Neo-Neon Holdings Limited
同方友友控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 01868)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

INTERIM RESULTS

The Board of Directors of Neo-Neon Holdings Limited is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2024, together with the unaudited comparative figures for the six months ended 30 June 2023. These results for the Period have been reviewed by the Audit Committee, comprising solely the independent non-executive Directors.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

		Six months ended 30 June	
	Notes	**2024**	2023
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	4	**294,390**	326,612
Cost of sales		**(161,608)**	(187,013)
Gross profit		**132,782**	139,599
Other income, gains and losses, net	4	**25,873**	29,516
(Provision)/reversal of provision of impairment, net		**1,712**	(2,422)
Selling and distribution expenses		**(98,749)**	(91,445)
Administrative expenses		**(46,134)**	(51,104)
Finance costs	5	**(690)**	(785)
PROFIT BEFORE TAX	5	**14,794**	23,359
Income tax expense	6	**(3,031)**	(7,758)
PROFIT FOR THE PERIOD		**11,763**	15,601

	Note	Six months ended 30 June	
		2024	2023
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Attributable to:			
Owners of the parent		**11,610**	15,181
Non-controlling interests		**153**	420
		11,763	15,601
PROFIT PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted		**RMB0.55 cent**	RMB0.72 cent

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**11,763**	15,601
OTHER COMPREHENSIVE INCOME/(LOSS):		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(5,196)**	(27,466)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(5,196)**	(27,466)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of the Company	**10,411**	47,296
Surplus on revaluation upon transfer of right-of-use assets to investment properties	**–**	12,750
Income tax effect	**–**	(3,188)
	–	9,562
Surplus on revaluation upon transfer of property, plant and equipment to investment properties	**–**	26,949
Income tax effect	**–**	(6,738)
	–	20,211
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**10,411**	77,069
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**5,215**	49,603
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**16,978**	65,204
Attributable to:		
Owners of the parent	**16,769**	64,508
Non-controlling interests	**209**	696
	16,978	65,204

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	**30 June 2024** *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**17,113**	19,634
Investment properties		**144,801**	146,588
Right-of-use assets		**37,705**	42,751
Goodwill		**90,630**	90,069
Other intangible assets		**20,589**	21,812
Financial assets at fair value through profit or loss		**139,000**	136,598
Deferred tax assets		**23,167**	26,552
Total non-current assets		**473,005**	484,004
CURRENT ASSETS			
Inventories		**142,285**	154,053
Trade and bills receivables	9	**94,610**	109,146
Loan receivable	10	**128,415**	127,506
Prepayments, other receivables and other assets		**26,406**	24,997
Loan to the ultimate holding company	11	**405,807**	395,403
Financial assets at fair value through profit or loss		**14,582**	16,391
Tax recoverable		**9,504**	7,284
Cash and cash equivalents		**514,593**	498,097
Total current assets		**1,336,202**	1,332,877
CURRENT LIABILITIES			
Trade payables	12	**55,971**	62,990
Other payables and accruals		**77,460**	90,189
Lease liabilities		**10,814**	10,450
Tax payable		**4,900**	–
Provision		**32,686**	33,440
Total current liabilities		**181,831**	197,069
NET CURRENT ASSETS		**1,154,371**	1,135,808
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,627,376**	1,619,812

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT LIABILITIES		
Lease liabilities	**27,306**	32,578
Deferred tax liabilities	**20,442**	24,584
Total non-current liabilities	**47,748**	57,162
Net assets	**1,579,628**	1,562,650
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**185,672**	185,672
Reserves	**1,384,070**	1,367,301
	1,569,742	1,552,973
Non-controlling interests	**9,886**	9,677
Total equity	**1,579,628**	1,562,650

NOTES

30 June 2024

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

2. CHANGES IN ACCOUNTING POLICIES (continued)

The nature and impact of the revised HKFRSs are described below: (continued)

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- the People's Republic of China ("PRC") lighting segment consists of research and development, manufacture of lighting products in the PRC and Vietnam, and distribution of lighting products in the PRC and overseas; and

- the United States of America ("USA") lighting segment consists of the manufacture and trading of lighting products in the USA.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, non-lease-related finance costs, government grants, as well as unallocated corporate income and gains and expenses are excluded from this measurement.

