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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2014

ANNUAL RESULTS

The Board of Directors of Neo-Neon Holdings Limited is pleased to announce the audited consolidated financial results of the Group for the nine months ended 31 December 2014, together with the comparative figures for the year ended 31 March 2014. These results have been audited by the Company's auditors and reviewed by the Company's audit committee.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 31 December 2014
(Expressed in Renminbi ("RMB"))

	Note	Nine months ended 31 December 2014 *RMB'000*	Year ended 31 March 2014 *RMB'000* Restated*
Turnover	*4*	**558,173**	670,738
Cost of goods sold		**(509,765)**	(865,454)
Gross profit/(loss)		**48,408**	(194,716)
Other income		**7,457**	15,254
Other gains and losses	*5(A)*	**3,444**	43,343
Other expenses	*5(B)*	**(18,511)**	(21,129)
Impairment losses recognised in respect of			
– property, plant and equipment		**(32,737)**	(258,443)
– goodwill		**–**	(600)
– available-for-sale investments		**–**	(37)
– deposits made on acquisition of available-for-sale investment		**–**	(6,711)
Distribution and selling expenses		**(68,554)**	(74,942)
Administrative expenses		**(124,864)**	(144,256)
Finance costs	*6*	**(4,174)**	(13,367)
Share of losses of associates		**–**	(97)
Share of loss of a jointly controlled entity		**(6,409)**	(7,673)

	Note	Nine months ended 31 December 2014 *RMB'000*	Year ended 31 March 2014 *RMB'000* Restated*
Loss before taxation	*7*	**(195,940)**	(663,374)
Taxation (expense)/credit	*8*	**(4,186)**	1,226
Loss for the year		**(200,126)**	(662,148)
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
– exchange differences arising on translation		**(5,406)**	6,347
Other comprehensive income for the year		**(5,406)**	6,347
Total comprehensive income for the year		**(205,532)**	(655,801)
Loss for the year attributable to			
– owners of the Company		**(196,048)**	(659,422)
– non-controlling interests		**(4,078)**	(2,726)
		(200,126)	(662,148)
Total comprehensive income for the year attributable to			
– owners of the Company		**(201,826)**	(652,952)
– non-controlling interests		**(3,706)**	(2,849)
		(205,532)	(655,801)
		RMB cents	*RMB cents*
Loss per share	*9*		
– Basic and diluted		**(13.1)**	(70.2)

* *See Note 3(c)*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014
(Expressed in Renminbi ("RMB"))

	Note	At 31 December 2014 RMB'000	At 31 March 2014 RMB'000 Restated*	At 31 March 2013 RMB'000 Restated*
Non-current assets				
Investment properties		**15,300**	15,000	13,900
Property, plant and equipment		**244,143**	263,696	667,703
Prepaid lease payments		**58,049**	60,055	60,734
Goodwill		**7,661**	–	600
Intangible assets		**16,292**	7,547	11,629
Interests in associates		**1,444**	444	3,563
Interest in a jointly controlled entity		**–**	17,089	25,313
Available-for-sale investments		**3,126**	3,217	4,454
Financial asset at fair value through profit or loss		**105,500**	–	–
Deposits made on acquisition of property, plant and equipment		**4,380**	15,195	66,585
Deposit made on formation of an associate		**–**	1,000	2,000
Deposit made on acquisition of available-for-sale investment		**–**	–	6,711
		455,895	383,243	863,192
Current assets				
Inventories		**170,024**	275,087	593,291
Trade and other receivables	*10*	**218,500**	214,785	221,137
Loan receivable		**–**	34,901	59,000
Tax recoverable		**4,159**	4,146	1,416
Investments held-for-trading		**–**	–	42,010
Pledged bank deposits		**1,167**	35,031	25,375
Cash and cash equivalents		**674,806**	89,434	205,149
		1,068,656	653,384	1,147,378
Current liabilities				
Trade and other payables	*11*	**246,276**	211,244	238,551
Amount due to a director		**–**	–	7,347
Taxation payable		**8,730**	4,318	7,143
Bank borrowings repayable within one year		**112,783**	175,005	373,745
		367,789	390,567	626,786
Net current assets		**700,867**	262,817	520,592
Total assets less current liabilities		**1,156,762**	646,060	1,383,784

	Note	At 31 December 2014 RMB'000	At 31 March 2014 RMB'000 Restated*	At 31 March 2013 RMB'000 Restated*
Non-current liabilities				
Bank borrowings		**–**	–	82,162
Government grants		**15,811**	15,869	18,781
Deferred taxation		**4,194**	5,021	6,385
		20,005	20,890	107,328
Net assets		**1,136,757**	625,170	1,276,456
Capital and reserves				
Share capital	*12*	**171,897**	92,317	92,317
Reserves		**962,021**	526,619	1,175,056
Equity attributable to owners of the Company		**1,133,918**	618,936	1,267,373
Non-controlling interests		**2,839**	6,234	9,083
Total equity		**1,136,757**	625,170	1,276,456

* *See Note 3(c)*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB)

1 GENERAL

Neo-Neon Holdings Limited (the "Company") was incorporated and registered as an exempted company with limited liability under the Companies Law of the Cayman Islands and acts as an investment holding company. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and certain of its shares are listed as Depositary Receipts in Taiwan Stock Exchange.

