of incandescent-based decorative lighting products increased from HK$482.8 million to HK$545.9 million. Although the replacement of incandescent-based decorative lighting products by LED-based decorative lighting products continued to take place in the market, we expect the incandescent lighting market will continue to grow moderately in the next few years.

LED-based decorative lighting products

The sales revenue of LED-based decorative lighting products grew significantly from HK$497.0 million in 2006 to HK$683.6 million in 2007, an increase of 37.5%. The revenue of one of our patented products, the LEDNEON-FLEX, increased by 38.6% from 2006 to 2007. Recently, we have launched a new generation of LEDNEON-FLEX, the light intensity of which matches traditional glass neon lights but the light efficiency is a few times better. We believe we continue to be the market leaders in the LED-based decorative lighting industry.

LED-based general lighting products

In 2007, we launched the LED-based general lighting products to the market. This is the first time in our history that we entered this market. The sales revenue was HK$33.5 million which was above our expectation.

Entertainment lighting products

The sales revenue of entertainment lighting products increased from HK$232.2 million in 2006 to HK$262.4 million, an increase of 13.0%. The growth of the entertainment lighting business is below our expectation.

COST OF GOODS SOLD

The Group's total cost of goods sold increased from HK$758.7 million in 2006 to HK$966.9 million in 2007. The increase was in line with the increase in sales revenue. Cost of goods sold represented 61.5% of the Group's total turnover in 2007, compared to 60.3% in 2006. Due to increase in oil and commodity prices in 2007, the cost of copper and PVC increased moderately which to certain extent affected our gross margin. The cost of LED chips declined moderately in 2007 which was a general phenomenon in the industry. We expect this cost decreasing trend for the LED chips will ease off in the next few years.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit increased by 21.0% from HK$500.1 million in 2006 to HK$605.2 million in 2007 as a result of the increase in sales during the year. The Group's overall gross profit margin decreased slightly from 39.7% in 2006 to 38.5% in 2007. This was mainly due to the product mix change and the increase in price of direct materials. However, we are confident that we are able to maintain the current gross profit margin in 2008.

OTHER INCOME

Other income is mainly contributed by bank interest income, investment income from marketable securities and gold contracts and exchange gain due to appreciation of monetary items which are denominated in renminbi.

OPERATING EXPENSES

Operating expenses include distribution expenses and administrative expenses. For the year ended 31st December, 2007, the Group's operating expenses were HK$356.0 million, an increase of 22.6 %, compared to HK$290.4 million in 2006. The main reasons for the increase in operating expenses were due to the incurring of apportioned share-based payments of HK$18.7 million of employee share option related expenses and a performance bonus of HK$10.4 million paid to a director in 2007. Leaving aside these expenses, the increase was in tandem with sales and production volumes. Operating expenses accounted for 22.6% of the Group's turnover for the year, down as compared with 23.1% in 2006.

NET FINANCING COST

For the year ended 31st December, 2007, the Group's net financing cost was HK$1.5 million, a decrease of 83.1% compared with HK$8.9 million in 2006, which was mainly attributable to repayment of all the bank loans in 2007.

NET PROFIT

For the year ended 31st December, 2007, the Group's net profit amounted to HK$331.7 million, an increase of 27.2% compared with HK$260.7 million in 2006. The increase was mainly attributable to the increase in sales and the Group's success in controlling costs and overhead expenses. The net profit margin was 21.1%, an increase of 1.9% compared with 20.7% in 2006.

FINANCIAL RESOURCES AND LIQUIDITY

The Group's major liquidity and capital resources are the cash inflow from operating activities. Net cash from operating activities during the year was HK$89.9 million, an increase of HK$63.4 million compared with HK$26.5 million in 2006. Cash and cash equivalents as of 31st December, 2007 was HK$609.8 million.