Segment assets exclude deferred tax assets, loan to the ultimate holding company, tax recoverable, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. **OPERATING SEGMENT INFORMATION (continued)**

Six months ended 30 June 2024 (unaudited)

	PRC lighting *RMB'000* (Unaudited)	USA lighting *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue ***(note 4)***:			
Sales to external customers	**15,063**	**279,327**	**294,390**
Intersegment sales	**8,127**	**–**	**8,127**
Total segment revenue	**23,190**	**279,327**	**302,517**
Reconciliation:			
Elimination of intersegment sales			**(8,127)**
Revenue			**294,390**
Segment results	**(2,700)**	**6,846**	**4,146**
Reconciliation:			
Interest income and unallocated income and gains, net			**15,252**
Finance costs (other than interest on lease liabilities)			**(61)**
Government grants			**162**
Unallocated expenses			**(4,705)**
Profit before tax			**14,794**

3. **OPERATING SEGMENT INFORMATION (continued)**

Six months ended 30 June 2023 (unaudited)

	PRC lighting *RMB'000* (Unaudited)	USA lighting *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue *(note 4)*:			
Sales to external customers	39,147	287,465	326,612
Intersegment sales	9,523	–	9,523
Total segment revenue	48,670	287,465	336,135
Reconciliation:			
Elimination of intersegment sales			(9,523)
Revenue			326,612
Segment results	(210)	12,596	12,386
Reconciliation:			
Interest income and unallocated income and gains			19,205
Finance costs (other than interest on lease liabilities)			(67)
Government grants			56
Unallocated expenses			(8,221)
Profit before tax			23,359

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2024 and 31 December 2023.

As at 30 June 2024 (unaudited)

	PRC lighting *RMB'000* **(Unaudited)**	**USA lighting** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Segment assets	**359,410**	**347,957**	**707,367**
Reconciliation:			
Deferred tax assets			**23,167**
Loan to the ultimate holding company			**405,807**
Tax recoverable			**9,504**
Cash and cash equivalents			**514,593**
Corporate and other unallocated assets			**148,769**
Total assets			**1,809,207**
Segment liabilities	**30,723**	**170,181**	**200,904**
Reconciliation:			
Tax payable			**4,900**
Deferred tax liabilities			**20,442**
Corporate and other unallocated liabilities			**3,333**
Total liabilities			**229,579**

As at 31 December 2023 (audited)

	PRC lighting *RMB'000* (Audited)	USA lighting *RMB'000* (Audited)	Total *RMB'000* (Audited)
Segment assets	345,141	393,502	738,643
Reconciliation:			
Deferred tax assets			26,552
Loan to the ultimate holding company			395,403
Tax recoverable			7,284
Cash and cash equivalents			498,097
Corporate and other unallocated assets			150,902
Total assets			1,816,881
Segment liabilities	25,532	200,291	225,823
Reconciliation:			
Deferred tax liabilities			24,584
Corporate and other unallocated liabilities			3,824
Total liabilities			254,231

4. REVENUE, OTHER INCOME, GAINS AND LOSSES, NET

An analysis of revenue is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**294,390**	326,612

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2024 (unaudited)

Segments	**PRC lighting**	**USA lighting**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Types of goods or services			
Sale of lighting products	**15,063**	**279,327**	**294,390**
Geographic markets			
North America	**10,920**	**278,615**	**289,535**
Europe	**2,732**	**–**	**2,732**
The PRC	**169**	**–**	**169**
Asia (excluding the PRC)	**1,242**	**712**	**1,954**
Total revenue from contracts with customers	**15,063**	**279,327**	**294,390**
Timing of revenue recognition			
Goods transferred and services rendered at a point in time	**15,063**	**279,327**	**294,390**

4. **REVENUE, OTHER INCOME, GAINS AND LOSSES, NET (continued)**

Disaggregated revenue information for revenue from contracts with customers (continued)

For the six months ended 30 June 2023 (unaudited)

Segments	PRC lighting *RMB'000*	USA lighting *RMB'000*	Total *RMB'000*
Types of goods or services			
Sale of lighting products	39,147	287,465	326,612
Geographic markets			
North America	27,934	287,319	315,253
Europe	3,246	–	3,246
The PRC	207	–	207
Asia (excluding the PRC)	7,760	146	7,906
Total revenue from contracts with customers	39,147	287,465	326,612
Timing of revenue recognition			
Goods transferred and services rendered at a point in time	39,147	287,465	326,612

