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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Neo-Neon Holdings Limited (the"**Company**") is pleased to announce the consolidated results for the year ended 31 December 2024 of the Company and its subsidiaries (collectively the "**Group**"), together with the comparative figures for the year ended 31 December 2023. These results have been reviewed by the Company's audit committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
REVENUE	3	**746,140**	786,110
Cost of sales		**(424,072)**	(440,240)
Gross profit		**322,068**	345,870
Other income, gains and losses, net	4	**56,271**	51,168
Reversal of provision/(provision) of impairment, net	5	**2,275**	(1,261)
Selling and distribution expenses		**(234,048)**	(221,199)
Administrative expenses		**(97,162)**	(131,666)
Finance costs	6	**(1,332)**	(1,532)

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
PROFIT BEFORE TAX	5	**48,072**	41,380
Income tax expense	7	**(10,154)**	(13,705)
PROFIT FOR THE YEAR		**37,918**	27,675
Attributable to:			
Owners of the parent		**37,182**	26,821
Non-controlling interests		**736**	854
		37,918	27,675
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted			
– For profit for the year		**RMB1.78 cents**	RMB1.28 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**37,918**	27,675
OTHER COMPREHENSIVE INCOME/(LOSS):		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(16,121)**	(11,799)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of the Company	**31,950**	20,431
Surplus on revaluation upon transfer of right-of-use assets to investment properties	**–**	22,787
Income tax effect	**–**	(5,697)
	–	17,090
Surplus on revaluation upon transfer of property, plant and equipment to investment properties	**–**	36,161
Income tax effect	**–**	(9,040)
	–	27,121
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**31,950**	64,642
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**15,829**	52,843
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**53,747**	80,518
Attributable to:		
Owners of the parent	**52,874**	79,552
Non-controlling interests	**873**	966
	53,747	80,518

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**15,952**	19,634
Investment properties		**157,165**	146,588
Right-of-use assets		**32,639**	42,751
Goodwill		**91,413**	90,069
Other intangible assets		**21,792**	21,812
Financial assets at fair value through profit or loss		**134,900**	136,598
Deferred tax assets		**27,919**	26,552
Total non-current assets		**481,780**	484,004
CURRENT ASSETS			
Inventories		**143,231**	154,053
Trade and bills receivables	9	**106,915**	109,146
Loan receivable	10	**111,743**	127,506
Prepayments, other receivables and other assets		**20,790**	24,997
Loan to the ultimate holding company	11	**400,406**	395,403
Financial assets at fair value through profit or loss		**12,263**	16,391
Tax recoverable		**2,140**	7,284
Restricted cash		**1,319**	–
Cash and cash equivalents		**607,214**	498,097
Total current assets		**1,406,021**	1,332,877
CURRENT LIABILITIES			
Trade payables	12	**77,239**	62,990
Other payables and accruals		**99,423**	90,189
Lease liabilities		**11,173**	10,450
Tax payable		**1,399**	–
Provision		**34,046**	33,440
Total current liabilities		**223,280**	197,069
NET CURRENT ASSETS		**1,182,741**	1,135,808
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,664,521**	1,619,812

	Note	**2024**	2023
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**21,897**	32,578
Deferred tax liabilities		**26,227**	24,584
Total non-current liabilities		**48,124**	57,162
Net assets		**1,616,397**	1,562,650
EQUITY			
Equity attributable to owners of the parent			
Issued capital	13	**185,672**	185,672
Reserves		**1,420,175**	1,367,301
		1,605,847	1,552,973
Non-controlling interests		**10,550**	9,677
Total equity		**1,616,397**	1,562,650

NOTES

31 December 2024

1. CORPORATE AND GROUP INFORMATION

Neo-Neon Holdings Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the Company's head office and principal place of business is located at Unit 3405, 34/F., 118 Connaught Road West, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were engaged in the following principal activities:

- manufacture and trading of lighting products
- provision of lighting solutions

In the opinion of the directors of the Company, the holding company and the ultimate holding company of the Company is Resuccess Investments Limited and 同方股份有限公司("**Tongfang Co., Limited**"), which are incorporated in the British Virgin Islands and the People's Republic of China ("**the PRC**"), respectively.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. The financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

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 the 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.

(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. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

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, restricted cash, 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.

Year ended 31 December 2024

	PRC lighting *RMB'000*	USA lighting *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	**67,477**	**678,663**	**746,140**
Intersegment sales	**21,085**	**–**	**21,085**
	88,562	**678,663**	**767,225**
Reconciliation:			
Elimination of intersegment sales			**(21,085)**
Total segment revenue			**746,140**
Segment results	**(6,657)**	**28,813**	**22,156**
Reconciliation:			
Interest income and unallocated income and gains			**34,247**
Finance costs (other than interest on lease liabilities)			**(147)**
Government grants			**203**
Unallocated expenses			**(8,387)**
Profit before tax			**48,072**