ASSETS AND LIABILITIES

As of 31st December, 2007, the Group's total assets were HK$2,716.8 million, an increase of HK$273.5 million compared with HK$2,443.3 million as of 31st December, 2006. The main reason for the increase was due to increase in net profit. The Group's total liabilities as of 31st December, 2007 were HK$335.1 million, a decrease of HK$84.3 million compared to HK$419.4 million as of 31st December, 2006. The main reason for the decrease in total liabilities was due to repayment of bank borrowings in 2007. The Group's total equity as of 31st December, 2007 was HK$2,381.7 million, an increase of HK$357.7 million compared with HK$2,024.0 million as of 31st December, 2006. The increase was mainly due to the net profit for the year. As of 31st December, 2007, the Group's cash and cash equivalents amounted to HK$609.8 million, a decrease of HK$548.4 million compared with HK$1,158.2 million as of 31st December, 2006. The decrease was mainly due to investing activities during the year. The Group's gearing ratio decreased substantially to 0.0% as of 31st December, 2007 compared with 8.8% as of 31st December, 2006 as a result of repayment of bank borrowings.

TAXATION

Taxation of the Group for the year ended 31st December, 2007 was HK$14.8 million. The effective tax rate was 4.3% in 2007, which was higher than 1.9% in 2006. Our LED-based decorative and entertainment lighting products required the input and contribution from research and development as well as distribution and marketing functions. The Group's (i) research and development and (ii) distribution and marketing functions, among other things, have contributed to our success. To enhance the efficiency of these functions and to preserve the value and contribution of these functions to the Group, it was desirable that they together with the related risks and uncertainties of the markets be undertaken by companies in the Group, which are separated from the manufacturing operations. As it is not mandatory for relevant companies in the Group undertaking such activities to be incorporated in the PRC or Hong Kong, they were legally set up in overseas jurisdictions. While operating in the PRC/Macau as non-resident enterprises, they have been taxed/reported where appropriate in these jurisdictions. The relevant intra-group transactions were carried out on the above-mentioned basis.

FOREIGN EXCHANGE RISK

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

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

PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

At the balance sheet date, the pledged bank deposits are carrying at the prevailing market interest rate.

Pledged bank deposits represent deposits pledged to banks to secure credit facilities granted to the Group.

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. At 31st December, 2007, the bank deposits carry at the prevailing market interest rate of approximately 2.28% (2006: 3.82%) per annum.

CONTINGENT LIABILITIES

The Group had no contingent liabilities as of 31st December, 2007.

BUSINESS REVIEW

Production Facilities and Production Capacity

In 2007, the Group's LED light bulbs capacity expansion progressed smoothly: Monthly capacity reached 250 million LED light bulbs at the end of the year compared with 100 million LED light bulbs at the end of 2006.

The production capacity of our incandescent light bulb will continue to maintain a moderate utilization rate. The Group will not invest new resources in the incandescent lighting products business in the near future.

The new LED production plant with a gross floor area of 60,000 sq.m. has commenced production in early April 2007. We expect that as a result of our expansion plan, by the end of 2007, our production capacity of LED-based light bulbs will increase to 400 million per month. In 2007, the Group continued to expand the LED-based decorative lighting products market and the LED-based general lighting market of which impressive results were achieved during the year.

Quality Control

Product quality has always been the most important objective for the Group since its establishment. The Group implemented strict quality controls throughout the entire processes of procurement, production, sales and logistics. Our standards and compliance department is responsible for obtaining certifications for our products with certification agencies, some of which are country specific. Our products have to comply with the standards of the country in which our customers conduct business. We ensure full compliance with the required standards in the manufacturing and sales process for our products.

Sales and Distribution

As of 31st December, 2007, the Group had a sales team of 519 staff. We believe that the demand for LED-based decorative lighting products will continue to increase and that the LED-based decorative lighting market has already accelerated to replace the incandescent-based decorative lighting products in 2007. Our sales effort in 2007 was aimed to enter the LED-based general lighting market in order to capture the huge growth opportunities.

RESEARCH & DEVELOPMENT

Our research and development capabilities are important in maintaining our position as one of the world's leading manufacturers in the decorative lighting industry. Our research and development efforts focus on product design, new product development and improving production efficiency of our products to reduce overall manufacturing costs. In 2007, we launched several new products allocated significant resources in the research and development of LED-based illumination lighting application technology and products. We believe there is a huge market potential in the LED-based illumination lighting market and that LED-based lighting will replace traditional lighting such as incandescent lighting and fluorescent lighting in the future.