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	**9,573**	6,877
Other interest income	**6,963**	2,920
Dividend income from financial assets at FVTPL	**1,347**	1,412
Government grants*	**162**	56
Gross rental income	**5,217**	4,528
Others	**3,155**	1,497
	26,417	17,290
Gains and losses, net		
Gains/(losses) on disposal of items of property, plant and equipment	**140**	(356)
Fair value gains on financial assets at FVTPL, net	**483**	191
Fair value losses on investment properties, net	**(1,979)**	(109)
Foreign exchange differences, net	**812**	12,500
	(544)	12,226
Total	**25,873**	29,516

* There are no unfulfilled conditions or contingencies relating to the grants.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance costs		
Other finance costs	**61**	67
Interest on lease liabilities	**629**	718
	690	785
Depreciation of property, plant and equipment	**3,737**	5,435
Depreciation of right-of-use assets	**5,276**	5,856
Research and development costs:		
Deferred expenditure amortised	**2,084**	1,769
Amortisation of other intangible assets	**1,081**	949
Lease payments not included in the measurement of lease liabilities	**57**	215
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**245**	217
Provision/(reversal) of impairment losses on financial assets, net:		
Trade and bills receivables	**252**	429
Other receivables	**1,058**	(941)
Loan to the ultimate holding company	**(3,022)**	2,934
	(1,712)	2,422
Write-down of inventories to net realisable value	**948**	1,651
Foreign exchange differences, net	**(812)**	(12,500)

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. For the Group's subsidiaries established in the USA, income tax is calculated at the rate of 28.0% (six months ended 30 June 2023: 28.0%). Tax on profits assessable in the PRC has been calculated at the applicable PRC corporate income tax ("CIT") rate of 25.0% (six months ended 30 June 2023: no provision for PRC corporate income tax had been made as the Group had available tax losses brought forward from prior year to offset the assessable profits generated during the prior period). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	**228**	401
Underprovision in prior periods	**37**	4,612
Current – Elsewhere		
Charge for the period	**3,407**	2,795
Deferred tax	**(641)**	(50)
Total tax charge for the period	**3,031**	7,758

Tax audit conducted by the Inland Revenue Department (the "IRD") in Hong Kong

The IRD conducted a tax audit to the Group for the years of assessment back from year of assessment 2005/06. During the years, the IRD had issued protective profits tax assessments in an aggregate amount of HK$157,730,000 (approximately equivalent to RMB145,424,000) for the years of assessment from 2005/06 to 2015/16. The Group had lodged objections against these protective profits tax assessments and the IRD had agreed to hold over the tax demanded for these years of assessment on the condition that the Group purchased tax reserve certificates in an aggregate amount of HK$30,500,000 (approximately equivalent to RMB28,120,000), which had been recorded as tax reserve certificates under "Prepayments, other receivables and other assets" to the financial statements in 2022.

In June 2023, the Group had reached an agreement with the IRD and received the revised final assessments for the years of assessment from 2005/06 to 2015/16 to demand additional tax charges of totalling HK$5,082,000 (approximately equivalent to RMB4,612,000), together with other charges of totalling HK$3,578,000 (approximately equivalent to RMB3,247,000). These charges had been settled by offsetting the tax reserve certificates purchased by the Group during the year ended 31 December 2023.

7. DIVIDENDS

The directors of the Company did not recommend the payment of a dividend for the six months ended 30 June 2024 and 2023.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,094,465,417 (30 June 2023: 2,094,465,417) in issue during the period.

The computation of diluted earnings per share does not assume the exercise of a subsidiary of the Company's outstanding share options for the six months ended 30 June 2024 and 2023 because the exercise price of those share options was higher than the price of a subsidiary of the Company's share during the period.

The Company had no potentially dilutive ordinary shares in issue for the six months ended 30 June 2024 and 2023.

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**11,610**	15,181

	Six months ended 30 June	
	2024	2023
	Number of shares	Number of shares
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	**2,094,465,417**	2,094,465,417

9. TRADE AND BILLS RECEIVABLES

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**98,424**	112,435
Bills receivables	**9**	408
Less: Impairment loss on trade receivables	**(3,823)**	(3,695)
Less: Impairment loss on bills receivables	**–**	(2)
	94,610	109,146

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 month	**62,748**	54,606
1 to 2 months	**14,683**	37,448
2 to 3 months	**5,609**	4,834
3 to 6 months	**4,512**	7,006
Over 6 months	**7,058**	5,252
Total	**94,610**	109,146

