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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

INTERIM RESULTS

The Board of Directors of Neo-Neon Holdings Limited is pleased to announce the interim results and the unaudited consolidated interim financial statements of the Company and its subsidiaries for the Period, together with the comparative figures for the six months ended 30 June 2016. These results have been reviewed by the Company's auditors and audit committee, comprising solely the independent non-executive Directors of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017 – Unaudited
(Expressed in Renminbi ("RMB"))

		Six months ended	
		30 June	30 June
		2017	2016
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**322,054**	286,907
Cost of goods sold		**(219,973)**	(196,888)
Gross profit		**102,081**	90,019
Other income		**8,679**	2,738
Other gains and losses	*4*	**105,582**	15,607
Other expenses		**(462)**	(255)
Distribution and selling expenses		**(41,736)**	(43,407)
Administrative expenses		**(54,172)**	(51,276)
Finance costs		**(1,636)**	(1,625)

	Note	Six months ended 30 June 2017 RMB'000	30 June 2016 RMB'000
Profit before taxation	5	**118,336**	11,801
Income tax	6	**(6,423)**	(3,899)
Profit for the period		**111,913**	7,902
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements, net of nil tax		**(27,544)**	13,031
– Available-for-sale securities: net movement in fair value reserve		**(7,496)**	–
Total comprehensive income for the period		**76,873**	20,933
Profit/(loss) for the period attributable to			
– owners of the Company		**111,915**	7,929
– non-controlling interests		**(2)**	(27)
		111,913	7,902
Total comprehensive income for the period attributable to			
– owners of the Company		**77,011**	20,901
– non-controlling interests		**(138)**	32
		76,873	20,933
		RMB cents	*RMB cents*
Earnings per share			
Basic and diluted	7	**5.3**	0.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2017 – unaudited
(Expressed in RMB)

	Note	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Non-current assets			
Investment properties		**14,700**	14,700
Property, plant and equipment		**134,950**	151,213
Prepaid lease payments		**31,396**	31,863
Goodwill	*8*	**128,169**	8,663
Intangible assets		**37,429**	29,840
Available-for-sale investments	*9*	**341,829**	3,639
Financial asset at fair value through profit or loss		**108,160**	108,152
Deferred tax assets		**6,257**	7,063
		802,890	355,133
Current assets			
Inventories		**197,063**	184,316
Trade and other receivables	*10*	**226,834**	178,930
Tax reserve certificates		**30,512**	22,765
Restricted bank deposits		**39,302**	27,667
Cash and cash equivalents		**561,702**	647,356
		1,055,413	1,061,034
Assets held for sale		**–**	105,275
		1,055,413	1,166,309
Current liabilities			
Trade and other payables	*11*	**166,049**	163,546
Taxation payable		**2,871**	10,068
Bank borrowings		**208,874**	110,967
		377,794	284,581
Liabilities held for sale		**–**	11,195
		377,794	295,776
Net current assets		**677,619**	870,533
Total assets less current liabilities		**1,480,509**	1,225,666

	Note	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Non-current liabilities			
Government grants		**7,475**	12,765
Deferred tax liabilities		**3,449**	2,950
		10,924	15,715
Net assets		**1,469,585**	1,209,951
Capital and reserves			
Share capital	*12*	**187,460**	171,808
Reserves		**1,281,482**	1,037,362
Equity attributable to owners of the Company		**1,468,942**	1,209,170
Non-controlling interests		**643**	781
Total equity		**1,469,585**	1,209,951

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 21 August 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included in the interim financial report.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of Neo-Neon Holdings Limited (the "Company") and its subsidiaries (collectively the"Group"). None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

A number of amendments and new standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance by divisions, which are organised by a mixture of both business lines (products and services) and geography. Specifically, the Group's reportable segments under HKFRS 8 are as follows:

People's Republic of China ("PRC") lighting segment	– research and development, manufacture of lighting products in PRC and distribution of lighting products in PRC and overseas
United States of America ("USA") lighting segment	– distribution and providing solutions of lighting products in the USA.
Securities segment	– asset management services, investment advisory services and securities trading

During the six months ended 30 June 2017, the chief operating decision maker of the Group changed the structure of internal reports they review regularly in allocating resources to segments and in assessing their performance as a result of the acquisition of Tongfang Securities Limited ("Tongfang Securities", formerly known as "Buttonwood Finance Limited"). Accordingly, the Group has restated the operating segment information for the six months ended 30 June 2016.