On 19 March 2014, a subscription agreement was entered into between the Company and Tsinghua Tongfang Co., Ltd. ("Tsinghua Tongfang") via THTF Energy-Saving Holdings Limited ("THTF ES") (an indirectly wholly-owned subsidiary of Tsinghua Tongfang), in relation to the subscription (the "Subscription") of 1,000,000,000 shares (representing approximately 106.46% of the then issued share capital of the Company) at the subscription price of Hong Kong Dollar ("HK$") 0.90 per share by THTF ES. The completion of the Subscription pursuant to the subscription agreement took place on 1 August 2014 and the consideration for the Subscription in the sum of HK$900,000,000 has been fully paid by THTF ES to the Company on 1 August 2014. Upon completion, THTF ES has subscribed for an aggregate of approximately 51.56% of the issued share capital of the Company.

By a special resolution passed at the Extraordinary General Meeting held on 5 January 2015, the Chinese name of the Company is changed from "真明麗控股有限公司" to "同方友友控股有限公司". The English name "Neo-Neon Holdings Limited" remains unchanged. The change of company name will not affect any of the right of the shareholders.

2 CHANGE IN FINANCIAL YEAR END DATE

Pursuant to the announcement dated 19 November 2014, the Company changed its financial year end date from 31 March to 31 December.

The change of the Company's financial year end date is to unify the financial year end date of the Company and its ultimate holding company, Tsinghua Tongfang, which is established in the People's Republic of China ("PRC"). Accordingly, the current financial period covers a period of nine months from 1 April 2014 to 31 December 2014. The comparative figures (which cover a period of twelve months from 1 April 2013 to 31 March 2014) for the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes are therefore not entirely comparable with those of the current period.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosures requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Company and its subsidiaries (collectively the "Group") is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3(d) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(b) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the nine months ended 31 December 2014 comprise the Group's interest in associates and a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investment property; and
- financial instruments classified as financial asset at fair value through profit or loss or as available-for-sale investment.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed.

(c) Changes in presentation currency

Following the Subscription, the Company determined to change its presentation currency from HK$ to RMB, which is the presentation currency of the Company's ultimate holding company (Tsinghua Tongfang) in the PRC. The consolidated financial statements for the year ended 31 March 2014 with an additional statement of financial position as at 31 March 2013 have been re-translated into RMB from HK$. All financial information presented in RMB has been rounded to the nearest thousand.

(d) Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs and one new interpretation that are first effective for the current accounting period of the Group and the Company:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities
- Amendments to HKAS 32, Offsetting financial assets and financial liabilities
- Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets
- Amendments to HKAS 39, Novation of derivatives and continuation of hedge accounting
- HK(IFRIC) 21, Levies

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended HKFRSs are discussed below:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Company does not qualify to be an investment entity.

Amendments to HKAS 32, Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The initial adoption in 2014 did not have a significant impact on the financial statements.

Amendments to HKAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these financial statements as the Group has not novated any of its derivatives.

HK (IFRIC) 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognized. The amendments do not have an impact on these financial statements as the guidance is consistent with the Group's existing accounting policies.

(e) Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted, being the change in proportionate share of the net book value of subsidiaries and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(f) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 “Income taxes” and HKAS 19 “Employee benefits” respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 “Share-based payment” at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale are measured in accordance with HKFRS 5 “Non-current assets held for sale and discontinued operations”.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

4 TURNOVER AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. Specifically, the Group’s reportable and operating segments under HKFRS 8 are as follows:

Light emitting diode (“LED”) decorative lighting	– manufacture and distribution of LED decorative lighting products
LED general illumination lighting	– manufacture and distribution of LED general illumination lighting products
Incandescent decorative lighting	– manufacture and distribution of incandescent decorative lighting products
Entertainment lighting	– manufacture and distribution of entertainment lighting products
All others	– distribution of lighting product accessories

Turnover represents the fair value of the consideration received and receivable for goods sold by the Group to outside customers during the period.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