HUMAN RESOURCES

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 also provides discretionary bonuses based upon the Group's results and the individual performance of the staff.

The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees. Most members of senior management have been working for the Group for more than 10 years. The Group also adopts an employee share option scheme.

FUTURE PLANS AND PROSPECTS

The recent surge in oil prices and rising concerns globally about energy savings will create more business opportunities for the Group. Today's "Green Movement" as well will propel the use of environmentally clean lighting sources, which will, in turn, also benefit our business over the long run.

Our growth drivers in the coming years will emerge from the following sectors:

1. **LED-based general lighting** – 2007 was the first year we entered this market and the results were promising. We can offer superior prices to top performance products on the market as our technological expertise is at the cutting-edge of the lighting industry. With this in mind, we expect business growth in this sector in 2008 to at least triple from the amount in 2007.

2. **LED-decorative lighting** – The general replacement of incandescent lighting products with LED lights will accelerate over the next few years. Therefore, we are confident that the market will continue to grow at a fast pace over the mid- to long-term.

3. **LED-entertainment lighting** – Since we are able to produce light bulbs with luminosity intensities that match those of HIDs and halogen light bulbs, these new super bright high tech bulbs can be easily applied to the entertainment lighting industry. These revolutionary light bulbs are indeed poised to completely transform the landscape of the entertainment lighting industry.

Concerning our patented products, the Group will optimise product structure, focusing on product innovation as well as the sale of high-margin products to maximise economies of scale and lower production costs, which will further raise the Group's profitability.

Given promising sales prospects and growing market demand, we plan to rapidly expand our production capacity, especially for LED light bulbs, in order to satisfy market demand. We also made a strategic decision in 2007 to produce chips, and this will help mitigate against over-dependence on external suppliers. We estimate that in-house production will reduce our LED chip manufacturing costs by at least 25%.

Attracting and retaining top management and executive talent is the key for sustaining Neo-Neon's future growth. The Group's existing performance-based incentive scheme and employee share-option scheme are helping to achieve this goal. These schemes will also improve overall management quality and business professionalism through on-the-job as well as formal training programmes. This will help develop team spirit and reinforce a sense of unity and belonging between management and staff.

Neo-Neon will continue to pursue new business opportunities in the lighting industry. We will carefully look for acquisition opportunities to enhance our technological prowess in order to maintain our leadership role in the industry and maximise returns to our shareholders.

FINAL DIVIDEND

The Directors recommended the payment of a final dividend of HK$0.083 per ordinary share to shareholders whose names appear on the Register of Members of the Company on 26th May, 2008. The final dividend will be paid approximately in mid July 2008.

Including the interim dividend of HK$0.027 per ordinary share paid to the shareholders on 13th November, 2007, total dividend paid to the shareholders for the year ended 31st December, 2007 will be HK$0.11 per ordinary share, bringing a dividend payout ratio of approximately 25%.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 26th May, 2008, Monday, notice of which will be published and dispatched to the shareholders as soon as practicable in accordance with the Company's articles of association and the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 22nd May, 2008, Thursday to 26th May, 2008, Monday, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend,, all transfers of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 21st May, 2008, Wednesday.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31st December, 2007, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

An Audit Committee has been established by the Company to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee comprises three Independent Non-executive Directors of the Company. The Audit Committee has reviewed the Group's annual results for the year ended 31st December, 2007.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Listing Rules. In the opinion of the Board, the Company has complied with the Code throughout the financial year ended 31st December, 2007.

By order of the Board
NEO-NEON HOLDINGS LIMITED
Ben FAN
Chairman

Hong Kong, 1st April, 2008

As at the date of this announcement, the directors of the Company are:

Executive Directors:
Mr. Ben FAN
Ms. Michelle WONG
Mr. FAN Pong Yang
Mr. JANG Jann Huan
Mr. TONG Yee Ming

Independent non-executive Directors:
Mr. WU Tak Lung
Ms. FUNG Siu Wan Stella
Mr. LAM Yin Ming
Mr. ZHAO Shan Xiang