31 December 2024

	PRC lighting *RMB'000*	USA lighting *RMB'000*	Total *RMB'000*
Segment assets	**364,606**	**359,899**	**724,505**
Reconciliation:			
Deferred tax assets			**27,919**
Loan to the ultimate holding company			**400,406**
Tax recoverable			**2,140**
Restricted cash			**1,319**
Cash and cash equivalents			**607,214**
Corporate and other unallocated assets			**124,298**
Total assets			**1,887,801**
Segment liabilities	**46,994**	**193,973**	**240,967**
Reconciliation:			
Tax payable			**1,399**
Deferred tax liabilities			**26,227**
Corporate and other unallocated liabilities			**2,811**
Total liabilities			**271,404**

Year ended 31 December 2023

	PRC lighting RMB'000	USA lighting RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	82,239	703,871	786,110
Intersegment sales	15,800	–	15,800
	98,039	703,871	801,910
Reconciliation:			
Elimination of intersegment sales			(15,800)
Total segment revenue			786,110
Segment results	(4,564)	30,158	25,594
Reconciliation:			
Interest income and unallocated income and gains			27,993
Finance costs (other than interest on lease liabilities)			(131)
Government grants			56
Unallocated expenses			(12,132)
Profit before tax			41,380

31 December 2023

	PRC lighting RMB'000	USA lighting RMB'000	Total RMB'000
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

Geographical information

(a) Revenue from external customers

	2024	2023
	RMB'000	*RMB'000*
North America	**721,233**	755,123
Europe	**12,315**	6,985
The PRC	**671**	1,549
Asia (excluding the PRC)	**11,068**	22,393
Other countries	**853**	60
Total	**746,140**	786,110

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2024	2023
	RMB'000	*RMB'000*
North America	**135,301**	141,746
The PRC	**176,396**	171,002
Asia (excluding the PRC)	**7,264**	8,106
Total non-current assets	**318,961**	320,854

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

During the year ended 31 December 2024, no single customer contributed 10% or more of the Group's revenue.

During the year ended 31 December 2023, revenue generated from a customer by the USA lighting segment amounting to approximately RMB84,064,000 accounted for over 10% of the Group's revenue.

4. OTHER INCOME, GAINS AND LOSSES, NET

	2024	2023
	RMB'000	*RMB'000*
Other income		
Bank interest income	**19,935**	17,085
Other interest income	**14,003**	10,139
Dividend income from financial assets at FVTPL	**3,515**	3,177
Government grants*	**203**	56
Gross rental income from investment properties operating leases:		
Lease payments, including fixed payments	**9,953**	8,920
Others	**4,757**	6,813
Total other income	**52,366**	46,190
Gains and losses, net		
Fair value gains/(losses) on investments properties, net	**10,317**	(1,493)
Gains/(losses) on disposal of items of property, plant and equipment	**400**	(121)
Fair value (losses)/gains of financial assets at FVTPL, net	**(6,136)**	2,721
Foreign exchange differences, net	**(676)**	3,871
Total gains	**3,905**	4,978
Total other income, gains and losses, net	**56,271**	51,168

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

5. PROFIT BEFORE TAX

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

	2024	2023
	RMB'000	*RMB'000*
Cost of inventories sold	**419,993**	444,785
Depreciation of property, plant and equipment	**7,849**	9,627
Depreciation of right-of-use assets	**10,600**	11,103
Research and development costs:		
Deferred expenditure amortised*	**4,342**	3,696
Amortisation of other intangible assets*	**2,068**	1,913
Additional provision**	**1,472**	28,659
Lease payments not included in the measurement of lease liabilities	**119**	471
Auditor's remuneration	**2,336**	2,294
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	**130,112**	132,788
Pension scheme contributions***	**6,497**	5,944
Total	**136,609**	138,732
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**294**	340
(Reversal of provision)/provision of impairment losses on financial assets, net:		
Trade and bills receivables	**2,555**	1,546
Other receivables	**172**	(5,287)
Loan to the ultimate holding company	**(5,002)**	5,002
Total	**(2,275)**	1,261
Write-down/(reversal of write-down) of inventories to net realisable value#	**2,607**	(5,132)

* The amortisation of deferred development costs and other intangible assets for the year is included in "Administrative expenses" in the consolidated statement of profit or loss.

** Except for additional provision for warranties of RMB1,472,000 (2023: RMB587,000) included in "Cost of sales" in the consolidated statement of profit or loss, the additional provision for litigation are included in "Administrative expenses" in the consolidated statement of profit or loss.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

Included in "Cost of sales" in the consolidated statement of profit or loss.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024	2023
	RMB'000	*RMB'000*
Interest on bank loans	**147**	131
Interest on lease liabilities	**1,185**	1,401
Total	**1,332**	1,532

7. INCOME TAX EXPENSE

	2024	2023
	RMB'000	*RMB'000*
Current – Hong Kong		
Charge for the year	**301**	83
(Overprovision)/underprovision in prior years	**(3,420)**	4,778
Current – Elsewhere		
Charge for the year	**12,941**	12,956
Overprovision in prior years	**(94)**	(121)
Deferred tax	**426**	(3,991)
Total tax charge for the year	**10,154**	13,705

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 year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,094,465,417 (2023: 2,094,465,417) outstanding during the year.

