
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Neo-Neon Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Neo-Neon[®]

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)

**PROPOSED ADOPTION OF SUBSIDIARY SHARE INCENTIVE PLAN
CONTINUING CONNECTED TRANSACTIONS – MASTER SALES AGREEMENT**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

Quam  **華富嘉洛**
CAPITAL 企業融資

A letter from the Board is set out on pages 4 to 14 of this circular.

A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 15 to 16 of this circular.

A letter from Quam Capital Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 27 of this circular.

A notice convening the EGM of the Company to be convened and held at Unit 806-810, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on Thursday, 2 April 2015 at 10:00 a.m. is set out on pages 44 to 45 of this circular. A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event by not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so desire.

4 March 2015

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DEFINITIONS

“American Lighting”	means American Lighting, Inc., a Delaware corporation and an indirectly wholly-owned subsidiary of the Company
“Announcement”	the announcement of the Company dated 13 February 2015 in relation to the Master Sales Agreement
“associate”	has the same meaning ascribed to it under the Listing Rules
“Award”	means, individually or collectively, a grant under the Subsidiary Share Incentive Plan of Options, Restricted Stock, Restricted Stock Units or Other Stock-Based Awards (as defined under the Subsidiary Share Incentive Plan)
“Board”	the board of Directors of the Company
“Common Stock”	means the common stock, par value \$0.01 per share, of American Lighting
“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 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)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to approve the Master Sales Agreement
“Group”	the Company and its subsidiaries
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong

DEFINITIONS

“IFA”	Quam Capital Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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
“Latest Practicable Date”	3 March 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	means ordinary share(s) of HK\$0.10 each in the share capital of our Company

DEFINITIONS

“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	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)
“Subsidiary Share Incentive Plan”	means American Lighting’s share incentive plan proposed to be adopted by the Shareholders at the EGM
“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 circular, excluding the Group)
“%”	per cent.

* *For identification purposes only*

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Lu Zhi Cheng (*chairman*)

Mr. Ben Fan

Mr. Wang Liang Hai

Mr. Seah Han Leong

Mr. Pan Jin

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Non-executive Director:

Mr. Liu Wei Dong

*Head office and principal place of
business in Hong Kong:*

Unit 806-810

Bank of America Tower

12 Harcourt Road

Central, Hong Kong

Independent Non-executive Directors:

Mr. Fan Ren Da Anthony

Mr. Liu Tian Min

Ms. Li Ming Qi

4 March 2015

To the Shareholders,

Dear Sir or Madam,

**PROPOSED ADOPTION OF SUBSIDIARY SHARE INCENTIVE PLAN
CONTINUING CONNECTED TRANSACTIONS – MASTER SALES AGREEMENT
NOTICE OF THE EGM**

INTRODUCTION

The primary purpose of this circular is to provide you with information regarding the (1) proposed adoption of the Subsidiary Share Incentive Plan, (2) the Master Sales Agreement and the annual caps for the three years ending 31 December 2017 thereunder and (3) the notice convening the EGM.

LETTER FROM THE BOARD

PROPOSED ADOPTION OF THE SUBSIDIARY SHARE INCENTIVE PLAN

Subsidiary Share Incentive Plan

The Board intends to put forward a proposal for the Shareholders to approve the adoption of the Subsidiary Share Incentive Plan for American Lighting in order to give the Service Providers (as defined in the Subsidiary Share Incentive Plan) an opportunity to have a personal stake in American Lighting. At the EGM, an ordinary resolution will be proposed for the Company to approve and adopt the Subsidiary Share Incentive Plan, which will take effect on the date of its adoption at the EGM.

As at the Latest Practicable Date, the issued share capital of American Lighting is 36,320 shares of Common Stocks. Assuming that there is no further change in the number of issued shares of the American Lighting between the period from the Latest Practicable Date to the Adoption Date, the number of Shares which may be issued pursuant to the Subsidiary Share Incentive Plan on the Adoption Date will be 3,632 shares of Common Stocks.

The Directors confirm that (i) the Company has adopted a share option scheme pursuant to Chapter 17 of the Listing Rules on 20 November 2006, and (ii) since the incorporation of American Lighting and up to the date of this circular, American Lighting has not adopted any share option schemes or issued any share options. American Lighting is mainly engaged in sales of lighting products in the Americas, which is a market with great potentials for the Group's business. The Directors are of the view that although the Company has adopted a share option scheme, the Subsidiary Share Incentive Plan will serve the purpose of attracting, retaining, and motivating individuals who are expected to make important contributions to American Lighting as it gives certain flexibility and discretion to the board of American Lighting, instead of the Board of the Company, to devise individual incentive programs for different Service Providers (as defined in the Subsidiary Share Incentive Plan) taking into account their past and expected commitment and contribution to American Lighting and the general performance of American Lighting as long as the terms of the Subsidiary Share Incentive Plan comply with Chapter 17 of the Listing Rules. The Directors believe that the discretions of the board of American Lighting can provide incentives to the relevant Service Providers to use their best endeavors in assisting the growth and development of American Lighting.

The Directors consider that it is not appropriate to state the value of all Awards that can be granted pursuant to the Subsidiary Share Incentive Plan as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but are not limited to the exercise price, exercise period, lock-up period (if any). The Directors believe that any calculation of the value of the Awards as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful to Shareholders.

None of the Directors is trustee of the Subsidiary Share Incentive Plan or has a direct or indirect interest in the trustee. With respect to the operation of the Subsidiary Share Incentive Plan, American Lighting will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

LETTER FROM THE BOARD

Conditions precedent of the Subsidiary Share Incentive Plan

The adoption of the Subsidiary Share Incentive Plan is conditional upon the approval and adoption of the Subsidiary Share Incentive Plan by the Shareholders at the EGM.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the Subsidiary Share Incentive Plan at the EGM, Awards may be made under the Subsidiary Share Incentive Plan covering up to 3,632 shares of Common Stock, 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 of the Company. If any Award expires or lapses or is terminated, surrendered or canceled 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.

A summary of the principal terms of the Subsidiary Share Incentive Plan which is proposed to be approved and adopted by the Company at the EGM is set out in the Appendix I to this circular. A copy of the rules of the Subsidiary Share Incentive Plan is available for public inspection at the Company's principal place of business in Hong Kong at Unit 806-810, Bank of America Tower, 12 Harcourt Road, Hong Kong during normal business hours from the date hereof up to and including the date of the EGM.

In accordance with the requirements of the Listing Rules, the Company will publish an announcement on the outcome of the EGM in respect of the resolution relating to the adoption of the Subsidiary Share Incentive Plan on the website of the Stock Exchange.

CONTINUING CONNECTED TRANSACTIONS – MASTER SALES AGREEMENT

Background

Reference is made to the Announcement.

By way of background, 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.

LETTER FROM THE BOARD

Master Sales Agreement

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 sell and procure its subsidiaries to sell to the Tsinghua Tongfang Group (1) epitaxial wafers and (2) finished products including, 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 generally 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.

In particular, the prices of each type of the products under the Master Sales Agreement are set forth as below:

Type of products	Price
Epitaxial wafers	Considering that epitaxial wafers are semi-finished products and there might not be sufficient selling prices available for reference, the Group will usually refer to any most recent available sale price of products of comparable nature and scale offered by the Group and accepted by an Independent Third Party and the latest available market data
Finished products including LED decorative lights, LED general lighting products, professional LED lighting products, lighting projects	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

Further details of the pricing policy of the Master Sales Agreement of the Group are disclosed below.