10. LOAN RECEIVABLE

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loan receivable	**163,498**	162,340
Less: Impairment allowance	**(35,083)**	(34,834)
	128,415	127,506

As at 30 June 2024 and 31 December 2023, loan receivable represented the money lent to a customer by Tongfang Finance Limited, a subsidiary of the Company which is principally engaged in money lending business. The loan receivable bore interest rate at 8% p.a. (31 December 2023: 8% p.a.) and was overdue since 2020. The loan receivable amounting to RMB163,498,000 (31 December 2023: RMB162,340,000) was secured by certain properties, other investments, listed securities, private equities of the borrower and personal guarantees. The balance is classified as a financial asset at amortised cost. Management performs continuous assessment on the recoverability of the loan receivable.

11. LOAN TO THE ULTIMATE HOLDING COMPANY

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loan to the ultimate holding company	**407,787**	400,405
Less: Impairment allowance	**(1,980)**	(5,002)
	405,807	395,403

The movements in the loss allowance for impairment of loan to the ultimate holding company are as follows:

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
At beginning of the period/year	**5,002**	–
(Reversal of impairment losses)/impairment losses, net *(note 5)*	**(3,022)**	5,002
At end of period/year	**1,980**	5,002

The loan to the ultimate holding company represents (i) the revolving loan to Tsinghua Tongfang Co., Limited with an amount of RMB400 million (31 December 2023: RMB400 million), which is unsecured, interest-bearing at 3.65% per annum and repayable on demand; and (ii) interest receivable of approximately RMB7,787,000 (31 December 2023: RMB405,000).

12. TRADE PAYABLES

	30 June 2024 *RMB'000* (Unaudited)	31 December 2023 *RMB'000* (Audited)
Trade payables	**55,971**	62,990

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2024 *RMB'000* (Unaudited)	31 December 2023 *RMB'000* (Audited)
Within 1 month	**38,009**	46,510
1 to 2 months	**8,678**	3,989
2 to 3 months	**4,880**	2,549
3 to 6 months	**2,815**	7,609
6 months to 1 year	**291**	519
Over 1 year	**1,298**	1,814
	55,971	62,990

13. EVENT AFTER THE REPORTING PERIOD

As at date of this report, the Group has no significant event after the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The total revenue for the Period was approximately RMB294.4 million, which represented a decrease of approximately RMB32.2 million as compared to approximately RMB326.6 million for the six months ended 30 June 2023. Such decrease was mainly attributable to the decrease in order resulting from the weak recovery of the international market and the existing products of the PRC lighting segment failed to effectively meet the latest consumer demands.

Cost of goods sold

For the Period, the cost of goods sold was approximately RMB161.6 million, representing a decrease of approximately RMB25.4 million over cost of goods sold of approximately RMB187.0 million for the six months ended 30 June 2023, primarily due to the reduction in overall costs by further changing product structure, increasing sales of products with high gross profit while reducing those with low gross profit.

Gross profit and gross profit margin

For the Period, the Group recorded a gross profit of approximately RMB132.8 million, representing a decrease of RMB6.8 million over the gross profit of approximately RMB139.6 million for the six months ended 30 June 2023, mainly due to the decline in orders.

For the Period, the Group recorded a gross profit margin of approximately 45.1%, representing an increase of 2.4% over a gross profit margin of approximately 42.7% for the six months ended 30 June 2023. The reason for such increase is mainly attributable to focusing on products with higher profit margin, and improved gross margin for USA lighting segment.

Other income, gains and losses, net

For the Period, the Group recorded other income, gains and losses, net of approximately RMB25.9 million, representing a decrease of approximately RMB3.6 million over the other income, gains and losses, net of RMB29.5 million for the six months ended 30 June 2023, mainly due to the combined effect of the decrease in foreign exchange gains of approximately RMB11.7 million and the increase in interest income of approximately RMB6.7 million.

Provision/(reversal) for impairment, net

For the Period, the net amount of impairment reversal was approximately RMB1.7 million, representing a decrease of approximately RMB4.1 million over impairment provision of approximately RMB2.4 million for the six months ended 30 June 2023, mainly due to the impairment reversal of loan to Tsinghua Tongfang Co., Ltd. of approximately RMB3.0 million.

Operating expenses

For the Period, total operating expenses were approximately RMB144.9 million, representing an increase of approximately RMB2.4 million over approximately RMB142.5 million for the six months ended 30 June 2023, mainly attributable to the increase in marketing expenses to attract potential new buyers and pursue new sales opportunities and develop high margin sales channels in USA lighting segment.