Revenue represents the fair value of the consideration received and receivable for goods sold and services provided by the Group to external customers during the period.

(a) Information about profit or loss, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	PRC lighting segment		**USA lighting segment**		**Securities segment**		**Total**	
For the six months ended	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**96,079**	129,448	**215,207**	157,459	**10,768**	–	**322,054**	286,907
Inter-segment revenue	**7,449**	17,240	**–**	–	**–**	–	**7,449**	17,240
Reportable segment revenue	**103,528**	146,688	**215,207**	157,459	**10,768**	–	**329,503**	304,147
Reportable segment profit	**111,602**	14,399	**14,526**	15,060	**3,341**	–	**129,469**	29,459
As at 30 June/ 31 December								
Reportable segment assets	**961,672**	775,216	**261,748**	263,805	**489,474**	–	**1,712,894**	1,039,021
Reportable segment liabilities	**292,888**	211,883	**91,102**	99,608	**4,728**	–	**388,718**	311,491

(b) Reconciliations of reportable segment profit or loss

	Six months ended	
	30 June 2017	30 June 2016
	RMB'000	*RMB'000*
Reportable segment profit derived from Group's external customers	**129,469**	29,459
Unallocated expenses	**(8,915)**	(12,432)
Unallocated other gains and losses	**(582)**	(3,601)
Finance costs	**(1,636)**	(1,625)
Profit before taxation	**118,336**	11,801

Segment profit represents the profit incurred by each segment without allocation of unallocated expenses, certain other gains or losses and expenses and finance costs. This is the measure reported to the board of directors of the Company for the purposes of resource allocation and performance assessment.

4 OTHER GAINS AND LOSSES

	Six months ended 30 June 2017 RMB'000	30 June 2016 RMB'000
Gain on disposal of subsidiaries	**110,649**	–
Gain on disposal of property, plant and equipment	**432**	1,196
(Net allowance)/net reversal of allowance for bad and doubtful debts	**(352)**	3,665
Net exchange (loss)/gain	**(5,178)**	8,481
Others	**31**	2,265
	105,582	15,607

5 PROFIT BEFORE TAXATION

	Six months ended 30 June 2017 RMB'000	30 June 2016 RMB'000
Profit before taxation has been arrived at after charging/(crediting):		
(a) Finance costs		
Interest on bank borrowings	**1,636**	1,625
(b) Other items		
Depreciation	**9,471**	15,150
Amortisation		
– prepaid lease payment	**405**	498
– intangible assets	**3,036**	1,447
Research and development costs (other than amortisation)	**462**	255
Operating lease rentals in respect of		
– rented premises	**4,163**	3,740
Interest income from bank deposits	**(1,291)**	(1,125)
Property rental income before deduction of negligible outgoings	**(1,809)**	(811)

6 TAXATION

	Six months ended 30 June 2017 RMB'000	30 June 2016 RMB'000
Taxation in the consolidated statement of comprehensive income represents:		
Provision for the period	**6,745**	4,154
Deferred taxation	**(322)**	(255)
	6,423	3,899

7 EARNINGS PER SHARE

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

	Six months ended	
	30 June	30 June
	2017	2016
	RMB'000	*RMB'000*
Profits attributable to owners of the Company	**111,915**	7,929

Weighted average number of ordinary shares:

	Number of shares Six months ended	
	30 June	30 June
	2017	2016
	'000	*'000*
Issued ordinary shares at 1 January	**1,938,320**	1,939,320
Effect of shares repurchased *(note 12(a))*	**(191)**	–
Effect of issuance of new shares *(note 12(a))*	**158,520**	–
Weighted average number of ordinary shares at 30 June	**2,096,649**	1,939,320

The equity-settled share options were not included in the calculation of diluted earnings per share because they are anti-dilutive for the six months ended 30 June 2017 and 2016.