	Nine months ended 31 December 2014	Year ended 31 March 2014
	RMB'000	*RMB'000*
		(Restated)
Segment revenue		
LED decorative lighting	**307,713**	357,988
LED general illumination lighting	**154,204**	209,879
Incandescent decorative lighting	**53,362**	55,182
Entertainment lighting	**35,901**	38,512
All others	**6,993**	9,177
	558,173	670,738
Segment results		
LED decorative lighting	**7,313**	(328,410)
LED general illumination lighting	**(92,593)**	(150,696)
Incandescent decorative lighting	**(50,548)**	(107,841)
Entertainment lighting	**(10,292)**	(59,563)
All others	**(1,467)**	(4,250)
	(147,587)	(650,760)
Unallocated expenses	**(30,160)**	(21,620)
Unallocated other gains, losses and expenses	**(7,863)**	23,582
Unallocated interest income	**–**	5,092
Finance costs	**(4,174)**	(13,367)
Change in fair value of investment properties	**253**	1,469
Share of losses of associates	**–**	(97)
Share of loss of a jointly controlled entity	**(6,409)**	(7,673)
Loss before taxation	**(195,940)**	(663,374)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment loss represents the loss incurred by each segment without allocation of unallocated expenses, certain other gains or losses and expenses, certain interest income, finance costs, change in fair value of investment properties, share of loss of associates and share of loss of a jointly controlled entity. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	At 31 December 2014 *RMB'000*	At 31 March 2014 *RMB'000* (Restated)
Segment assets		
LED decorative lighting	**443,610**	603,987
LED general illumination lighting	**242,603**	266,271
Incandescent decorative lighting	**83,997**	64,040
Entertainment lighting	**47,873**	26,941
All others	**7,418**	3,737
Total segment assets	**825,501**	964,976
Unallocated assets	**699,050**	71,651
Consolidated assets	**1,524,551**	1,036,627
Segment liabilities		
LED decorative lighting	**140,445**	117,230
LED general illumination lighting	**70,533**	69,527
Incandescent decorative lighting	**24,408**	16,459
Entertainment lighting	**16,421**	10,872
All others	**3,199**	1,474
Total segment liabilities	**255,006**	215,562
Unallocated liabilities	**132,788**	195,895
Consolidated liabilities	**387,794**	411,457

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable and operating segments other than investment properties, goodwill, interest in associates, interest in a jointly controlled entity, deposits made on formation of an associate, loan receivable, financial asset at fair value through profit or loss and available-for-sale investments. Assets used jointly by reportable and operating segments are allocated on the basis of the revenues earned by individual reportable and operating segments; and

- all liabilities are allocated to reportable and operating segments other than bank borrowings, government grants and deferred taxation. Liabilities for which operating segments are jointly liable are allocated in proportion to the revenues earned by individual reportable and operating segments.

Geographical information

The analysis of the Group's revenue from external customers is analysed by the geographical area in which the customers are located as follows:

	Nine months ended 31 December 2014 *RMB'000*	Year ended 31 March 2014 *RMB'000* (Restated)
United States of America ("USA")	**182,346**	157,903
PRC	**61,418**	115,249
Netherland	**13,259**	21,946
France	**25,369**	25,875
Russia	**48,418**	57,962
Other countries*	**227,363**	291,803
	558,173	670,738

* Countries included in this category representing their revenue from external customers is individually less than 10% of the total sales of the Group for the nine months ended 31 December 2014 and for the year ended 31 March 2014.

5(A) OTHER GAINS AND LOSSES

	Nine months ended 31 December 2014 *RMB'000*	Year ended 31 March 2014 *RMB'000* (Restated)
Gain on disposal of property, plant and equipment and prepaid lease payments	**52,751**	84,468
Net allowance for bad and doubtful debts	**(51,079)**	(24,968)
Increase in fair value of investments held-for-trading	**–**	335
Net exchange gain/(loss)	**1,519**	(14,506)
Loss on disposal of an associate	**–**	(3,063)
Others	**253**	1,077
	3,444	43,343

5(B) OTHER EXPENSES

	Nine months ended 31 December 2014 *RMB'000*	Year ended 31 March 2014 *RMB'000* (Restated)
Research and development costs, net	**9,403**	15,606
Compensation relating to litigation	**9,108**	5,523
	18,511	21,129

6 FINANCE COSTS

	Nine months ended 31 December 2014 *RMB'000*	Year ended 31 March 2014 *RMB'000* (Restated)
Interest on bank borrowings		
– wholly repayable within five years	**4,174**	13,367