Finance costs

The finance costs for the Period was approximately RMB0.7 million, representing a decrease of RMB0.1 million from RMB0.8 million for the six months ended 30 June 2023.

Taxation

For the Period, tax charge of approximately RMB3.0 million (six months ended 30 June 2023: RMB7.8 million). The decrease was mainly due to the absence of the payment for under provision of prior years' taxes of approximately RMB4.6 million in the current period.

Profit attributable to owners of the parent

For the Period, the Group recorded a profit attributable to owners of the parent of approximately RMB11.6 million, representing a decrease over a profit attributable to the owners of the parent of approximately RMB15.2 million for the six months ended 30 June 2023, primarily due to the decrease in gross profit and the increase in operating expenses.

Financial Resources and Liquidity and Gearing Ratio

The Group maintained a stable financial position. As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB514.6 million. The gearing ratio representing the ratio of total lease liabilities to total equity of the Group was 2.4% as at 30 June 2024 (31 December 2023: 2.8%). Such decrease was mainly caused by the decrease in lease liabilities of RMB4.9 million for the Period.

Assets and liabilities

As at 30 June 2024, the Group recorded total assets of approximately RMB1,809.2 million (31 December 2023: RMB1,816.9 million) and total liabilities of approximately RMB229.6 million (31 December 2023: RMB254.2 million).

As at 30 June 2024, the Group's current assets and non-current assets were approximately RMB1,336.2 million (31 December 2023: RMB1,332.9 million) and approximately RMB473.0 million (31 December 2023: RMB484.0 million), respectively. The decrease in non-current assets was mainly attributable to the decrease in right-of-use assets and deferred tax assets.

As at 30 June 2024, the Group's current liabilities and non-current liabilities were approximately RMB181.8 million (31 December 2023: RMB197.1 million) and approximately RMB47.7 million (31 December 2023: RMB57.2 million), respectively. The decrease in current liabilities and non-current liabilities was mainly attributable to the decrease in liabilities such as other payables and accruals and lease liabilities.

Foreign Currency Risk

Several subsidiaries of the Company have sales and purchases denominated in currencies other than the functional currency of the 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 exposure should the need arise.

Charges on Assets

As at 30 June 2024, the Group pledged certain of its trade receivables and inventories with an aggregate carrying value of approximately RMB157.2 million (31 December 2023: RMB174.4 million) to secure bank credit facilities granted to the Group.

Capital Commitments

As at 30 June 2024, the Group had no capital expenditure contracted for but not provided in the financial statements (31 December 2023: Nil).

Contingent Liabilities

During the Period, certain subsidiaries of the Company are parties to various legal claims in their ordinary course of businesses. 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 2024, the issued share capital of the Company was RMB185,672,131 (equivalent to approximately HK$209,446,542) (31 December 2023: RMB185,672,131 (equivalent to HK$209,446,542)), divided into 2,094,465,417 ordinary shares of HK$0.10 each.

Deposit Service provided by Finance Company

On 25 November 2021, the Company and China Nuclear Finance Company Limited* (中核財務有限責任公司) ("Finance Company") entered into a deposit service agreement (the "Deposit Service Agreement"), pursuant to which Finance Company shall provide deposit services to the Group during the term of the Deposit Service Agreement commencing from 17 January 2022 to 31 December 2024. The Deposit Service Agreement was approved by the independent shareholders at the extraordinary general meeting held on 17 January 2022.

As at 30 June 2024, the Group has placed a total of RMB18.6 million with Finance Company at interest rates ranged from 1.12% to 1.26% per annum pursuant to the terms of the Deposit Service Agreement.

Provision of Revolving Loan to Tongfang

On 3 January 2023, the Company and Guangdong Tongfang Science Park Company Limited* (廣東同方科技園有限公司) (as lenders) and Tsinghua Tongfang Co., Ltd.* (同方股份有限公司) ("Tongfang") entered into a loan agreement (the "Loan Agreement"), pursuant to which the lender(s) will provide revolving loans of not exceeding RMB400,000,000 to Tongfang during the term of the Loan Agreement commencing from 13 March 2023 to 12 March 2026. The Loan Agreement was approved by the independent shareholders at the extraordinary general meeting held on 10 March 2023.

During the prior Period, the lenders had granted a loan to Tongfang with a total principal amount of RMB400 million at an interest rate of 3.65% per annum pursuant to the terms of the Loan Agreement.