8 GOODWILL

	At	At
	30 June	31 December
	2017	2016
	RMB'000	*RMB'000*
Balance at beginning of the period/year	**8,663**	8,109
Additions	**121,948**	–
Currency realignment	**(2,442)**	554
At the end of the period/year	**128,169**	8,663

Goodwill is allocated to the Group's cash-generating units identified according to operating segment as follows:

	At	At
	30 June	31 December
	2017	2016
	RMB'000	*RMB'000*
USA lighting segment	**8,460**	8,663
Securities segment	**119,709**	–
At the end of the period/year	**128,169**	8,663

9 AVAILABLE-FOR-SALE INVESTMENTS

On 16 June 2017, Tongfang Securities, a wholly-owned subsidiary of the Company, entered into a discretionary client agreement with Hai Tong Asset Management(HK) Limited ("Investment Manager"), pursuant to which the Investment Manager has agreed to subscribe for 374,448.04 HKD Class R1A Shares in the Haitong Freedom Multi-Tranche Bond Fund (the "Fund") for and on behalf of Tongfang Securities at the consideration of HK$400,000,000 (equivalent to approximately RMB348,600,000) (the "Investment Amount").

The Fund will invest all or substantially all of its assets, to the extent not retained in cash to meet operating expenses, in the shares of the Haitong Freedom Multi-Tranche Master Bond Fund (the "Master Fund"). The Master Fund will primarily invest in fixed income securities such as government, corporate or convertible bonds, private placement debt, notes linked to fixed income instruments or preferred shares, other bond funds, money market funds or cash. The Master Fund may invest in debt securities that are rated below investment grade or which are unrated by any relevant agency.

At 30 June 2017, the above investments were classified as available-for-sale with a fair value of RMB338,190,000 that are held for long-term strategic purposes.

The fair value of the Group's available-for-sale investments is measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

At as 30 June 2017, the fair value of the Group's available-for-sale investments are categorised into Level 2, which have been arrived by the directors on the basis of a valuation carried out on that date by the Investment Manager of the Fund. The valuation was made with reference to recent transaction price of the Fund, which is an observable input in the market.

During the six months ended 30 June 2017 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

10 TRADE AND OTHER RECEIVABLES

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Trade receivables	**187,804**	149,141
Bills receivables	**10,461**	11,815
Less: allowance for bad and doubtful debts	**(47,802)**	(47,450)
	150,463	113,506
Deposits paid to suppliers	**24,094**	21,079
Other receivables	**52,277**	44,345
	226,834	178,930

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 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
0 to 60 days	**77,301**	72,292
61 to 90 days	**30,275**	12,828
91 to 180 days	**25,427**	10,473
Over 180 days	**17,460**	17,913
	150,463	113,506

11 TRADE AND OTHER PAYABLES

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Trade payables	**93,219**	71,613
Bills payables	**9,935**	21,935
Payroll and welfare payables	**3,687**	9,808
Other payables	**37,918**	42,680
Financial liabilities measured at amortised cost	**144,759**	146,036
Customers' deposits	**17,323**	13,433
Other taxes payable	**3,967**	4,077
	166,049	163,546

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

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
0 to 60 days	**68,718**	58,926
61 to 90 days	**4,532**	4,236
91 to 180 days	**4,019**	873
Over 180 days	**25,885**	29,513
	103,154	93,548

12 CAPITAL, RESERVES AND DIVIDENDS

Share capital

	Authorized		Issued and fully paid	
	Number of shares	Amount *RMB'000*	Number of shares	Amount *RMB'000*
Ordinary shares of nominal value HK$0.10 each				
– at 31 December 2016	5,000,000,000	520,000	1,938,319,694	171,808
– Issuance of new shares	–	–	177,227,723	15,670
– Share repurchased and cancelled *(note)*	–	–	(200,000)	(18)
– at 30 June 2017	**5,000,000,000**	**520,000**	**2,115,347,417**	**187,460**

Note: During the six months ended 30 June 2017, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	**Number of shares repurchased**	**Highest price paid per share** *HK$*	**Lowest price paid per share** *HK$*	**Aggregate price paid** *HK$'000*
January 2017	200,000	1.15	1.12	230

The total amount paid on the repurchased shares of HK$230,000 (equivalent to approximately RMB205,000) was paid wholly out of capital. The total repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by HK$20,000 (equivalent to approximately RMB18,000).

