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**Neo-Neon Holdings Limited**

**同方友友控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1868)**

## **CONTINUING CONNECTED TRANSACTIONS**

### **MASTER SALES AGREEMENT**

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On 13 February 2015, the Company entered into the Master Sales Agreement with Tsinghua Tongfang, pursuant to which the Company, or its subsidiaries agreed to sell certain products to Tsinghua Tongfang, or its subsidiaries for a period commencing from 13 February 2015 to 31 December 2017 (subject to independent Shareholders' approval at the EGM).

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Tsinghua Tongfang is a controlling shareholder of the Company by virtue of its indirect 100% interest in THTF Energy-Saving Holdings Limited, which in turn holds 51.6% of the total issued share capital of the Company. Therefore, Tsinghua Tongfang is a connected person of the Company and the transactions under the Master Sales Agreement constitute continuing connected transactions.

As each of the applicable percentage ratios (other than the profits ratio) as calculated in accordance with Chapter 14 of the Listing Rules for the proposed cap amount in respect of the Master Sales Agreement, on an annual basis, exceeds 5%, and the annual cap for each of the three years ending 31 December 2017 is more than HK\$10 million, therefore, the transactions contemplated under the Master Sales Agreement are subject to the reporting, announcement requirements and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **EGM**

The Company will hold EGM to approve the Master Sales Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder.

An Independent Board Committee has been formed to consider and advise the Independent Shareholders as to whether the terms of the Master Sales Agreement, and the annual caps for the transactions thereunder for each of the three years ending 31 December 2017 are in ordinary and usual course of business on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

## **MASTER SALES AGREEMENT**

On 13 February 2015, the Company entered into the Master Sales Agreement with Tsinghua Tongfang, pursuant to which the Company, or its subsidiaries agreed to sell certain products to Tsinghua Tongfang, or its subsidiaries for a period commencing from 13 February 2015 to 31 December 2017 (subject to independent Shareholders' approval at the EGM).

Further details of the Master Sales Agreement are set forth as follows:

**Date:** 13 February 2015

The Master Sales Agreement will become effective upon approval by the Independent Shareholders.

**Parties:** (1) Tsinghua Tongfang, and  
(2) the Company

**Transaction:** Pursuant to the Master Sales Agreement, the Company agreed to supply and procure its subsidiaries to supply to the Tsinghua Tongfang Group epitaxial wafers, LED decorative lights, LED general lighting products, professional LED lighting products and lighting projects.

**Term:** The Master Sales Agreement has a fixed term commencing from 13 February 2015 to 31 December 2017.

**Price:** The price of the sales of products by the Company to Tsinghua Tongfang shall be determined based on arm's length negotiation, with reference to (1) the average selling price of the products of comparable nature and scale and accepted by an Independent Third Party in the twelve-month period prior to the relevant transaction, (2) where there is no such average selling price available, any most recent available sale price of products of comparable nature and scale offered by the Group and accepted by an Independent Third Party, the latest available market data, and (3) the prevailing market price for the sale of products of comparable nature and scale, which should be in any event no less favorable to the Group than is available to Independent Third Parties.

**Payment:** Payments under the Master Sales Agreement will be settled by way of cash or such other manners as agreed by the parties and in accordance with the agreed timing and manners as specified in the actual product contracts to be entered into between the Group and Tsinghua Tongfang Group, with reference to their respective transactions arrangements with Independent Third Parties.

**Historical figures:** Reference is made to the Announcement of the Company dated 9 December 2014 in relation to the Original Mutual Supply Framework Agreement.

Based on the unaudited management accounts of the Group as of 31 December 2014, the historical transactions amount of the sales by the Group to Tsinghua Tongfang Group under the Original Mutual Supply Framework Agreement from 9 December 2014 to 31 December 2014 amounted to approximately RMB4.96 million.

As disclosed in the Announcement, the cap amount for the sales by the Group to Tsinghua Tongfang Group for a period from 9 December 2014 to 31 December 2014 was HK\$10 million.