LETTER FROM THE BOARD

Payment: The Group shall issue the invoices at the end of each month to Tsinghua Tongfang Group and Tsinghua Tongfang Group shall (1) settle the purchase price for the epitaxial wafers by telegraphic transfer within 90 days after receipt of the invoices and (2) settle the purchase price for the finished products including LED decorative lights, LED general lighting products, professional LED lighting products, lighting projects by telegraphic transfer within 60 days after receipt of invoices, which is comparable to the Group's 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 for 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 of the Company dated 9 December 2014, 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.

There are no transactions between the Group and Tsinghua Tongfang Group during the period from 1 January 2015 to 12 February 2015.

Proposed cap 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:

	Period from 13 February 2015 to 31 December 2015	Financial year ending 31 December 2016 (RMB'000)	Financial year ending 31 December 2017
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

LETTER FROM THE BOARD

The Directors are of view that the substantial increase in the proposed annual caps under the Master Sales Agreement as compared to the historical transactions amount was mainly attributable to the expected integrated cooperation between the Group and Tsinghua Tongfang Group since Tsinghua Tongfang Group became the controlling shareholder of the Group. As was disclosed in the circular of the Company dated 8 September 2014, it was the intention of THTF Energy-Saving Holdings Limited, an indirect wholly-owned subsidiary of Tsinghua Tongfang, to continue the principal business of the Group and (i) by leveraging on the experience and resources of THTF Energy-Saving Holdings Limited, to further develop and expand the Group's business scale of lighting products in the global LED lightings market and enhance its capability of acceptance and fulfillment of sales orders; (ii) to consolidate the resources in the upstream and downstream supply chains and strengthen the costs control so as to aim for the lowering of the Group's production costs and enhancing the Group's profitability and competitive advantages; and (iii) by leveraging on the THTF Energy-Saving Holdings Limited's experience and resources in the areas of multi-media television industry, computer industry, intelligent building industry and lighting industry, to enhance the application usage of the Group's LED lighting products. This may involve any forms of cooperation between the Group and the THTF Energy-Saving Holdings Limited. According to the Company, Tsinghua Tongfang Group has positioned the Group as one of the major suppliers of relevant products, including the epitaxial wafers, LED decorative lights, LED general lighting products, professional LED lighting products and lighting projects, within the Tsinghua Tongfang Group. Therefore, it is expected that in the coming years, as the integration between the Group and Tsinghua Tongfang Group become more aligned, the transactions between the Group and Tsinghua Tongfang Group will increase significantly, so as to reflect the better integration and to streamline the LED business of the Tsinghua Tongfang Group to increase the overall competitiveness.

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.

LETTER FROM THE BOARD

The proposed annual caps under the Master Sales Agreement for the three years ending 31 December 2017 represent an increase of 25% and 19% from the respective annual cap for the preceding year. The proposed annual caps under the Master Sales Agreement for 2016 and 2017 were determined based on (i) a closer integration between the Group and Tsinghua Tongfang Group and Tsinghua Tongfang had positioned the Group as one of the major suppliers for epitaxial wafers and LED lighting products since it became the Group's controlling shareholder in 2014; (ii) Tsinghua Tongfang Group is an information and technology company with leading technology which covers both hardware (including LED) and software and it is expected that its demand for epitaxial wafers and LED lighting products will grow significantly in line with the growing LED lighting energy-saving industry output in the PRC and its business inputs in relation to semiconductor and illumination business (as disclosed in the 2012 and 2013 annual reports of Tsinghua Tongfang, Tsinghua Tongfang had been increasing its investment in semiconductor, illumination and energy-saving business); (iii) the Group has been integrating the manufacturing resources for epitaxial wafers production in order to enhance the epitaxial wafers manufacturing capacity utilization and it is targeted that the integration can be completed in the first half of 2015. It is expected that the Group's manufacturing capacity for epitaxial wafers will increase by approximately 200% due to such resources integration which will in turn further facilitate the sales of epitaxial wafers; (iv) the 30% forecasted annual growth in the LED lighting energy-saving industry output in China, as indicated in the "Semiconductor Lighting Energy Industry Planning" (半導體照明節能產業規劃) issued jointly by National Development and Reform Commission, Ministry of Science and Technology of the PRC, Ministry of Finance of the PRC, Ministry of Housing and Urban-Rural Development of the PRC, and General Administration of Quality Supervision, and Inspection and Quarantine of the PRC in 2013; and (v) favourable national policies in relation to energy-saving industry in the PRC, such as the 12th Five Year Plan in the PRC, which have increased the awareness of efficiency of energy-savings in projects and stimulated demand for energy-saving solutions in the PRC, resulting in increased business for the Group and corresponding increase in sales to Tsinghua Tongfang Group.

Pricing Policy of the Master Sales Agreement

Given that none of the products under the Master Sales Agreement has a fixed unit price or standard price, or has a published reference price, in determining the selling price for the products for a particular contract, the PRC operation center of the Group including department of procurement (採購部), department of business management (經營管理部), department of product material control (訂單管理部) and department of information (信息部), will prepare detailed selling price proposals with reference to the bill of materials, manufacturing expenses and labour costs, appropriate profit margin, quotes of the Group offered to Independent Third Party customers to ensure that the prices and terms of the products of the Group are comparable to those being offered to Independent Third Party customers of the Group. Orders or particular

LETTER FROM THE BOARD

contracts, including the prices contained therein, for the products to be supplied by the Group under the Master Sales Agreement have to be reviewed and approved by the management team of the Group, including the vice president in charge of the Group's domestic illumination business.

To ensure that the actual prices for the connected transactions of the Group are on normal commercial terms and on terms no less favourable to the Group than that available from Independent Third Party customers, the internal audit department of the Group will conduct regular checks to review and assess whether the products have been sold in accordance with the terms of the relevant agreement. In addition, the Company has engaged the external auditors to conduct an annual review of the continuing connected transactions of the Group.

Given that sales to Tsinghua Tongfang Group have to strictly adhere to such pricing policy of the Group, the Directors, including the independent non-executive Directors, are of the view that the procedures adopted by the Group as described above could ensure that the Master Sales Agreement of the Group will be conducted on normal commercial terms or better, and are fair and reasonable and in the interests of the Shareholders as a whole.

Reasons for and Benefits of the Master Sales 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.

The Directors (excluding independent non-executive Directors whose views are set out in the "Letter From The Independent Board Committee" on pages 15 to 16 of this circular) are of the opinion that the terms of the Master Sales Agreement have been entered into in the ordinary course of business of the Group on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders as a whole.

Mr. Lu Zhi Cheng, who is a common director of the Company and Tsinghua Tongfang, 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.

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.

LETTER FROM THE BOARD

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.

Listing Rules Implications

As at the date of this circular, 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.

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 the ordinary course business of the Group 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. Quam Capital Limited has been appointed as the IFA to advise the Independent Board Committee and the Independent Shareholders in this respect.

The Company has appointed Quam Capital Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in these respects.

EGM

The Company will hold the EGM to approve the Master Sales Agreement and the proposed adoption of the Subsidiary Share Incentive Plan.

LETTER FROM THE BOARD

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.

As at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no Shareholder is required under the Listing Rules to abstain from voting on the resolution regarding the proposed adoption of the Subsidiary Share Incentive Plan at the EGM.

A form of proxy for use at the EGM is also enclosed. Whether or not you are unable to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event no later than 48 hours before the time for EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by way of poll. Accordingly, the resolutions to be considered and, if thought fit, approved at the EGM will be voted on by way of poll by the Independent Shareholders. After conclusion of the EGM, the poll results announcement will be published on the respective websites of the Stock Exchange and the Company.

RECOMMENDATION

Master Sales Agreement

Your attention is drawn to the advice of the Independent Board Committee set out in its letter on pages 15 to 16 of this circular. Your attention is also drawn to the letter of advice from IFA to the Independent Board Committee and the Independent Shareholders in respect of the same matters, which is set out on pages 17 to 27 of this circular.