13 CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2017 not provided for in the interim financial statements were as follows:

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Acquisition of property, plant and equipment	**2,999**	1,773

14 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with the controlling shareholder and its subsidiaries

	Six months ended	
	30 June 2017 ***RMB'000*** **(unaudited)**	30 June 2016 *RMB'000* (unaudited)
Sales of products	**1,612**	4,128
Consideration received from disposal of subsidiaries	**251,668**	–

(b) Key management personnel remuneration

The Company's directors represented the Group's key management and their emoluments for the six months ended 30 June 2017 and 2016 are RMB855,000 and RMB940,000, respectively.

(c) Transactions with other state-controlled entities in the PRC

The controlling shareholder of the Company, Tsinghua Tongfang Co., Ltd. is a state-controlled enterprise controlled by the PRC government. Apart from transactions with Tsinghua Tongfang and its subsidiaries which were disclosed in note 14 above, the Group also has transactions with other state-controlled entities, included but not limited to the following:

- sales of products and provision of services;
- purchase of materials; and
- bank deposits and borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The total revenue for the Period was approximately RMB322.1 million, representing an increase of approximately 12.3% as compared to approximately RMB286.9 million for the six months ended 30 June 2016. For further details, please refer to the below.

Lighting Segment

The revenue of attributable to the lighting segment (research and development, manufacturing of lighting products and distribution of lighting products and distribution and providing solutions of lighting products) for the Period was approximately RMB311.3 million, representing an increase of approximately 8.5% as compared to approximately RMB286.9 million for the six months ended 30 June 2016, mainly attributable to increasing sales in American market during the Period.

Securities Segment

In August 2016, the Company entered into a sales and purchase agreement to acquire Buttonwood Finance Limited, which is currently named as Tongfang Securities Limited. Tongfang Securities Limited is principally engaged in provision of asset management services, investment advisory services and securities trading. As at 30 June 2017, Tongfang Securities Limited is authorised to be a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and is licensed to carry on Type 1 (dealing in securities), Type 4(advising on securities) and Type 9 (asset management) regulated activities. The completion of the acquisition took place on 20 January 2017. During the Period, the revenue attributable to securities segment was approximately RMB10.8 million.

Cost of goods sold

For the Period, the cost of goods sold was approximately RMB220.0 million, representing an increase of approximately RMB23.1 million over approximately RMB196.9 million for the six months ended 30 June 2016. Such increase was mainly attributable to the increase in sales revenue.

Gross profit and gross profit margin

For the Period, the Group recorded a gross profit of approximately RMB102.1 million, representing an increase of approximately RMB12.1 million or 13.4% over approximately RMB90.0 million for the six months ended 30 June 2016.

Lighting Segment

For the Period, the Group recorded a gross profit of approximately RMB91.3 million for the lighting segment, representing an increase of approximately RMB1.3 million or 1.4% over approximately RMB90.0 million for the six months ended 30 June 2016 primarily due to (1) improvement of technology and efficiency, and (2) the prudent selective acceptance of orders with higher profit margin.

Securities Segment

For the Period, the Group of securities segment recorded a gross profit of approximately RMB10.8 million for the securities segment.

The Group recorded a gross profit margin of approximately 31.7% for the Period, representing an increase of approximately 0.3% over a gross profit margin of approximately 31.4% for the six months ended 30 June 2016 because there is no cost of goods sold for securities segment.

Other gains, losses and expenses

For the Period, the Group recorded other gains of approximately RMB105.6 million, representing an increase of approximately RMB90.0 million over other gains of approximately RMB15.6 million for the six months ended 30 June 2016, due to the net gains of approximately RMB110.6 million resulting from the completion of the disposal of three subsidiaries, namely Yangzhou Tongfang Semiconductors Co.,Ltd, Shanghai Cuineng Photoelectricity Science and Technology Co.,Ltd and Tianjin Zhenmingli Photoelectricity Co., Ltd. For further details, please refer to the announcement dated 31 October 2016 and the circular dated 28 November 2016.