Loan to an Individual

References are made to the announcement dated 6 April 2018, 9 July 2020 and 27 October 2023 in relation to the repayment framework agreement (the "**Repayment Framework Agreement**") entered into between Mr. Wang Lifeng as the Borrower and his spouse and Tongfang Finance Limited (同方財務有限公司) as the Lender, pursuant to which the Borrower and his spouse shall repay the remaining principal of HK$175.45 million by 30 September 2025 and shall repay the accrued interests of approximately HK$43.07 million by 31 October 2027. In addition, the Borrower and his spouse have agreed to provide additional securities including certain shares in two PRC companies in the PRC to secure the full repayment of the Bonds. All other material terms of the Bonds remain unchanged. As at the date of this announcement, the Repayment Framework Agreement has become effective and the Group is still continue to make its best effort in obtaining repayment from the Borrower.

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 dividend for the Period (six months ended 30 June 2023: Nil).

BUSINESS REVIEW

Overview

During the Period, the increased risk of global political instability, weak growth in the trading economy, tight supply and demand in energy markets, declined consumer disposable incomes and continued inflationary pressures led to a slowdown in sales of consumer goods, especially affecting non-essential categories. In the face of the complex and volatile situation, the Company has continued to focus on the Group's core business, the LED lighting segment, and adjusted its products and services to achieve stable growth in accordance with changes in the global market.

Revenue and profit of the Company were lower than the same period last year. During the Period, the USA lighting segment stimulated the interest of potential customers and strived for sales opportunities through strategies such as expanding high-margin sales channels, increasing promotional marketing to retailers, improving product quality and maintaining price advantages. The existing products of the PRC lighting segment failed to effectively meet the latest consumer demands, and the decline in order volume led to a decline in revenue and gross profit. In order to keep abreast of the changes in market demand, it plans to expand the categories of lighting products, so as to enhance the market competitiveness of the products.

In the second half of the year, the Company will plan ahead and strive to develop differentiated products through effective market demand research in order to gain a greater market share.

Sales and Distribution

Lighting Segment

During the Period, the Group took efforts in distribution and marketing, cultivating the new sales team and promoting the new brand of lighting products. The Group proactively made deployment in brand 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.

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 2024, the Group's total number of employees was approximately 716 (31 December 2023: 472). 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. The 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.

Under the code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have a separate chairman and a chief executive officer and Ms. Zhang Yuanyuan holds both positions. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company as non-executive Directors and independent non-executive Directors form the majority of the Board, with five out of seven of the Directors being non-executive Directors and independent non-executive Directors. The Board believes that vesting the roles of both chairman and chief executive officer in the same person can facilitate execution of the Company's business strategies and boost effectiveness of its operation. The Board will review the current structure from time to time and shall make necessary arrangements when the Board considers appropriate.

Save as disclosed above, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has also adopted the Model Code set out in Appendix C3 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, they 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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares) during the Period.

As at 30 June 2024, the number of treasury shares held by the Company is nil.

AUDIT COMMITTEE REVIEW

The unaudited interim financial information of the Group for the Period has been reviewed by the Company's Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.neo-neon.com). The interim report for the Period containing all the information required by Appendix D2 to the Listing Rules will be dispatched to Shareholders who have requested to receive printed copies and available on the aforesaid websites in the due course.

DEFINITIONS

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

"Audit Committee"	the audit committee of the Company
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of directors of the Company
"BVI"	British Virgin Islands
"China" or "PRC"	the People's Republic of China, excluding for the purpose of this announcement, Hong Kong, Macau and Taiwan

"Company"	Neo-Neon Holdings Limited (stock code: 1868), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, and the depositary receipts of which are listed on the Taiwan Stock Exchange
"Corporate Governance Code"	the code on corporate governance practices contained in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"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
"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 C3 of the Listing Rules
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	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)

"%"	per cent
"*"	For identification purpose only.

By order of the Board
Neo-Neon Holdings Limited
Zhang Yuanyuan
Chairperson

Hong Kong, 23 August 2024

As at the date of this announcement, the executive Directors are Ms. ZHANG Yuanyuan and Mr. LIAN Chenwei; the non-executive Directors are Mr. KONG Lingqi and Ms. LIU Wenjing; the independent non-executive Directors are Dr. FAN, Ren Da Anthony, Ms. YANG Juan and Ms. LI Ming Qi.