The Independent Board Committee, after taking into account the advice from IFA, is of the opinion that the terms of the Master Sales Agreement are in the ordinary and usual course of business of the Group on normal commercial terms and are fair and reasonable so far as the Company is concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the resolutions as set out in the notice of the EGM for the approval of the Master Sales Agreement.

LETTER FROM THE BOARD

Subsidiary Share Incentive Plan

The Directors consider that the proposed adoption of the Subsidiary Share Incentive Plan is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
Neo-Neon Holdings Limited
Lu Zhi Cheng
Chairman



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)

4 March 2015

To the Independent Shareholders,

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
MASTER SALES AGREEMENT**

We refer to the circular of the Company dated 4 March 2015 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the transactions contemplated under the Master Sales Agreement are subject to reporting, announcement and shareholders’ approval requirements.

We have been appointed as the Independent Board Committee by the Board to consider and advise the Independent Shareholders as to whether the terms of the Master Sales Agreement have been entered into in the ordinary course of business of the Group on normal commercial terms and are fair and reasonable, and in the interests of the Company and its Shareholders as a whole. Quam Capital Limited has been appointed as the independent financial adviser to advise us and the Independent Shareholders.

We wish to draw your attention to the letter from the Board and the letter from IFA as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, IFA as set out in its letter of advice, we consider that the terms of the Master Sales Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group and are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we would recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Master Sales Agreement.

Yours faithfully,

For and on behalf of

Independent Board Committee

Mr. Fan Ren Da Anthony
Independent
non-executive Director

Mr. Liu Tian Min
Independent
non-executive Director

Ms. Li Ming Qi
Independent
non-executive Director

LETTER FROM IFA

The following is the full text of the letter of advice from Quam Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, has been prepared for the purpose of inclusion in the Circular.



Quam Capital Limited

A Member of The Quam Group

4 March 2015

To the Independent Board Committee and the Independent Shareholders

Dear Sirs/Madam,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders on the terms of the Master Sales Agreement entered into between the Company and Tsinghua Tongfang, and the proposed annual caps under the Master Sales Agreement (“**Proposed Annual Caps**”) for which the Independent Shareholders’ approval is being sought. Details of the Master Sales Agreement and the Proposed Annual Caps are set out in the letter from the Board (the “**Letter**”) contained in the circular of the Company to the Shareholders dated 4 March 2015 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise specified.

As at the Latest Practicable Date, Tsinghua Tongfang is the controlling Shareholder of the Company, by virtue of its indirect 100% interest in THTF Energy-Saving Holdings Limited (“**THTF ES**”), 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 under Chapter 14A of the Listing Rules and the transactions under the Master Sales Agreement constitute continuing connected transactions.

As disclosed in the Announcement, the Company entered into the Master Sales Agreement with Tsinghua Tongfang and the transactions contemplated thereunder constitute continuing connected transactions of the Company which, together with the Proposed Annual Caps, are subject to the Independent Shareholders’ approval at the EGM under Chapter 14A of the Listing Rules. Mr. Lu Zhi Cheng, who is a common director of the Company and Tsinghua Tongfang, has abstained from voting on the Board resolution approving the Master Sales Agreement due to conflict of interests. Tsinghua Tongfang and its associates shall abstain from voting at the EGM on the resolution(s) approving the Master Sales Agreement, the transactions contemplated thereunder and the Proposed Annual Caps.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. FAN, Ren Da Anthony, Mr. LIU Tian Min and Ms. LI Ming Qi, has been established to advise the Independent Shareholders as to whether the terms of the Master Sales

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Agreement are fair and reasonable so far as the Company and Independent Shareholders are concerned and whether the entering of the Master Sales Agreement is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to whether to vote in favour of the relevant resolution to be proposed at the EGM to approve the Master Sales Agreement. As the independent financial adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, Quam Capital did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Quam Capital. Apart from normal professional fees paid or payable to us in connection with this engagement, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other party to the transaction, therefore we consider such relationship would not affect our independence.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true up to the date of this letter and all such statements of belief, opinions and intention of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. The Directors have confirmed that, after having made all reasonable enquiries and to the best of their knowledge and belief, all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable. We have no reason to doubt the completeness, truth or accuracy of the information and facts provided and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, Tsinghua Tongfang Group or any of their respective subsidiaries or associates.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have taken into consideration the following principal factors and reasons:

1. Information of the Group and Tsinghua Tongfang 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 and development, sales and manufacturing of LED decorative lighting, LED general lighting, LED professional lighting and engineering projects.

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 and equipment, security system, semiconductor and 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)".

2. Background and reasons for the Master Sales Agreement

The Company and Tsinghua Tongfang entered into the Original Mutual Supply Framework Agreement on 9 December 2014 pursuant to which (i) 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 (the "**Products**", collectively the "**Connected Sales**"); and (ii) Tsinghua Tongfang agreed to supply and procure its subsidiaries (other than the Group) to supply to the Group accessories, spare parts and peripherals and related services (the "**Connected Purchases**"). As disclosed in the announcement of the Company dated 9 December 2014, these annual caps (the "**Original Caps**") and the actual transaction amounts for the Original Mutual Supply Framework Agreement are as follows:

Connected Sales

	For the period ended 31 December 2014
Original Caps	HK\$10 million
Actual transaction amount	RMB4.96 million (equivalent to approximately HK\$6.12 million)

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Connected Purchases

	For the period ended 31 December 2014
Original Caps	HK\$10 million
Actual transaction amount	RMB1.58 million (equivalent to approximately HK\$1.95 million)

There are no transactions between the Group and Tsinghua Tongfang Group during the period from 1 January 2015 to 12 February 2015.

As disclosed above, the actual transaction amounts for the Connected Sales and Connected Purchases for the period ended 31 December 2014 have not fully utilized up to the respective Original Caps. The actual transaction amounts of the Connected Sales and Connected Purchases for the period ended 31 December 2014 accounted for approximately 61.2% and 19.5% of the respective Original Caps. Based on past practice of the Tsinghua Tongfang Group, the associates/subsidiaries of the Tsinghua Tongfang would usually conduct planning and budgeting for the coming year in December and commence bidding for projects at the beginning of each year. It was noted that Tsinghua Tongfang Group is an information and technology company with leading technology which covers both hardware (including LED) and software. As such, the internal sales of the Products will benefit from the economy of scale and will be beneficial to the Group. Based on the preliminary assessment of the management of the Group, the Directors expect the demand for the Products by the Tsinghua Tongfang Group will grow significantly in the coming few years. To facilitate the Group's continuing business with the Tsinghua Tongfang Group in compliance with the Listing Rules, the Master Sales Agreement was entered into between the Company and Tsinghua Tongfang on 13 February 2015 to continue the Connected Sales under the Original Mutual Supply Framework Agreement in relation to the future Connected Sales; (i) extend the term originally covered by the Original Mutual Supply Framework Agreement in relation to the Connected Sales to 31 December 2017; and (ii) set the proposed annual caps of the Connected Sales for each of the three years ending 31 December 2017 (i.e. the Proposed Annual Caps). 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 are expected to provide a stable income stream and make a positive contribution to the Group's operating revenue.

In view of (1) the scope of business of the Group, (2) historical transactions amount for the sales under the Original Mutual Supply Framework Agreement, (3) the prevailing market prices of products/services of comparable nature and scale, (4) an estimated business expansion of the Group, and (5) the Group's anticipated demand for products/services from Tsinghua Tongfang Group, we consider that the entering into of the Master Sales Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and its Shareholders as a whole.