Impairment loss of property, plant and equipment

For the Period, the impairment losses recognised in respect of property, plant and equipment was nil (as of 30 June 2016: nil).

Operating expenses

For the Period, total operating expenses were approximately RMB95.9 million, representing a increase of approximately RMB1.2 million over approximately RMB94.7 million for the six months ended 30 June 2016, mainly attributable to the increase in staff costs due to the completion of the acquisition of Tongfang Securities Limited.

Finance costs

The finance costs for the Period was approximately RMB1.6 million, which remained stable against approximately RMB1.6 million for the six months ended 30 June 2016.

Taxation

For the Period, the Group's tax charge of approximately RMB6.4 million (30 June 2016: tax charge of RMB3.9 million) mainly included taxation imposed in overseas jurisdictions of approximately RMB5.1 million.

Profit attributable to owners of the Company

For the Period, the Group recorded a profit attributable to owners of the Company of approximately RMB111.9 million, representing an increase of approximately RMB104.0 million, as compared to a profit attributable to owners of the Company of approximately RMB7.9 million for the six months ended 30 June 2016, primarily due to the net gains of approximately RMB110.6 million resulting from the completion of the disposal of three subsidiaries, namely Yangzhou Tongfang Semiconductors Co., Ltd, Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd and Tianjin Zhenmingli Photoelectricity Co., Ltd.

Financial Resources and Liquidity and Gearing Ratio

The Group maintained a stable financial position. As at 30 June 2017, the Group had bank balances of RMB561.7 million and short-term bank loans of RMB208.9 million. The gearing ratio representing the ratio of short-term bank loans to total equity of the Group, was 14.2% as at 30 June 2017 (31 December 2016: 9.2%). Such increase was mainly caused by increase in bank loan of RMB97.9 million.

Cash flows

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

For the Period, the Group recorded (1) cash outflow from operating activities of approximately RMB109.3 million (the six months ended 30 June 2016: RMB37.7 million), (2) cash outflow from investing activities of approximately RMB60.9 million (the six months ended 30 June 2016: RMB8.7 million), and (3) cash inflow from financing activities of approximately RMB96.3 million (the six months ended 30 June 2016: cash inflow of approximately RMB8.7 million).

The above increase in cash outflow from operating activities was mainly attributable to delay of delivery during the Period as compared with the same period of 2016.

The above increase in cash outflow from investing activities was mainly attributable to (1) the receipt of the consideration of approximately RMB251.7 million as a result of the completion of the disposal of three subsidiaries, (2) the payment of cash consideration of RMB40.8 million as a result of acquisition of Tongfang Securities Limited, and (3) purchase of available for sale investment of approximately RMB348.6 million.

The above increase in cash inflow from financing activities was mainly attributable to increase in bank loans of approximately RMB109.0 million during the Period by approximately RMB92.4 million, as compared to bank loans of approximately RMB16.6 million for the six months ended 30 June 2016.

Assets and liabilities

As at 30 June 2017, the Group recorded the total assets of approximately RMB1,858.3 million (31 December 2016: RMB1,521.4 million) and total liabilities of approximately RMB388.7 million (31 December 2016: RMB311.5 million).

As at 30 June 2017, the Group's current assets and non-current assets were approximately RMB1,055.4 million (31 December 2016: RMB1,166.3 million) and approximately RMB802.9 million (31 December 2016: RMB355.1 million) respectively.

As at 30 June 2017, the Group's current liabilities and non-current liabilities were approximately RMB377.8 million (31 December 2016: RMB295.8 million) and approximately RMB10.9 million (31 December 2016: RMB15.7 million) respectively. The increase in current liabilities was mainly attributable to bank borrowings of approximately RMB208.9 million as at 30 June 2017, representing an increase of approximately RMB97.9 million, as compared to approximately RMB111.0 million as at 31 December 2016.