7 LOSS BEFORE TAXATION

	Nine months ended 31 December 2014 *RMB'000*	Year ended 31 March 2014 *RMB'000* (Restated)
Loss before taxation has been arrived at after charging:		
Directors' remuneration		
– current year	**3,503**	5,647
– waived during the year	**(1,768)**	(4,310)
Other staff's retirement benefits scheme contributions	**131**	132
Other staff's equity-settled share based payments	**934**	4,308
Other staff costs	**179,759**	157,166
	182,559	162,943
Less: Staff costs included in research and development costs	**(6,498)**	(8,054)
	176,061	154,889
Depreciation of property, plant and equipment	**25,509**	61,089
Less: Depreciation included in research and development costs	**(235)**	(816)
	25,274	60,273
Auditor's remuneration		
– audit service	**2,297**	1,517
– non-audit services	**1,575**	–
	3,872	1,517

	Nine months ended 31 December 2014 *RMB'000*	Year ended 31 March 2014 *RMB'000* (Restated)
Cost of inventories recognised as an expense including cost of materials used for research and development purpose of RMB2,670,000 included in other expense (year ended 31 March 2014: RMB3,762,000 as restated)	**512,435**	869,216
Operating lease rentals in respect of		
– prepaid lease payments	**1,303**	1,424
– rented premises	**3,506**	5,998
and after crediting:		
Interest income from		
– bank deposits	**2,019**	1,456
– loan receivable	**–**	5,092
	2,019	6,548
Property rental income before deduction of negligible outgoings	**2,184**	3,612

8 TAXATION

	Nine months ended 31 December 2014 *RMB'000*	Year ended 31 March 2014 *RMB'000* (Restated)
Taxation in the consolidated statement of comprehensive income represents:		
PRC Enterprise Income Tax ("PRC EIT")	**–**	–
Taxation in overseas jurisdictions	**3,041**	141
Under/(over)-provision in respect of prior years	**1,997**	(157)
	5,038	(16)
Deferred taxation	**(852)**	(1,210)
	4,186	(1,226)

9 LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Nine months ended 31 December 2014 *RMB'000*	Year ended 31 March 2014 *RMB'000* (Restated)
Loss for the period/year attributable to owners of the Company	**(196,048)**	(659,422)

	Number of shares	
	Nine months ended 31 December 2014 *'000*	Year ended 31 March 2014 *'000*
Issued ordinary shares at 1 April	**939,320**	939,320
Effect of shares issued upon the Subscription	**555,555**	–
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,494,875**	939,320

The equity-settled share options were not included in the calculation of diluted earnings per share because they are antidilutive for the nine months ended 31 December 2014 and for the year ended 31 March 2014.

10 TRADE AND OTHER RECEIVABLES

	At 31 December 2014 *RMB'000*	At 31 March 2014 *RMB'000* (Restated)
Trade receivables	**155,005**	169,206
Bills receivables	**20,514**	9,229
Less: Allowance for bad and doubtful debts	**(87,588)**	(71,419)
	87,931	107,016
Deposits paid to suppliers	**14,957**	24,247
Value added tax recoverable	**3,526**	6,041
Value added tax refundable on export sales	**90,401**	56,225
Other receivables	**21,685**	21,256
	218,500	214,785

Payment terms with customers are mainly on credit together with deposits. Invoices are normally payable from 60 days to 90 days of issuance, except for certain well established customers in which the credit terms are up to 180 days. The following is an ageing analysis of trade and bills receivables presented based on the invoice dates (or date of revenue recognition, if earlier) and net of allowance for doubtful debts:

	At 31 December 2014 *RMB'000*	At 31 March 2014 *RMB'000* (Restated)
0 to 60 days	**41,523**	40,495
61 to 90 days	**10,447**	9,430
91 to 180 days	**19,941**	31,132
181 to 360 days	**16,020**	25,959
	87,931	107,016

11 TRADE AND OTHER PAYABLES

	At 31 December 2014 *RMB'000*	At 31 March 2014 *RMB'000* (Restated)
Trade payables	94,097	82,633
Bills payables	3,256	6,190
Payroll and welfare payables	15,736	14,929
Other payables	102,139	60,106
Financial liabilities measured at amortised cost	215,228	163,858
Customers' deposits	15,611	28,092
Other taxes payables	15,437	17,140
Obligation under onerous contract in connection with acquisition of property, plant and equipment	–	2,154
	246,276	211,244

The following is an ageing analysis of trade and bills payables presented based on the invoice date at the end of the year:

	At 31 December 2014 *RMB'000*	At 31 March 2014 *RMB'000* (Restated)
0 to 30 days	**25,319**	35,562
31 to 60 days	**6,774**	8,937
61 to 90 days	**5,155**	10,335
91 to 180 days	**24,473**	7,303
181 to 360 days	**16,932**	11,457
More than 360 days	**18,700**	15,229
	97,353	88,823