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3. Principal terms of the Master Sales Agreement

The principal terms of the Master Sales Agreement are set out 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 (1) epitaxial wafers and (2) finished products including, 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 generally 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.

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In particular, the prices of each type of the products under the Master Sales Agreement are set forth as below:

Type of products	Price
Epitaxial wafers	Considering that epitaxial wafers are semi-finished products and there might not be sufficient selling prices available for reference, the Group will usually refer to any most recent available sale price of products of comparable nature and scale offered by the Group and accepted by an Independent Third Party and the latest available market data
Finished products including LED decorative lights, LED general lighting products, professional LED lighting products, lighting projects	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

Further details of the pricing policy of the Master Sales Agreement of the Group are disclosed below.

Payment:

The Group shall issue the invoices at the end of each month to Tsinghua Tongfang Group and Tsinghua Tongfang Group shall (1) settle the purchase price for the epitaxial wafers by telegraphic transfer within 90 days after receipt of the invoices and (2) settle the purchase price for the finished products including LED decorative lights, LED general lighting products, professional LED lighting products, lighting projects by telegraphic transfer within 60 days after receipt of invoices, which is comparable to the Group's transactions arrangements with Independent Third Parties.

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	Period from 13 February 2015 to 31 December 2015 (RMB'000)	Financial year ending 31 December 2016 (RMB'000)	Financial year ending 31 December 2017 (RMB'000)
Proposed Annual Caps under the Master Sales Agreement for the sales of Products by the Group to Tsinghua Tongfang Group	148,467.5	185,403.0	220,421.0

The Master Sales Agreement set out the fundamental principles on which future Connected Sales will be conducted which are similar to sales under the Original Mutual Supply Agreement. In particular, the terms of the Connected Sales (including pricing and payment terms) must be determined 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. The Company confirmed that the abovementioned procedures to be taken by the Group to ascertain the prevailing market terms of the products under the Master Sales Agreement are identical to the existing practices adopted by the Group. We noted that given the pricing system could ensure the fair pricing of the Products, the terms of the Master Sales Agreement are fair and reasonable.

4. Basis of the Proposed Annual Caps

Connected Sales

Pursuant to the Master Sales Agreement, the Proposed Annual Caps for the Connected Sales for the three years ending 31 December 2015, 2016 and 2017 are set to be approximately RMB148.47 million, RMB185.40 million and RMB220.42 million respectively, subject to the approval of the Independent Shareholders at the EGM. As set out in the Letter, the Proposed Annual Caps for the Connected Sales were determined by the management of the Company 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;

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- (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.

As set out in the previous section, under the Original Caps of the Original Mutual Supply Framework Agreement, the actual sales to Tsinghua Tongfang Group was approximately RMB4.96 million (approximately HK\$6.12 million). The Directors are of view that the Original Caps for the Connected Sales were not fully utilized was due to the fact that December is usually a cold weather month in the PRC which is unfavorable for Tsinghua Tongfang Group to carry out outdoor commercial lighting projects. As such, based on past experiences, the sales of LED business in December usually accounts for only approximately 5% of the Tsinghua Tongfang Group annual sales. In light of this, it resulted in low procurement of Products from the Group from 9 December 2014 to 31 December 2014.

We have also reviewed the pricing of Products sold under the Original Mutual Supply Framework Agreement by the Group to independent third parties and to Tsinghua Tongfang Group by obtaining samples of purchase order, invoice and/or delivery note and compared them against each other. We noted that both set of pricing are not significantly different (after taking into account of certain factors, including the differences in sales terms such as duration of credit period, transportation method, payment method and after sales services).

Pricing Policy of the Master Sales Agreement

Given that none of the products under the Master Sales Agreement has a fixed unit price or standard price, or has a published reference price, we have discussed with the management of the Company and noted that in determining the selling price for the products for a particular contract, the PRC operation center of the Group including department of procurement (採購部), department of business management (經營管理部), department of order management (訂單管理部) and department of information (信息部) will each prepare for detailed selling price proposals with reference to the detailed breakdown of the costs, including bill of materials, manufacturing expenses and labour costs, appropriate profit margin, quotes of the Group offered to Independent Third Party customers to ensure that the prices and terms of the products of the Group are competitive and comparable to those being offered to Independent Third Party customers of the Group. Orders or particular contracts, including the prices contained therein, for the products to be supplied by the Group under the Master Sales Agreement have to be reviewed and approved by the management team of the Group, including the vice president in charge of the Group's domestic illumination business.

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To ensure that the actual prices for the connected transactions of the Group are on normal commercial terms and on terms no less favourable to the Group than that available from Independent Third Party customers, the internal audit department of the Group will conduct regular checks to review and assess whether the products have been sold in accordance with the terms of the relevant agreement. In addition, the Company has engaged external auditors to conduct an annual review of the continuing connected transactions of the Group.

Given that sales to Tsinghua Tongfang Group have to strictly adhere to such pricing policy of the Group, we are of the view that the procedures adopted by the Group as described above could ensure that the transactions contemplated under the Master Sales Agreement will be conducted on normal commercial terms or better, and are fair and reasonable and in the interests of the Shareholders as a whole.

We have also reviewed the internal control manual of the Group to confirm that the internal sales policies to Tsinghua Tongfang are in line with the Master Sales Agreement.

After considering the above, we consider that the terms of the Master Sales Agreement are fair and reasonable on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Proposed Annual Caps

We have discussed with the management of the Company and noted that Tsinghua Tongfang has recorded a revenue of approximately RMB3.3 billion in the energy savings and environmental conservation segment (which include energy saving lighting segment) for the year ended 31 December 2013, as compared to approximately RMB3.32 billion for 2012, which representing a slight decrease of approximately of 0.65% in revenue in 2013. According to the circular of the Company dated 8 September 2014, it was the intention of THTF ES, being an indirect wholly-owned subsidiary of Tsinghua Tongfang, to continue the principal business of the Group and (i) to leverage on the experience and resources of THTF ES (and its Affiliates), to further develop and expand the Group's business scale of lighting products in the global LED lightings market and enhance its capability of acceptance and fulfillment of sales orders; (ii) to consolidate the resources in the upstream and downstream supply chains and strengthen the costs control so as to aim for the lowering of the Group's production costs and enhancing the Group's profitability and competitive advantages; and (iii) to leverage on the THTF ES's (and its Affiliates) experience and resources in the areas of multi-media television industry, computer industry, intelligent building industry and lighting industry, to enhance the application usage of the Group's LED lighting products. This may involve any forms of cooperation between the Group and THTF ES (and its Affiliates). As discussed with the management of the Group, Tsinghua Tongfang Group has positioned the Group as one of the major suppliers of Products within the Tsinghua Tongfang Group. Therefore, it is expected that in the coming years, as the integration between the Group and Tsinghua Tongfang Group become more aligned, the transactions of the Products between the Group and Tsinghua Tongfang Group will increase significantly, so as to reflect the better integration and to streamline the LED business of the Tsinghua Tongfang Group to increase the overall competitiveness.

