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Neo-Neon Holdings Limited

真明麗控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1868)

ANNOUNCEMENT CONTINUING CONNECTED TRANSACTION MUTUAL SUPPLY FRAMEWORK AGREEMENTS

On 9th December 2014, the Company entered into the Mutual Supply Framework Agreement with Tsinghua Tongfang for the period commencing on 9th December 2014 and ending on 31st December 2014.

As at the date of this announcement, Tsinghua Tongfang is a controlling shareholder of the Company, which is indirectly interested in approximately 51.6% of the issued share capital of the Company. Each member of the Tsinghua Tongfang Group is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Mutual Supply Framework Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) for the Annual Caps is more than 0.1% but less than 5%, the Mutual Supply Framework Agreement and the Annual Caps constitute non-exempt continuing connected transactions of the Company which are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the Mutual Supply Framework Agreement was entered into in the ordinary and usual course of business of the Group and in the interest of the Company and its shareholders as a whole, the transactions contemplated thereunder are in ordinary and usual course of business of the Group, the terms thereof and the Annual Caps are on normal commercial terms or if there are not sufficient comparable transactions to determine whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) Independent Third Parties which are fair and reasonable insofar as the interests of the Company and its shareholders as a whole are concerned.

BACKGROUND

The Board is pleased to announce that on 9th December 2014, the Company entered into the Mutual Supply Framework Agreement (the "Agreement") with Tsinghua Tongfang for the period commencing on 9th December 2014 and ending on 31st December 2014.

CONTINUING CONNECTED TRANSACTIONS WITH THE TSINGHUA TONGFANG GROUP

Principal Terms of the Mutual Supply Framework Agreement

The principal terms of the Mutual Supply Framework Agreement are summarised as follows:

- Date: 9th December 2014
- Contractual Parties: (a) Tsinghua Tongfang; and
(b) the Company

As at the date of this announcement, Tsinghua Tongfang is a controlling shareholder of the Company, which is indirectly interested in approximately 51.6% of the issued share capital of the Company. Tsinghua Tongfang is therefore a connected person of the Company under the Listing Rules.

Scope of products and services to be provided: The Company agreed to supply and procure its subsidiaries to supply to the Tsinghua Tongfang Group LED decorative lights, LED general lighting products, professional LED lighting products and lighting projects.

Tsinghua Tongfang agreed to supply and procure its subsidiaries (other than the Group) to supply to the Group epitaxial wafers, accessories, spare parts and peripherals and related services.

Term: The period commencing on 9th December 2014 and ending on 31st December 2014.

Pricing principles: The Contractual Parties shall adhere to the following transaction principles in any sale and purchase of products and/or services contemplated under the Mutual Supply Framework Agreement:

- (a) the terms for any sale of the relevant products and/or services shall not be less favourable to a Contractual Party than the terms made available to an Independent Third Party;
- (b) the terms of any purchase of the relevant products and/or services shall not be more favourable to a Contractual Party than the terms made available by the other Contractual Party to an Independent Third Party; and

- (c) where the terms for purchasing the relevant product and/or service from an Independent Third Party is comparable with that offered by the other Contractual Party, a Contractual Party shall give priority to the other Contractual Party and purchase such product and/or service from the other Contractual Party.

The pricing for the products and/or services supplied by and/or to Tsinghua Tongfang Group (the “**Relevant Transaction**”) will be determined following arm’s length negotiation with reference to the following factors in order of priority:

- (a) the average sale price of products and/or services of comparable nature and scale offered by a Contractual Party and accepted by an Independent Third Party in the twelve-month period (the “**Reference Period**”) prior to the Relevant Transaction, including the sale price under the most recent transaction (the “**Comparable Price**”);
- (b) where there is no Comparable Price available during the Reference Period, any available sale price of products and/or services of comparable nature and scale offered by a Contractual Party and accepted by an Independent Third Party prior to the Reference Period and the latest available market data; or
- (c) the prevailing market price for the sale of products and/or services of comparable nature and scale .

Payment terms:

Payments for the products and/or services supplied by and/or to Tsinghua Tongfang Group will be settled by way of cash or such other manners as agreed by the Contractual Parties and in accordance with the agreed timing and manners as specified in the actual product and service contracts to be entered into between the Group and Tsinghua Tongfang Group.

With respect to the purchase of products and/or services by the Group, in determining whether the price and/or payment terms offered by the Tsinghua Tongfang Group are reasonable or no less favourable than those offered by the Independent Third Parties, the Group will obtain and compare price references from at least two suppliers who are Independent Third Parties to the extent that those products and/or services are of comparable nature, quality, quantity and condition. In the event that the price and/or payment terms offered by the Tsinghua Tongfang Group are less favourable than those offered by the Independent Third Parties, the Group will have the right to terminate and cancel such purchases. The Directors (including the independent non-executive Directors) consider that such methods and procedures can ensure that the transactions contemplated under the Mutual Supply Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

Annual Caps

The Annual Caps under the Mutual Supply Framework Agreement for the period between 9th December 2014 and 31st December 2014 are as follows:

	Period ending 31st December 2014 (HK\$ millions)
1. Annual cap of the amounts to be paid to the Tsinghua Tongfang Group by the Group for the products and/or services to be provided by the Tsinghua Tongfang Group	10
2. Annual cap of the amounts to be paid to the Group by the Tsinghua Tongfang Group for the products and/or services to be provided by the Group	10

The Annual Caps are determined with reference to the historical average monthly transaction amount for the sale to their respective customers who are Independent Third Parties of the relevant products and/or services by the Group and the Tsinghua Tongfang Group of approximately HK\$10 million and HK\$10 million in 2014 respectively. In determining the Annual Caps, the following assumptions have been made which the Directors (including the independent non-executive Directors) consider reasonable: (1) there will not be any material fluctuation in the market supply and demand of the relevant products and/or services in December 2014; and (2) there will not be any material fluctuation in the market price of the relevant products and/or services in December 2014.