**Proposed caps under the Master Sales Agreement:** Due to reasons set out below, it is proposed that the annual caps under the Master Sales Agreement for each of the three financial years ending 31 December 2017 will be as followings:

	<b>Period from 13 February 2015 to 31 December 2015</b>	<b>Financial year ending 31 December 2016 (RMB'000)</b>	<b>Financial year ending 31 December 2017</b>
Cap amount under the sales of epitaxial wafers, LED decorative lights, LED general lighting products, professional LED lighting products and lighting projects by the Group to Tsinghua Tongfang Group	148,467.5	185,403.0	220,421.0

The cap amount is determined with reference to (1) historical transactions amount for the sales under the Original Mutual Supply Framework Agreement, (2) the prevailing market prices of products of comparable nature and scale, (3) an estimated business expansion of the Group, and (4) the Group's anticipated demand for products of Tsinghua Tongfang Group and under the assumption that (1) there will not be any material fluctuation in the market supply and demand of the relevant products for the three years ending 31 December 2017; and (2) there will not be any material fluctuation in the market price of the relevant products for the three years ending 31 December 2017.

## **REASONS FOR AND BENEFITS OF THE MASTER SALES AGREEMENT**

The Directors consider that 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.

Therefore, the Directors (including the independent non-executive Directors whose views will be set out in the circular to be sent to the Shareholders) are of the view that the Master Sales Agreement has been entered into in ordinary and usual course of business on normal commercial terms and the terms thereof are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Mr. Lu Zhi Cheng, who is a common director of the Company and Tsinghua Tongfang Group, has abstained from voting on the Board resolution approving the Master Sales Agreement due to conflict of interests.

Save as disclosed above, no Director has a material interest in the Master Sales Agreement and none of the Directors has abstained from voting on the relevant board resolution approving the Master Sales Agreement.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Tsinghua Tongfang is a controlling shareholder of the Company by virtue of its indirect 100% interest in THTF Energy-Saving Holdings Limited, which in turn holds 51.6% of the total issued share capital of the Company. Therefore, Tsinghua Tongfang is a connected person of the Company and the transactions under the Master Sales Agreement constitute continuing connected transactions.

As each of the applicable percentage ratios (other than the profits ratio) as calculated in accordance with Chapter 14 of the Listing Rules for the proposed cap amount in respect of the Master Sales Agreement, on an annual basis, exceeds 5%, and the annual cap for each of the three years ending 31 December 2017 is more than HK\$10 million, therefore, the transactions contemplated under the Master Sales Agreement are subject to the reporting, announcement requirements and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **EGM**

The Company will hold EGM to approve the Master Sales Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder.

An Independent Board Committee has been formed to consider and advise the Independent Shareholders as to whether the terms of the Master Sales Agreement, and the annual caps for the transactions thereunder for each of the three years ending 31 December 2017 are in ordinary and usual course of business on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

A circular containing, among other things, (1) details of the Master Sales Agreement, (2) the recommendation of the Independent Board Committee, (3) the advice of the independent financial adviser, and (4) a notice of the EGM, will be despatched to the Shareholders on or about 10 March 2015.

Any connected persons or Shareholders with a material interest in the Master Sales Agreement or the transactions as contemplated thereunder or their respective associates shall abstain from voting at the EGM. Given that Tsinghua Tongfang is a party to the Master Sales Agreement, its associates (including THTF Energy-Saving Holdings Limited) will abstain from voting during the EGM. Other than Tsinghua Tongfang's associates (including THTF Energy-Saving Holdings Limited), as at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no other Shareholder is required under the Listing Rules to abstain from voting at the EGM.

## INFORMATION ABOUT 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 ABOUT TSINGHUA TONGFANG

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. The substantial shareholder of Tsinghua Tongfang is Tsinghua Holdings Co., Ltd., a wholly owned subsidiary of Tsinghua University. 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)” 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.

## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 9 December 2014 in relation to the Original Mutual Supply Framework Agreement
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	means the board of Directors
“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”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	means the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to approve the Master Sales Agreement
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent committee of the Board composed of all independent non-executive Directors, namely Mr. Fan, Ren Da Anthony, Mr. Liu Tian Min and Ms. Li Ming Qi
“Independent Shareholders”	the Shareholders who are not required to abstain from voting in respect of the ordinary resolutions proposed for approval at the EGM pursuant to the Listing Rules
“Independent Third Party(ies)”	means an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
“Listing Rules”	means the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Master Sales Agreement”	means a master sales agreement on sales of products by the Company to Tsinghua Tongfang dated 13 February 2015
“Original Mutual Supply Framework Agreement”	means a framework agreement on mutual supply of products and/or services entered into between Tsinghua Tongfang and the Company dated 9 December 2014
“PRC”	the People’s Republic of China
“Share(s)”	means ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	means the holder(s) of the ordinary share(s) of the Company with a nominal value of HK\$0.10 each
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in sections 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“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, excluding the Group)
“%”	means per cent.

\* *for identification only*

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

Hong Kong, 13 February 2015

*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.*