12 SHARE CAPITAL

	Authorized		Issued and fully paid	
	Number of shares	Amount	Number of shares	Amount
		RMB'000		*RMB'000*
Ordinary shares of par value HK$0.10 each				
– at 1 April 2013 (restated) and 31 March 2014 (restated)	5,000,000,000	520,000	939,319,694	92,317
Issuance of new shares	–	–	1,000,000,000	79,580
– at 31 December 2014	5,000,000,000	520,000	1,939,319,694	171,897

During the nine months ended 31 December 2014, THTF ES subscribed for an aggregate of 1,000,000,000 Shares at the subscription price of HK$0.90 per share on 1 August 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

The revenue for the nine months ended 31 December 2014 was approximately RMB558.2 million, as compared to approximately RMB670.7 million for the year ended 31 March 2014, which remained stable.

Cost of goods sold

For nine months ended 31 December 2014, the cost of goods sold was approximately RMB509.8 million, representing a decrease of approximately RMB355.7 million over approximately RMB865.5 million for the year ended 31 March 2014.

Gross profit (Loss) and gross profit (loss) margin

For nine months ended 31 December 2014, the Group recorded a gross profit of approximately RMB48.4 million. This represents an improvement compared with the year ended 31 March 2014, when the Group recorded a gross loss of approximately RMB194.7 million for the year ended 31 March 2014.

The Group recorded a gross profit margin of approximately 8.7% for the nine months ended 31 December 2014, representing an increase of 37.7% over a gross loss margin of approximately 29.0% for the year ended 31 March 2014, primarily due to decrease in manufacturing expenses of approximately RMB160.0 million.

Other gains, losses and expenses

For the nine months ended 31 December 2014, the Group recorded other losses of approximately RMB15.1 million, representing a decrease of approximately RMB37.3 million over other gains of RMB22.2 million for the year ended 31 March 2014, due to the net income of approximately RMB52.8 million resulted from a disposal of plant and land relating to the advertising lights factory of Heshan Tongfang Lighting Technology Co., Ltd. (鶴山同方照明科技有限公司) ("Heshan Tongfang Lighting") during the period, as compared to the net income of approximately RMB84.5 million resulted from disposal of its Hong Kong office and exhibition hall on ground floor and basement Level 1 located at New East Ocean Centre, No. 9 Science Museum Road, Tsim Sha Tsui, Hong Kong during the period ended 31 March 2014.

Impairment loss of property, plant and equipment

As at 31 December 2014, the amount of impairment losses recognised in respect of property, plant and equipment were approximately RMB32.7 million (31 March 2014: RMB258.4 million as restated).

Operating expenses

The distribution and selling expenses mainly comprised staff costs, promotion and advertising, freight and transportation, agency and custom costs and rent and rates.

For the nine months ended 31 December 2014, the distribution and selling expenses of the Group were approximately RMB68.6 million, representing a decrease of approximately RMB6.3 million over approximately RMB74.9 million for the year ended 31 March 2014, due to decrease in expenses in relation to freight of approximately RMB2.5 million and decrease in after-sales service expenses of approximately RMB6.1 million.

The administrative expenses mainly comprised staff costs, directors remuneration, depreciation charge, professional and legal fee and business tax. The administrative expenses for the nine months ended 31 December 2014 were approximately RMB124.9 million, representing a decrease of approximately RMB19.4 million over approximately RMB144.3 million for the year ended 31 March 2014, mainly due to decrease in depreciation on fixed assets of approximately RMB10.5 million.

Finance costs

The finance costs for the nine months ended 31 December 2014 was approximately RMB4.2 million, representing a decrease over RMB13.4 million for the year ended 31 March 2014, mainly due to the decrease in bank loan of RMB62.2 million.

Taxation

For the nine months ended 31 December 2014, the Group's tax charge of RMB4.2 million (31 March 2014: tax credit of RMB1.2 million as restated) mainly included taxation imposed in overseas jurisdictions of approximately RMB3.0 million, provision in prior years of approximately RMB2.0 million and deferred taxation of approximately RMB0.9 million.

Loss attributable to owners of the Company

For nine months ended 31 December 2014, the Group recorded a loss attributable to owners of the Company of RMB196.0 million. This represents an improvement compared with the year ended 31 March 2014 when the Group recorded a loss attributable to owners of the Company of RMB659.4 million. Such improvement was mainly due to (i) increase in gross profit of approximately RMB243.1 million, (ii) decrease in net income from disposal of fixed assets of approximately RMB31.7 million, (iii) decrease in provisions in relation to fixed assets, goodwill and financial instrument of approximately RMB233.1 million, and (iv) decrease in sales and administrative expenses of approximately RMB25.7 million.