INFORMATION ON THE COMPANY AND THE COUNTERPARTY

Information of the Group

The Company is a validly existing company with limited liability established under the laws of the Cayman Islands, with shares listed on the Main Board of the Stock Exchange (stock code: 1868). Part of its shares are listed on the Taiwan Stock Exchange as depositary receipts. The Group is principally engaged in the businesses of research & development, sales and manufacturing of LED decorative lighting, LED general lighting, LED professional lighting and engineering projects.

Information of Tsinghua Tongfang Group

THTF Energy-Saving Holdings Limited (THTF ES) directly holds approximately 51.6% of the Company's share capital, and is an indirect wholly owned subsidiary of Tsinghua Tongfang. The substantial shareholder of Tsinghua Tongfang is Tsinghua Holdings Co., Ltd., a wholly owned subsidiary of Tsinghua University. Tsinghua Tongfang is a validly existing company with limited liability incorporated and established in the PRC, whose shares are listed on the Shanghai Stock Exchange (stock code: 600100). The principal activities of Tsinghua Tongfang are distributed over twelve core areas including computer, smart pad, multi-media television, digitalized city, internet of things application, micro-electronics, knowledge network, digital communication & equipment, security system, semiconductor & illuminating, environment protection and energy conservation. Tsinghua Tongfang is ranked among the "100 Top Scientific and Technological Enterprises of China (中國科技百強)" and "100 Top Chinese Enterprises in Electronic Information (中國電子資訊百強)".

REASONS FOR ENTERING INTO THE MUTUAL SUPPLY FRAMEWORK AGREEMENT

Tsinghua Tongfang is a leader in the semiconductor and lighting markets in the PRC, with its shares listed on Shanghai Stock Exchange. The sales to Tsinghua Tongfang Group is expected to make positive contribution to the Group's operating revenue, and Tsinghua Tongfang Group is also expected to be a reliable supplier of the Group offering competitive prices, which is vital for the Group's business operation.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Mutual Supply Framework Agreement was entered into in the ordinary and usual course of business of the Group and in the interest of the Company and its shareholders as a whole, the transactions contemplated thereunder are in ordinary and usual course of business of the Group, the terms thereof and the Annual Caps are on normal commercial terms or if there are not sufficient comparable transactions to determine whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) Independent Third Parties which are fair and reasonable insofar as the interests of the Company and its shareholders as a whole are concerned.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tsinghua Tongfang is a controlling shareholder of the Company, which is indirectly interested in approximately 51.6% of the issued share capital of the Company. Each member of the Tsinghua Tongfang Group is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Mutual Supply Framework Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios (other than the profits ratio) for the Annual Caps is more than 0.1% but less than 5%, the Mutual Supply Framework Agreement and the Annual Caps constitute non-exempt continuing connected transactions of the Company which are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the transactions under the Agreement are of a revenue nature in the Company's ordinary course of business, they do not constitute transactions under Chapter 14 of the Listing Rules.

Mr. LU Zhi Cheng, is a common director of the Company and Tsinghua Tongfang Group, has abstained from voting on the Board resolution approving the Mutual Supply Framework Agreement due to conflict of interests. Save as mentioned above, none of the Directors has material interest in the Mutual Supply Framework Agreement and hence no other Director has abstained from voting on such Board resolution.

The Company will disclose information in relation to the Mutual Supply Framework Agreement in its subsequent published annual report and accounts in accordance with the Listing Rules.

DEFINITIONS

“Annual Caps”	the maximum aggregate annual purchase and sale amounts in respect of the transactions under the Mutual Supply Framework Agreement for a term commencing from 9th December 2014 to 31st December 2014
“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors
“Company”	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 given to it under the Listing Rules
“Contractual Party”	means a party to the Mutual Supply Framework Agreement
“controlling shareholder”	has the meaning given to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries (for the purpose of this announcement, including their respective associate, but excluding the Tsinghua Tongfang Group)
“Independent Third Parties”	parties who are independent of, and not connected with, the Company or any of its connected persons
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mutual Supply Framework Agreement”	a framework agreement on mutual supply of products and/or services entered into between Tsinghua Tongfang and the Company dated 9th December 2014
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiwan Stock Exchange”	The Taiwan Stock Exchange Corporation

“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)
“Tsinghua Tongfang Group”	Tsinghua Tongfang and its subsidiaries (for the purpose of this announcement, including their respective associates) (excluding the Group)

By order of the Board of
Neo-Neon Holdings Limited
Lu Zhi Cheng
Chairman

Hong Kong, 9th December 2014

As at the date of this announcement, the executive Directors of the Company are Mr. LU Zhi Cheng (chairman), Mr. Ben FAN, Mr. WANG Liang Hai, Mr. SEAH Han Leong and Mr. PAN Jin; non-executive Director is Mr. LIU Wei Dong; independent non-executive Directors are Mr. FAN, Ren Da Anthony, Mr. LIU Tian Min and Ms. LI Ming Qi.