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 30 June 2017, the Group did not pledge any of its land and buildings (31 December 2016: nil).The Group pledged certain of its trade receivables and inventories with an aggregate carrying value of RMB76.6 million (31 December 2016: RMB78.5 million), and also bank deposits of aggregate carrying value of RMB39.3 million (31 December 2016: RMB27.7 million) to secure bank credit facilities granted to the Group.

Capital Commitments

As at 30 June 2017, 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 RMB3.0 million (31 December 2016: RMB1.8 million).

Contingent Liabilities

During the Period, 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 30 June 2017, the issued share capital of the Company was RMB187,459,992 (equivalent to HK$211,534,742) (31 December 2016: RMB171,808,087 (equivalent to HK$193,831,969)), divided into 2,115,347,417 ordinary shares of HK$0.10 each. Such increase was primarily due to settlement of part of the consideration by issuing of new 177,227,723 shares for the acquisition of Tongfang Securities Limited.

Material Acquisition, Disposal and Significant Investment

There were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Period, nor was there any plan authorized by the Board for other material investments or additions of capital assets during the Period.

Interim Dividend

The Board resolved not to declare any interim dividend for the Period. (30 June 2016: nil)

BUSINESS REVIEW

Overview

During the Period, the Group seized the opportunity to explore the overseas market without slack, vigorously developed sales channels in the PRC market, increased the gross margins, improved the management level, and revitalized idle assets, which lead to the improvement in operating performance.

In addition, the Company has start to cultivate the following into new pillar businesses, fund management, investment banking, financial management and technology-based financial business investments from emerging industries. During the Period, the Company completed the acquisition of Buttonwood Finance Limited, which is currently name as Tongfang Securities Limited and has become a wholly-owned subsidiary of the Company. Tongfang Securities Limited is a company incorporated in Hong Kong with limited liability and is principally engaged in provision of asset management services, investment advisory services and securities trading, and is licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities. The deployment and development such national strategic emerging industries would facilitate the Group to continue to innovate and develop.

Sales and Distribution

During the Period, the Group took efforts in distribution and marketing, improving and expanding the sales channel of general LED lighting products. The Group proactively made deployment in branding establishment and sales channel in the world's fastest growing markets and brought to its customers better sales services in energy-saving technologies and solutions.

During the Period, the revenue of American Lighting Inc., an indirect wholly owned subsidiary of the Company based in Denver, USA which is engaged in distribution of lighting products and distribution and providing solutions of lighting product in the United States, has outperformed expectations. The primary fuels of its business are its opportunity to motivate strong revenue growth in large national retailers, advancements in its e-commerce expansion, and the well-developed channels of American Lighting Inc. Management believes that the growth momentum will continue in the foreseeable future.

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 30 June 2017, the Group's total number of employees was approximately 1,500 (31 December 2016: 1,500). 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.

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.

Throughout the Period, the Company complied with the code provisions and, where appropriate, adopted the recommended best practices as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules.

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 throughout the Period 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 and its code of conduct regarding directors' securities transactions throughout the Period.

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

During the Period, the Company repurchased its own shares on the Stock Exchange, details of which are as follows:

Month/Year	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid
9 January 2017	200,000	HK$1.15	HK$1.12	HK$229,560

The repurchased shares were cancelled in February 2017.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (http://www.neo-neon.com). The interim report for the Period 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:

"Articles of Association" or "Articles"	the articles of association of the Company adopted by the written resolution of the Shareholders on 20 November 2006 and as amended, supplemented and otherwise modified from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of directors of the Company
"Business Day" or "business day"	a day on which banks in Hong Kong and Cayman Islands are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong or Cayman Islands
"BVI"	British Virgin Islands
"China" or "PRC"	the People's Republic of China, excluding for the purpose of the Prospectus, Hong Kong, Macau and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Companies (WUMP) Ordinance"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"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 in 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
"Model Code"	the model code for securities transactions by directors of listed issuers as set out in Appendix 10 of the Listing Rules
"Period"	the six months ended 30 June 2017
"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
"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.

* *for identification only*

By order of the board of
Neo-Neon Holdings Limited
Huang Yu
Chairman

Hong Kong, 21 August 2017

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