Financial Resources and Liquidity and Gearing Ratio

The Group maintained a stable financial position. As at 31 December 2014, the Group had bank balances of RMB674.8 million and short-term bank loans of RMB112.8 million. The gearing ratio representing the ratio of short-term bank loans to total equity of the Group was 9.9% as at 31 December 2014 (31 March 2014: 27.9% as restated). Such decrease was mainly caused by (1) decrease in bank loan, and (2) investment in the Company by Tsinghua Tongfang during the period.

Cash flows

The Group's financial resources mainly consist of cash flow from investing activities and financing activities.

The Group recorded (1) cash outflow from operating activities of approximately RMB56.1 million (the year ended 31 March 2014: RMB16.9 million as restated) for the nine months ended 31 December 2014, (2) cash outflow from investing activities of approximately RMB2.4 million (the year ended 31 March 2014: cash inflow of approximately RMB207.8 million as restated) for the nine months ended 31 December 2014, and (3) cash inflow from financing activities of approximately RMB646.5 million (the year ended 31 March 2014: cash outflow of approximately RMB301.6 million as restated) for the nine months ended 31 December 2014.

The above increase cash outflow from operating activities was mainly attributable to the decrease in trade and other receivables of approximately RMB43.3 million.

The above increase cash inflow from financing activities was mainly attributable to (1) the decrease in bank loan of approximately RMB62.2 million and (2) the subscription of Shares in the Company by THTF ES for a consideration of RMB716.2 million.

Assets and liabilities

As at 31 December 2014, the Group recorded the total assets of approximately RMB1,524.6 million (31 March 2014: RMB1,036.6 million as restated) and total liabilities of approximately RMB387.8 million (31 March 2014: RMB411.5 million as restated).

As at 31 December 2014 the Group's current assets and non-current assets were approximately RMB1,068.7 million (31 March 2014: RMB653.4 million as restated) and approximately RMB455.9 million (31 March 2014: RMB383.2 million as restated) respectively. The increase in current assets was mainly attributable to increase in cash and cash equivalents of approximately RMB585.4 million and the change in non-current assets was mainly attributable to (1) a disposal of plant and land from disposal of plant and land of the advertising lights factory of Heshan Tongfang Lighting during the period and acquisition of 50% issued share capital of Tivoli, LLC, which results in decrease in interest in a jointly controlled entity and increase in total assets, (2) the Group's participation in the overseas assets management plan operated by China AMC (as defined below) in October 2014 by depositing the investment amount of RMB105.5 million, resulting in the increase in financial assets at fair value through profit or loss.

As at 31 December 2014, the Group's current liabilities and long-term liabilities were approximately RMB367.8 million (31 March 2014: RMB390.6 as restated) and approximately RMB20.0 million (31 March 2014: RMB20.9 million as restated) respectively. The decrease in current liabilities was mainly attributable to decrease in bank loan of approximately RMB62.2 million.

Foreign Exchange Risk

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

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

Charge on Assets

As at 31 December 2014, the Group had pledged certain of its land and buildings with an aggregate carrying value of RMB10.7 million (31 March 2014: RMB83.1 million as restated), certain of its trade receivables and inventories with an aggregate carrying value of RMB27.0 million (31 March 2014: RMB26.9 million as restated), and also bank deposits of aggregate carrying value of RMB1.2 million) (31 March 2014: RMB35.0 million as restated) to secure bank credit facilities granted to the Group.

Capital Commitments

As at 31 December 2014, the Group had capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of property, plant and equipment of RMB13.0 million (31 March 2014: RMB12.6 million as restated).

Contingent Liabilities

During the nine months ended 31 December 2014, certain subsidiaries are parties to various legal claims in their ordinary course of business. In the opinion of the Directors, these claims would not have a significant impact on the Group's results and financial position.

Capital Structure

As at 31 December 2014, the issued share capital of the Company was RMB171,896,724 (equivalent to HK$193,931,969) (31 March 2014:RMB92,316,724 as restated (equivalent to HK$93,931,969)), divided into 1,939,319,694 ordinary shares of HK$0.10 each.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT

Acquisition of Tivoli, LLC.

On 8 May 2014, Neo-Neon LED USA Holdings Limited and American Lighting Inc., both of which are wholly-owned subsidiaries of the Company entered into an acquisition agreement to acquire 50% issued share capital of Tivoli, LLC. at the consideration of US$3,000,000 (equivalent to approximately HK$23,271,000), to be funded by the existing general working capital of the Group. Such acquisition was completed on 15 May 2014 and Tivoli, LLC became a wholly-owned subsidiary of the Group accordingly. Tivoli, LLC is principally engaged in the trading of lighting products. Such acquisition would enable the Company to consolidate its distribution business of the Group's LED products in the USA and enhance the profitability of the Company. Further details were disclosed in the announcement of the Company dated 8 May 2014.