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The Proposed Annual Caps under the Master Sales Agreement for the three years ending 31 December 2017 represent an increase of 25% and 19% from the respective annual cap over the preceding year. The Proposed Annual Caps for 2016 and 2017 were determined based on (i) the expected closer integration between the Group and Tsinghua Tongfang Group and the positioning of the Group as one of the major suppliers for epitaxial wafers and LED lighting products since it became the Group's controlling shareholder in 2014; (ii) Tsinghua Tongfang Group is an information and technology company with leading technology which covers both hardware (including LED) and software and it is expected that its demand for epitaxial wafers and LED lighting products will grow significantly in line with the growing LED lighting energy-saving industry output in the PRC and its business inputs in relation to semiconductor and illumination business (as disclosed in the 2012 and 2013 annual reports of Tsinghua Tongfang, Tsinghua Tongfang had been increasing its investment in semiconductor, illumination and energy-saving business); (iii) the Group has been integrating the manufacturing resources for epitaxial wafers production in order to enhance the epitaxial wafer manufacturing capacity utilization and it is targeted that the integration can be completed in the first half of 2015. It is expected that the Group's manufacturing capacity for epitaxial wafers will increase by approximately 200% due to such resources integration and new machines introduction which will in turn further facilitate the sales of epitaxial wafers; (iv) as indicated in the "Semiconductor Lighting Energy Industry Planning" (半導體照明節能產業規劃) issued jointly by National Development and Reform Commission, Ministry of Science and Technology of the PRC, Ministry of Finance of the PRC, Ministry of Housing and Urban-Rural Development of the PRC, and General Administration of Quality Supervision, and Inspection and Quarantine of the PRC in 2013, the 30% forecasted annual growth rate in the LED lighting energy-saving industry output in China and will reach a scale of RMB450 billion by 2015 in which energy-saving lighting and LED functional lighting products will account for approximately 70% and 20% of the market share respectively; and (v) favourable national policies in relation to energy-saving industry in the PRC, such as the 12th Five Year Plan in the PRC, which have increased the awareness of efficiency of energy-savings in projects and stimulated demand for energy-saving solutions in the PRC, resulting in increased business for the Group and corresponding increase in sales to Tsinghua Tongfang Group.

We noted that the Proposed Annual Caps for 2015, 2016 and 2017 were determined based on (i) the Director expects a closer integration between the Group and Tsinghua Tongfang Group such that the Group has positioned itself as a major supplier of epitaxial wafers and LED lighting products to Tsinghua Tongfang Group as mentioned earlier; and (ii) the projection in demand of the Products from Tsinghua Tongfang Group in 2015, 2016 and 2017 after taking into account the forecasted growth and forecast growth in the LED energy-saving industry in the PRC. In arriving our opinion about the increase in Proposed Annual Caps for each of the year ending 2015, 2016 and 2017, we have (i) discussed with the management of the Group and we opine that Tsinghua Tongfang Group will account for a substantial revenue in the coming years and the growth rate of the annual caps are in-line with the growth rate as stated in Semiconductor Lighting Energy Industry Planning" (半導體照明節能產業規劃); (ii) obtained and reviewed the sales projection breakdown to Tsinghua Tongfang Group for each of the year ending 2015, 2016 and 2017 that it is in-line with management expectation. After considering the above, we are of the view that the increase in annual caps and that the Proposed Annual Caps for each of the three year ending 31 December 2017 is fair, in normal commercial terms and in the interest of shareholders as a whole.

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RECOMMENDATIONS

Having considered the principal factors and reasons described above, we are of the opinion that the terms of the Master Sales Agreement and the Proposed Annual Caps are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Master Sales Agreement and the Proposed Annual Caps.

Yours faithfully,
For and on behalf of
Quam Capital Limited
Gary Mui
Deputy Chief Executive Officer

Note: Mr. Gary Mui is a licensed person registered with the Securities and Futures Commission and a responsible officer of Quam Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 15 years of experience in the finance and investment banking industry.

The following is a summary of the principal terms of the Subsidiary Share Incentive Plan proposed to be approved at the EGM:

PURPOSE

The purpose of the Subsidiary Share Incentive Plan is 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.

CONDITIONS OF THE SUBSIDIARY SHARE INCENTIVE PLAN

The Subsidiary Share Incentive Plan is conditional upon the approval and adoption of the Subsidiary Share Incentive Plan by the Shareholders.

WHO MAY JOIN

Service Providers are eligible to be granted Awards under the Subsidiary Share Incentive Plan, subject to limitations described herein.

ADMINISTRATION OF THE SUBSIDIARY SHARE INCENTIVE PLAN

The Subsidiary Share Incentive Plan will be administered by the Administrator. The Administrator shall have authority to determine which Service Providers will receive Awards, to grant Awards and to set all terms and conditions of Awards (including, but not limited to, vesting, exercise and forfeiture provisions).

The Administrator may from time to time require a Service Provider to achieve certain performance targets specified at the time of grant before any Awards granted under the Subsidiary Share Incentive Plan can be exercised. There are no specific performance targets stipulated under the terms of the Subsidiary Share Incentive Plan and the Board is currently unable to determine such restriction on the exercise of the Awards granted under the Subsidiary Share Incentive Plan.

MAXIMUM NUMBER OF SHARES UNDER THE SUBSIDIARY SHARE INCENTIVE PLAN

Subject to adjustment herein, 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 Code), 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 canceled 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.

Stock Options

Maximum Number of Shares

The total number of shares of Common Stock which may be issued upon exercise of all Options to be granted under the Subsidiary Share Incentive Plan and any other schemes of the Group shall not in aggregate exceed 10% of shares of Common Stock in issue as at the date when the Subsidiary Share Incentive Plan is approved and adopted by the Shareholders unless further approval from the Shareholders has been obtained, provided that Options lapsed in accordance with the terms of the Subsidiary Share Incentive Plan will not be counted for the purpose of calculating such limit.

The total number of shares of Common Stock which may be issued upon the exercise of all outstanding Options granted and yet to be exercised under the Subsidiary Share Incentive Plan and any other schemes of the Group shall not exceed 30% of shares of Common Stock in issue from time to time. No offer of Options may be made under the Subsidiary Share Incentive Plan if this will result in the aforementioned limit being exceeded.

Maximum Entitlement of Each Participant

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 (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 Hong Kong 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.

Exercise Price

The Administrator 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.

Notwithstanding anything to the contrary herein, in the event that an Award of Options is made (a) on or after the date that the Company has resolved to seek the Listing, or (b) during the six month period immediately preceding the date on which the Company 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.

Grant of Options

The Administrator may grant Options to any Service Provider. The Administrator shall determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option, including conditions relating to Applicable Laws, as it considers necessary or advisable. Notwithstanding anything to the contrary herein or in any Award Agreement, the grant of any Options shall be conditional on the Subsidiary Share Incentive Plan having been approved by the Shareholders at a general meeting in compliance with Hong Kong Listing Rules.

Grant of Options to Connected Persons

On and subject to the terms of the Subsidiary Share Incentive Plan, the Administrator may offer to a Service Provider an Option, save and except that:

- (i) any grant of Options to a director, chief executive or Substantial Shareholder of American Lighting or any member of the Group or any of their respective associates must be approved by all independent non-executive directors of the Company (excluding any independent non-executive director of the Company who is proposed to be an Option holder); and
- (ii) where any grant of Options to a Substantial Shareholder of the Company or any member of the Group or an independent non-executive director of the Company or any of their respective associates would result in shares of Common Stock issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the period of twelve (12) consecutive months up to and including the date of grant:
 - (a) representing in aggregate over 0.1% of the shares of Common Stock in issue; and
 - (b) having an aggregate value, based on the closing price of shares of Common Stock at the date of grant, in excess of HK\$5 million,

such further grant of Options must be approved by the Shareholders; provided that, the grantee, the grantee's associates and all core connected persons of the Company must abstain from voting in favour of the Subsidiary Share Incentive Plan at the general meeting at which the Subsidiary Share Incentive Plan will be presented to the Shareholders for approval.

Duration of Options

Each Option shall be exercisable at such times and subject to such terms and conditions as the Administrator may specify in the applicable Award Agreement, provided that the term of any Option shall not exceed ten years from the date of grant.

Exercise of Options

Options may be exercised by delivery to American Lighting of a written notice of exercise, in a form approved by the Administrator (which may be an electronic form), signed by the person authorized to exercise the Option, together with payment in full (i) for the number of shares for which the Option is exercised and (ii) for any applicable withholding taxes.

Cancellation of Options

Any Options granted but not exercised may be cancelled subject to approval by the relevant Option holders. Issuance of new Options to the same Option holder may only be made by American Lighting if there are unissued Options available under the Subsidiary Share Incentive Plan (excluding the cancelled Options) within the Limit or the Limit as refreshed in compliance with the terms of the Subsidiary Share Incentive Plan.

Lapse of Options

Each Option granted under the Subsidiary Share Incentive Plan shall automatically terminate and all rights to purchase shares of Common Stock under such Option shall automatically cease following the completion of the term of an Option as contemplated by the paragraph headed "Duration of Options", disclosed below.

Unless otherwise determined by the Administrator and reflected in the Award Agreement, any portion of the Option that has not become vested and exercisable on or prior to the date of the Participant's Termination of Service shall be automatically forfeited on the date of the Participant's Termination of Service and shall not thereafter become vested or exercisable.

Unless otherwise determined by the Administrator, an Option may not be exercised to any extent by anyone and shall be automatically forfeited after the first to occur of the following events:

- (a) the expiration date set forth in the notice of the grant of the Option;
- (b) the expiration of three months following the date of Participant's Termination of Service, unless such Termination of Service occurs by reason of Participant's death, Disability or Cause;
- (c) the expiration of one year following the date of Participant's Termination of Service by reason of Participant's death or Disability; or

(d) the date of Participant's Termination of Service for Cause.

Rights attaching to the Options

The Options do not carry any right to vote at any meetings of the stockholders of American Lighting, or any dividend, transfer or other rights (including those arising on the winding-up of American Lighting).

Rights attaching to the shares of Common Stocks

Shares of the Common Stock which are issued upon the exercise of an Option shall be subject to all the provisions of the Company's Certificate of Incorporation and Bylaws, each as amended and as each may be amended from time to time in the future, for the time being in force and shall rank pari passu in all respects with, and shall have the same dividend, transfer and other rights (including those rights arising on a winding-up of the Company) as, the existing fully paid shares of Common Stock in issue on the date on which those shares of Common Stock are issued upon the exercise of the Option and, without prejudice to the generality of the foregoing, shall entitle the holders to participate in all dividends or other distributions paid or made on or after the date on which the shares of Common Stock are issued, other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the date on which the shares of Common Stock are issued.

Restricted Stock, Restricted Stock Units

The Administrator may grant Restricted Stock, or the right to purchase Restricted Stock, to any Service Provider, subject to the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant (or to require forfeiture of such shares if issued at no cost) in the event that conditions specified by the Administrator in the applicable Award Agreement are not satisfied prior to the end of the applicable restriction period or periods established by the Administrator for such Award. In addition, the Administrator may grant to Service Providers Restricted Stock Units, which may be subject to vesting and forfeiture conditions during applicable restriction period or periods, as set forth in an applicable Award Agreement.

The Administrator shall determine and set forth in the applicable Award Agreement the terms and conditions applicable to each Restricted Stock and Restricted Stock Unit Award, including the conditions for vesting and repurchase (or forfeiture) and the issue price, in each case, if any.

Participants holding shares of Restricted Stock will be entitled to all ordinary cash dividends paid with respect to such shares, unless otherwise provided by the Administrator in the applicable Award Agreement.

A Participant shall have no voting rights with respect to any Restricted Stock Units unless and until shares are delivered in settlement thereof, and then only to the extent of the voting rights available to holders of shares of Common Stock.

To the extent provided by the Administrator, a grant of Restricted Stock Units may provide a Participant with the right to receive Dividend Equivalents. Dividend Equivalents may be paid currently or credited to an account for the Participant, may be settled in cash and/or shares of Common Stock and may be subject to the same restrictions on transfer and forfeitability as the Restricted Stock Units with respect to which the Dividend Equivalents are paid, as determined by the Administrator, subject, in each case, to such terms and conditions as the Administrator shall establish and set forth in the applicable Award Agreement.

Other Stock-Based Awards

Other Stock-Based Awards may be granted hereunder to Participants, including, without limitation, Awards entitling Participants to receive shares of Common Stock to be delivered in the future. Such Other Stock-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the Subsidiary Share Incentive Plan, as stand-alone payments and/or as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock-Based Awards may be paid in shares of Common Stock, cash or other property, as the Administrator shall determine. Subject to the provisions of the Subsidiary Share Incentive Plan and the Applicable Laws, the Administrator shall determine the terms and conditions of each Other Stock-Based Award, including any purchase price, transfer restrictions, vesting conditions and other terms and conditions applicable thereto, which shall be set forth in the applicable Award Agreement.

ADJUSTMENTS FOR CHANGES IN COMMON STOCK

In the event that the Administrator determines that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), reorganization, merger, consolidation, combination, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange, capitalization issue, rights issue, sub-division, reduction of capital or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event, as determined by the Administrator, affects the Common Stock such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Subsidiary Share Incentive Plan or with respect to any Award, then the Administrator may, in such manner as it may deem equitable, adjust any or all of:

- (i) the number and kind of shares of Common Stock (or other securities or property) with respect to which Awards may be granted or awarded (including, but not limited to, adjustments of the limitations herein on the maximum number and kind of shares which may be issued);
- (ii) the number and kind of shares of Common Stock (or other securities or property) subject to outstanding Awards;

- (iii) the grant or exercise price with respect to any Award; and
- (iv) the terms and conditions of any Awards (including, without limitation, any applicable financial or other performance “targets” specified in an Award Agreement).

Any such adjustments shall give the relevant Service Provider the same proportion of equity capital as they were previously entitled to. In respect of any such adjustments, other than any made on a capitalisation issue, the auditors or the financial adviser appointed by the Company shall confirm to the Administrator in writing that the adjustments satisfy this requirement.

RESTRICTION ON THE TIME OF GRANT OF AWARDS

- (i) The Company may not grant any Awards after any Group’s inside information has come to its knowledge until the Company has announced the information. In particular, it may not grant any Award during the period commencing one month immediately before the earlier of:
 - (1) the date of the board meeting (as such date is first notified to the Hong Kong Stock Exchange under the Hong Kong Listing Rules) for approving the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Hong Kong Listing Rules); and
 - (2) the deadline for the Company to announce its results for any year or half-year under the Hong Kong Listing Rules, or quarterly or any other interim period (whether or not required under the Hong Kong Listing Rules),and ending on the date of the results announcement.
- (ii) If any Service Provider is a director of the Company, the granting of any Award to him shall be subject to Appendix 10 of the Hong Kong Listing Rules (Model Code for Securities Transactions by Directors of Listed Issuers).

TRANSFERABILITY

Except as the Administrator may otherwise determine or provide in an Award Agreement or otherwise, in any case in accordance with Applicable Laws, Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the Participant, shall be exercisable only by the Participant.

Options granted pursuant to the Subsidiary Share Incentive Plan are personal to the recipient Participant. Notwithstanding anything to the contrary herein, including the paragraph above, in no event may a Participant transfer or assign any Option granted to such Participant.

LIFE OF THE SUBSIDIARY SHARE INCENTIVE PLAN

The Subsidiary Share Incentive Plan shall become effective on the Effective Date. No Awards shall be granted under the Subsidiary Share Incentive Plan after the completion of ten years from the Effective Date, but Awards previously granted may extend beyond that date in accordance with the terms of the Subsidiary Share Incentive Plan.