Tsinghua Tongfang's subscription of the Shares in the Company

On 19 March 2014, the Company and THTF ES, an indirect wholly-owned subsidiary of Tsinghua Tongfang entered into a subscription agreement, pursuant to which the Company agreed to allot and issue to THTF ES, and THTF ES agreed to subscribe in cash for, an aggregate of 1,000,000,000 Shares, at the subscription price of HK$0.90 per subscription Share. Such subscription was completed on 1 August 2014 and THTF ES became the controlling shareholder of the Company accordingly. THTF ES intends to continue the principal businesses of the Group after the completion of the subscription.

In addition, THTF ES announced the mandatory unconditional cash offers for all the issued shares and outstanding options of the Company on 8 August 2014. According to the joint announcement dated 22 September 2014, THTF ES had received 692,690 shares under the share offer. As at the date of this announcement, the shareholding of THTF ES in the Company is 51.6%.

Such subscription and capital increase represent a valuable opportunity for the Group to bring in a solid strategic corporate investor which has extensive experience, strong expertise and a wide business network in the industry. The ultimate beneficial owner of THTF ES, Tsinghua Tongfang, is a renowned high-tech enterprise in the PRC. It possesses the capabilities to manufacture upstream LED chips and wafers based on its 59 sets of MOCVD equipment. Furthermore, Tsinghua Tongfang has strong technical strength and global sales network in the related applications industries such as multi-media television industry, computer industry, intelligent building industry and energy saving industry. With its strong technical strength and wide business network, the introduction of Tsinghua Tongfang as a strategic investor of the Group can support the rapid development and expansion of the Group's businesses, enhance the corporate governance of the Group with the implementation of regulated management system used by Tsinghua Tongfang, and to allow greater room for the Group's diversification in business structure in the future. The Directors consider that entering into the subscription agreement represents a good opportunity to (i) raise a substantial amount of additional funds for the Company; (ii) improve the financial position and liquidity of the Group; and (iii) provide the Company with the financial flexibility necessary for the Group's future business development and the capability to capture any prospective investment opportunity as and when it arises.

Further details of such subscription were contained in the announcements of the Company dated 25 March 2014, 8 August 2014, 18 August 2014, 22 September 2014 and the circular of the Company dated 16 May 2014.

Save as disclosed above, there are no major acquisitions, disposals or investments during the period under review.

Final Dividend

The Board resolved not to declare any dividend for the nine months ended 31 December 2014 (31 March 2014: nil as restated).

BUSINESS REVIEW

Production Facilities and Capacity

During the period under review, the Group vertically integrated the operations from chips, packaging, moulding, lighting products and application so as to achieve a more professional level of division of labour in the LED lighting industry.

Sales and Distribution

During the period under review, the Group put much effort in distribution and marketing, improves and expands the sales channel of general LED lighting products, so as to strengthen its presence in one of the world's fastest growing markets, to better integrate its branches and to provide more quality before-sales and after-sales services to its existing customers.

Research and Development ("R&D")

The Group's R&D efforts were driven towards product design, new product development and production efficiency improvement in order to reduce the overall production cost.

Employees and Remuneration Policy

As at 31 December, 2014, the Group's total number of employees was approximately 3,300 (31 March 2014: 3,400 as restated). The basic remunerations of the employees are determined with reference to the industry remuneration benchmark, the employees' experience and their performance. Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. Directors' remuneration is determined based on a variety of factors such as market conditions and responsibilities assumed by each Director. Apart from the basic remuneration and statutory benefits required by laws, the Group provides discretionary bonus based upon the Group's results and the individual performance of the staff.

Investment during the period

On 29 October 2014 (after trading hours), Heshan Tongfang Lighting, a wholly-owned subsidiary of the Company, as principal, entered into an overseas assets management plan contract with China Asset Management Co., Ltd. ("China AMC", as asset manager) and China Construction Bank Corporation ("CCBC", as asset custodian), pursuant to which Heshan Tongfang Lighting has agreed to participate in the overseas assets management plan operated by China AMC (the "Plan") by depositing the investment amount of RMB105.5 million (equivalent to approximately HK$133.6 million) (the "Investment Amount") in a designated account maintained with CCBC. Pursuant to the Plan, the Investment Amount is proposed to be invested principally in equity interest and equity-linked structured products of Sinopec Marketing Co., Ltd. and bonds (including convertible bonds), funds, money market instruments, derivatives commodities and other financial instruments as permitted by the applicable securities laws and the requirements of the China Securities Regulatory Commission. For further details, please refer to the announcement of the Company dated 29 October 2014.