AMENDMENT TO THE SUBSIDIARY SHARE INCENTIVE PLAN

The Administrator may amend, suspend or terminate the Subsidiary Share Incentive Plan or any portion thereof at any time; provided that no amendment of the Subsidiary Share Incentive Plan shall materially and adversely affect any Award outstanding at the time of such amendment without the consent of the affected Participant. Awards outstanding under the Subsidiary Share Incentive Plan at the time of any suspension or termination of the Subsidiary Share Incentive Plan shall continue to be governed in accordance with the terms of the Subsidiary Share Incentive Plan and the applicable Award Agreement, as in effect prior to such suspension or termination. The Board shall obtain the approval of the American Lighting Stockholders of any Plan amendment to the extent necessary to comply with Applicable Laws. In addition, the Board shall obtain the approval of the Shareholders in the event the amendment to the Subsidiary Share Incentive Plan (a) modifies any of the matters set out in Rule 17.03 of the Hong Kong Listing Rules in a manner that is advantageous to Participants, (b) any amendment alters a material term or condition of the Options provided for hereunder or changes the terms of any outstanding Awards for Options, except where such alterations or changes take effect automatically under the Subsidiary Share Incentive Plan, as approved by the Shareholders, or (c) modifies the authority of the Administrator in relation to any alteration to the terms of the Subsidiary Share Incentive Plan. The amended terms of the Subsidiary Share Incentive Plan must still comply with the relevant requirements of Chapter 17 of Hong Kong Listing Rules.

DEFINITIONS

For the purpose of this Appendix, the following expressions shall have the following meanings unless the context otherwise requires:

“*Administrator*” means the Board.

“*American Lighting*” means American Lighting, Inc., a Delaware corporation, or any successor thereto. Except where the context otherwise requires, the term “Company” includes any of the Company’s present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Code and any other business venture (including, without limitation, joint venture or limited liability company) in which the Company has a significant interest, as determined by the Administrator.

“*Applicable Laws*” means the Hong Kong Listing Rules, the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where Awards are granted or issued under the Subsidiary Share Incentive Plan.

“*associate*” has the same meaning ascribed to it under the Hong Kong Listing Rules.

“*Award*” means, individually or collectively, a grant under the Subsidiary Share Incentive Plan of Options, Restricted Stock, Restricted Stock Units or Other Stock-Based Awards.

“*Award Agreement*” means a written agreement evidencing an Award, which agreements may be in electronic medium and shall contain such terms and conditions with respect to an Award as the Administrator shall determine, consistent with and subject to the terms and conditions of the Subsidiary Share Incentive Plan.

“*Board*” means the Board of Directors of American Lighting.

“*Cause*,” with respect to a Participant, means “Cause” (or any term of similar effect) as defined in such Participant’s employment agreement with the Company if such an agreement exists and contains a definition of Cause (or term of similar effect), or, if no such agreement exists or such agreement does not contain a definition of Cause (or term of similar effect), then Cause shall include, but not be limited to: (i) the Participant’s unauthorized use or disclosure of confidential information or trade secrets of the Company or any material breach of a written agreement between the Participant and the Company, including without limitation a material breach of any employment, confidentiality, non-compete, non-solicit or similar agreement; (ii) the Participant’s commission of, indictment for or the entry of a plea of guilty or *nolo contendere* by the Participant to, a felony under the laws of the United States or any state thereof or any crime involving dishonesty or moral turpitude (or any similar crime in any jurisdiction outside the United States); (iii) the Participant’s negligence or willful misconduct in the performance of the Participant’s duties or the Participant’s willful or repeated failure or refusal to substantially perform assigned duties; (iv) any act of fraud, embezzlement, material misappropriation or dishonesty committed by the Participant against the Company; or (v) any acts, omissions or statements by a Participant which the Company determines to be materially detrimental or damaging to the reputation, operations, prospects or business relations of the Company.

“*close associate*” has the same meaning ascribed to it under the Hong Kong Listing Rules.

“*Code*” means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

“*Committee*” means one or more committees or subcommittees of the Board, which may be comprised of one or more directors and/or executive officers of the Company, in either case, to the extent permitted in accordance with Applicable Laws.

“*Common Stock*” means the common stock, par value \$0.01 per share, of American Lighting.

“*Company*” means Neo-Neon Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Hong Kong Stock Exchange, and part of the shares of which are listed on The Taiwan Stock Exchange Corporation as depository receipts.

“*connected person*” has the same meaning ascribed to it under the Hong Kong Listing Rules.

“*Consultant*” means any person, including any advisor, engaged by the Company or a parent or subsidiary of the Company to render services to such entity if: (i) the consultant or adviser renders *bona fide* services to the Company; (ii) the services rendered by the consultant or advisor are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company’s securities; and (iii) the consultant or advisor is a natural person, or such other advisor or consultant as is approved by the Administrator.

“*core connected person*” has the same meaning ascribed to it under the Hong Kong Listing Rules.

“*Director*” means a member of the Board.

“*Dividend Equivalents*” means a right granted to a Participant to receive the equivalent value (in cash or shares of Common Stock) of dividends paid on shares of Common Stock.

“*Effective Date*” means the date on which the Subsidiary Share Incentive Plan is adopted by a resolution of the Shareholders at the general meeting.

“*Employee*” means any person, including officers and Directors, employed by the Company (within the meaning of Section 3401(c) of the Code) or any parent or subsidiary of the Company.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Fair Market Value*” means, as of any date, the value of Common Stock determined as follows: (i) if the Common Stock is listed on any established stock exchange (including (but not limited to) a U.S. national securities exchange), its Fair Market Value shall be the closing sales price for such Common Stock as quoted on such exchange for such date, or if no sale occurred on such date, the first market trading day immediately prior to such date during which a sale occurred, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; (ii) if the Common Stock is not traded on a stock exchange but is quoted on a national market or other quotation system, the last sales price on such date, 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 Administrator deems reliable; or (iii) in the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined by the Administrator in its sole discretion.

“*Group*” means Company together with its subsidiaries.

“*Hong Kong Stock Exchange*” means The Stock Exchange of Hong Kong Limited.

“*in issue*” has the meaning contemplated by the Hong Kong Listing Rules.

“*Incentive Stock Option*” means an “incentive stock option” as defined in Section 422 of the Code.

“*Limit*” means the total number of shares of Common Stock, which may be issued upon exercise of all Options to be granted under the Subsidiary Share Incentive Plan and any other schemes of the Group, shall not in aggregate exceed 10% of shares of Common Stock in issue as at the Effective Date.

“*Listing*” means the listing of shares of Common Stock for trading on an established stock exchange (including (but not limited to a National Securities Exchange (within the meaning of the Exchange Act)).

“*Hong Kong Listing Rules*” means The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

“*Offering Price*” means the offering price of the shares of Common Stock on the Listing.

“*Option*” means an option to purchase Common Stock.

“*Option Exercise Price*” 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 Administrator 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 Administrator deems reliable; or (iii) in the absence of an established market for the Common Stock, the Option Exercise Price shall be determined by the Administrator in its sole discretion.

“*Other Stock-Based Awards*” means other Awards of shares of Common Stock, and other Awards that are valued in whole or in part by reference to, or are otherwise based on, shares of Common Stock or other property.

“*Participant*” means a Service Provider who has been granted an Award under the Subsidiary Share Incentive Plan.

“*Publicly Listed Company*” means that the Company or its successor (i) is required to file periodic reports pursuant to Section 12 of the Exchange Act and (ii) the Common Stock is listed on one or more National Securities Exchanges (within the meaning of the Exchange Act).

“*Restricted Stock*” means Common Stock awarded to a Participant that is subject to certain vesting conditions and other restrictions.

“*Restricted Stock Unit*” means an unfunded, unsecured right to receive, on the applicable settlement date, one share of Common Stock or an amount in cash or other consideration determined by the Administrator equal to the value thereof as of such payment date, which right may be subject to certain vesting conditions and other restrictions.

“*Section 409A*” means Section 409A of the Code and all regulations, guidance, compliance programs and other interpretative authority thereunder.

“*Securities Act*” means the Securities Act of 1933, as amended from time to time.

“*Service Provider*” means an Employee, Consultant or Director.

“*Shareholders*” means the shareholders of the Company.

“*Subsidiary Share Incentive Plan*” means the American Lighting’s 2015 Equity Incentive Plan.

“*Substantial Shareholder*” means a person who is entitled to exercise or control the exercise of 10% or more of the voting power at any general meeting of the Company.

“*Termination of Service*” means the date the Participant ceases to be a Service Provider.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and the chief executives in the share capital and associated corporations of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executives in the Shares, underlying Shares and debentures of the Company and its associated corporations of the Company, within the meaning of Part XV of the SFO which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

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

Name	Capacity	Number of Ordinary Shares as at the Latest Practicable Date	Percentage of total issued share capital as at the Latest Practicable Date
Mr. Ben Fan ⁽¹⁾	Beneficial owner, spouse interest and interest of controlled corporation	363,366,000	18.74%

Note:

- (1) Mr. Ben Fan holds the entire issued share capital of Rightmass Agents Limited (“Rightmass”) and he is therefore deemed to be interested in all 336,400,000 Shares held by Rightmass. Mr. Ben Fan holds 600,000 shares, and is the spouse of Ms. Michelle Wong and he is therefore deemed to be interested in all 10,668,000 Shares held by Ms. Michelle Wong. Ms. Michelle Wong holds 35% issued share capital of Charm Light International Limited (“Charm Light”) and she is therefore deemed to be interested in all 15,698,000 Shares held by Charm Light.

Save as mentioned above, as at the Latest Practicable Date, none of the Directors and the chief executives had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations which had been entered 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.

(b) Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, so far as the Directors are aware, the following persons (other than the Directors and the executive officers) have interests or short positions in the Shares or underlying Shares which are required to be disclosed to the provisions of Divisions 2 and 3 of Part XV of the SFO or, are directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name	Capacity	Number of Ordinary Shares as at the Latest Practicable Date	Percentage of total issued share capital as at the Latest Practicable Date
THTF Energy-Saving Holdings Limited ⁽¹⁾	Beneficial owner	1,000,692,690	51.60%
Resuccess Investments Limited ⁽¹⁾	Interest of controlled corporation	1,000,692,690	51.60%
Tsinghua Tongfang Co., Ltd. ⁽¹⁾	Interest of controlled corporation	1,000,692,690	51.60%
Rightmass	Beneficial owner	336,400,000	17.35%
Ms. Michelle Wong ⁽²⁾	Beneficial owner, Interest of spouse, and Interest of controlled corporation	363,366,000	18.74%

Notes:

- (1) Resuccess Investments Limited (“Resuccess”) holds the entire issued share capital of THTF Energy-Saving Holdings Limited (“THTF Energy”) 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 1,000,692,690 Shares held by THTF Energy.
- (2) Ms. Michelle Wong is the spouse of Mr. Ben Fan and she is therefore deemed to be interested in all Shares held by him. Ms. Michelle Wong holds 35% issued share capital of Charm Light International Limited and she therefore deemed to be interested in all Shares held by Charm Light.

Save as mentioned above, as at the latest Practicable Date, the Company had not been notified of any interests and short positions in the Shares and underlying Shares of the Company which had been entered in the register required to be kept under Section 336 of the SFO.

3. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. QUALIFICATIONS AND CONSENT OF EXPERT

The following is the qualifications of the experts or professional advisers who have given opinion or advice contained in this circular:

Name	Qualifications
Quam Capital Limited	a licensed corporation licensed under the SFO to conduct type 6 (advising on corporate finance)

Quam Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

The letter and recommendation given by Quam Capital Limited are given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, Quam Capital Limited does not have any shareholding in or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

As at the Latest Practicable Date, Quam Capital Limited did not have any interest, direct or indirect, in any assets since 31 March 2014, being the date to which the latest published audited accounts of the Company were made up, have been acquired or disposed of by or leased to the Company, or are proposed to be acquired or disposed of by or leased to the Company.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2014, being the date to which the latest published audited financial statements of the Company were made up.

6. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

7. INTEREST OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 March 2014, being the date to which the latest published audited accounts of the Company were made up.

As at the Latest Practicable Date, there is no other contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at Unit 806-810, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong during normal business hours from 5 March 2015 up to and including 2 April 2015:

- (a) the Master Sales Agreement;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 15 to 16 of this circular;
- (c) the letter of advice from Quam Capital Limited, the text of which is set out on pages 17 to 27 of this circular;
- (d) the written consent from Quam Capital Limited referred in paragraph 4 of this appendix; and
- (e) the Subsidiary Share Incentive Plan of American Lighting, the principal terms of which are summarized in Appendix I to this circular.

9. MISCELLANEOUS

- (a) The principal registrar of the Company is Royal Bank of Canada Trust Company (Cayman) Limited, 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110, Cayman Islands.
- (b) The Hong Kong branch share registrar is Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) In case of inconsistency, the English text of this circular and the enclosed form of proxy shall prevail over its Chinese text.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of Neo-Neon Holdings Limited (the “Company”) will be held at Unit 806-810, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on Thursday, 2 April 2015, at 10:00 a.m. to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company:–

ORDINARY RESOLUTIONS

1. “THAT:

- (a) the Master Sales Agreement (as defined in the circular of the Company dated 4 March 2015) dated 13 February 2015 entered into between the Company and 同方股份有限公司 (Tsinghua Tongfang Co., Ltd.) (a copy of which is produced to the EGM), the terms and conditions thereof, the continuing connected transactions contemplated thereunder and the implementation thereof, be and are hereby approved, confirmed and ratified; and
- (b) the aggregate annual caps for each of the three years ending 31 December 2017 for the transactions under the Master Sales Agreement be and is hereby approved, confirmed and ratified.”

2. “THAT:

the rules of the Subsidiary Share Incentive Plan (as defined in the circular of the Company dated 4 March 2015) be and are hereby approved and adopted and the directors of American Lighting., Inc. be and are hereby authorized to grant awards and to allot, issue and deal with common stocks pursuant to the exercise of any awards granted thereunder and to take all such steps as they may consider necessary or expedient to implement the Subsidiary Share Incentive Plan.”

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

Hong Kong, 4 March 2015

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal place of business in Hong Kong:

Unit 806-810

Bank of America Tower

12 Harcourt Road

Central, Hong Kong

Notes:

- (a) At the extraordinary general meeting, the chairman of the meeting will put each of the above resolutions to be voted by way of a poll pursuant to requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong.
- (b) Any member entitled to attend and vote at the extraordinary general meeting is entitled to appoint another person as his proxy to attend and vote in his stead. A proxy need not be a member of the Company. A Shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the extraordinary general meeting. A form of proxy for use in connection with the extraordinary general meeting is enclosed with the circular to shareholders dated 4 March 2015.
- (c) Where there are joint registered holders of any share in the issued share capital of the Company, any one of such persons may vote at the extraordinary general meeting, either personally or by proxy, in respect of such share as if he/she/it were solely entitled thereto; but if more than one of such joint holders be present at the extraordinary general meeting, the vote of the senior holder who tenders a vote, whether in personal or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of such joint holding.
- (d) To be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding of the extraordinary general meeting or any adjourned meeting.

As at the date of this circular, 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

* *For identification purposes only*