Change of Principal Place of Business in Hong Kong

On 23 December 2014, the principal place of business of the Company in Hong Kong was changed to Unit 806-810, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

Disciplinary Hearing Result

On 8 August 2014, the Company received a letter from the Secretary to the Listing (Disciplinary) Committee (the "Committee") of the Stock Exchange, stating that the Committee conducted a hearing into the conduct of the Company and its Director, and the disciplinary hearing result concluded that the Company and its Directors did not breach Rule 13.09(1) of the Listing Rules, and the Committee decided not to impose any sanctions or directions on the Company and its Directors. Such hearing was about the failure of the Company to publish an announcement as soon as reasonably practicable to inform its Shareholders and the market of the significant magnitude of expected loss for the year ended 31 March 2012, which was enquired by the Committee in March 2014.

CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Shareholders.

Except for the following deviations from code provision A.2.1 of the Corporate Governance Code, the Company has complied with the Corporate Governance Code for the nine months ended 31 December 2014.

From 31 March 2014 to 24 August 2014, the Group did not separate the roles of the chairman and chief executive officer and Mr. Ben Fan was both of the chairman and chief executive officer of the Group because he has the vision on the LED industry, technology and market development which is necessary for the Group to maximize the edge solutions for the upstream, middle and downstream industrial chain integration from LED wafers & chip production packaging and the LED lighting applications.

Due to investment by Tsinghua Tongfang and for good corporate governance purpose, the Group separated the roles of the chairman and chief executive officer starting from 25 August 2014. Mr. Lu Zhi Cheng was appointed as the chairman of the Board on 25 August 2014, and Mr. Seah Han Leong was appointed as the president and the chief executive officer of the Company on 26 August 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding directors' securities transactions for nine months ended 31 December 2014.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference. The audit committee currently comprises of three members, being all independent non-executive Directors, Mr. Fan Ren Da Anthony, Mr. Liu Tian Min and Ms. Li Ming Qi. Ms. Li Ming Qi is the chairman of the audit committee. The primary duties of the audit committee are to make recommendation to the Board on the appointment and removal of external auditors, review the financial statements and material advice in respect of financial reporting, and oversee the internal control procedures of the Company. Their composition and written terms of reference are in line with the Corporate Governance Code.

The Group's unaudited interim results for the six months ended 30 September 2014 and the audited annual results for the year ended 31 March 2014 and audited results for the nine months ended 31 December 2014, respectively have been reviewed by the audit committee, which was of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made. The audit committee has also reviewed the accounting principles and practices adopted by the Group, and selection and appointment of the external auditors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

On 19 March 2014, the Company entered into a subscription agreement with THTF ES, pursuant to which the Company has conditionally agreed to allot and issue to THTF ES, and THTF ES has conditionally agreed to subscribe in cash for an aggregate of 1,000,000,000 subscription shares for a consideration of HK$900,000,000. The completion of such subscription took place on 1 August, 2014. In addition, THTF ES announced the mandatory unconditional cash offers for all the issued shares and outstanding options of the Company on 8 August 2014. According to the joint announcement dated 22 September 2014, THTF ES had received 692,690 shares under the share offer.

Save as disclose above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the period ended 31 December 2014.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (http://www.neo-neon.com). The annual report for nine months ended 31 December 2014 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to Shareholders of the Company and available on the same websites in due course.

DEFINITIONS

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

"associate(s)"	has the meaning given to it under the Listing Rules
"Board"	the board of directors of the Company
"Company"	means Neo-Neon Holdings Limited (stock code: 1868), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, and part of shares of which are listed on the Taiwan Stock Exchange as depositary receipts
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"controlling shareholders"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	code on corporate governance practices contained in Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
"HK$" and "HK cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	individual(s) or company(ies) who is/are not connected with (within the meaning of the Listing Rules) any of the Company, Directors, chief executive or substantial shareholders of the Company, our subsidiaries or any of their respective associates

"Listing Rules"	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
"Model Code"	the model code for securities transactions by directors of listed issuers as set out in Appendix 10 of the Listing Rules
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
"Share(s)"	means share(s) of HK$0.1 each in the share capital of the Company
"Shareholder(s)"	the shareholder(s) of the Company
"Share Option Scheme"	the share option scheme of the Company adopted by resolutions of the Shareholders on 20 November 2006
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in sections 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"THTF ES"	THTF Energy Saving Holdings Limited, a substantial shareholder of the Company
"Tsinghua Tongfang"	同方股份有限公司 (Tsinghua Tongfang Co., Ltd.), a joint stock limited company incorporated in the PRC, whose shares are listed and traded on the Shanghai Stock Exchange (stock code: 600100)
"%"	per cent.

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

Hong Kong, 18 March 2015

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