The computation of diluted earnings per share does not assume the exercise of a subsidiary of the Company's outstanding share options for the years ended 31 December 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 years.

The Company had no potentially dilutive ordinary shares outstanding during the years ended 31 December 2024 and 2023.

	2024	2023
	RMB'000	*RMB'000*
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**37,182**	26,821

	2024	2023
	Number of shares	*Number of shares*
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted earnings per share calculation	**2,094,465,417**	2,094,465,417

9. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**111,570**	112,435
Bills receivables	**98**	408
Less: Impairment loss on trade receivables	**(4,752)**	(3,695)
Less: Impairment loss on bills receivables	**(1)**	(2)
Total	**106,915**	109,146

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to six months for major customers.

PRC and USA lighting segments

Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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:

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**46,070**	54,606
1 to 2 months	**45,914**	37,448
2 to 3 months	**6,541**	4,834
3 to 6 months	**2,330**	7,006
Over 6 months	**6,060**	5,252
Total	**106,915**	109,146

10. LOAN RECEIVABLE

	2024	2023
	RMB'000	*RMB'000*
Loan receivable	**147,339**	162,340
Less: Impairment allowance	**(35,596)**	(34,834)
Total	**111,743**	127,506

An ageing analysis of the loan receivable as at the end of the reporting period, based on the maturity date and net of loss allowance, is as follows:

	2024	2023
	RMB'000	*RMB'000*
On demand	**111,743**	127,506

11. LOAN TO THE ULTIMATE HOLDING COMPANY

	2024	2023
	RMB'000	*RMB'000*
Loan to the ultimate holding company	**400,406**	400,405
Less: Impairment allowance	**–**	(5,002)
Total	**400,406**	395,403

The loan to the ultimate holding company represents (i) the revolving loan to Tongfang Co., Limited with an amount of RMB400,000,000, which is unsecured, interest-bearing at 3.65% per annum and repayable on demand; and (ii) interest receivables of approximately RMB406,000 as at 31 December 2024.

12. TRADE PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**77,239**	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:

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**56,622**	46,510
1 to 3 months	**9,193**	6,538
3 to 6 months	**9,854**	7,609
6 months to 1 year	**495**	519
Over 1 year	**1,075**	1,814
Total	**77,239**	62,990

The trade payables are non-interest-bearing and are normally settled within terms of 90 days.

13. SHARE CAPITAL

	2024	2023
	HK$'000	*HK$'000*
Authorised:		
5,000,000,000 ordinary shares of HK$0.10 each	**500,000**	500,000

	2024	2023
	RMB'000	*RMB'000*
Issued and fully paid:		
2,094,465,417 (2023: 2,094,465,417) ordinary shares of HK$0.10 (2023: HK$0.10) each	**185,672**	185,672

14. DIVIDENDS

The Directors did not recommend the declaration of any dividend for the years ended 31 December 2024 and 2023.

15. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

As at date of this announcement, the Group has no significant events after the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The total revenue for the year ended 31 December 2024 was approximately RMB746.1million, which represented a decrease of approximately RMB40.0 million as compared to approximately RMB786.1 million for the year ended 31 December 2023. Such decrease was mainly attributable to the decrease in order resulting from reduced consumer purchasing power and demand under continued inflation and global economic slowdown.

Cost of sales

For the year ended 31 December 2024, the cost of goods sold was approximately RMB424.1 million, representing a decrease of approximately RMB16.1 million over cost of goods sold of approximately RMB440.2 million for the year ended 31 December 2023, primarily due to the reduction in overall costs by further changing product structure.

Gross profit and gross profit margin

For the year ended 31 December 2024, the Group recorded a gross profit of approximately RMB322.1 million, representing a decrease of approximately RMB23.8 million over the gross profit of approximately RMB345.9 million for the year ended 31 December 2023, which was mainly due to the decline in orders.

Other income, gains and losses, net

For the year ended 31 December 2024, the Group recorded other income, gains and losses, net of approximately RMB56.3 million, representing an increase of approximately RMB5.1 million over approximately RMB51.2 million for the year ended 31 December 2023, mainly due to the increase in interest income of approximately RMB6.7 million.

Provision for impairment, net

For the year ended 31 December 2024, the net reversal of impairment was approximately RMB2.3 million, representing a decrease of approximately RMB3.5 million over impairment provision of approximately RMB1.3 million for the year ended 31 December 2023, which was mainly due to the decrease in impairment allowance of approximately RMB5.0 million for revolving loan to the ultimate holding company.

Operating expenses

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

For the year ended 31 December 2024, the selling and distribution expenses of the Group were approximately RMB234.0 million, representing an increase of approximately RMB12.8 million over approximately RMB221.2 million for the year ended 31 December 2023, which was mainly due to increased promotion of new products and high-margin products to mitigate the impact of inflation.

The administrative expenses mainly comprised of staff costs, directors remuneration, depreciation charge and professional and legal fees. The administrative expenses for the year ended 31 December 2024 were approximately RMB97.2 million, representing a decrease of approximately RMB34.5 million over approximately RMB131.7 million for the year ended 31 December 2023, which was mainly attributable to the decrease in management service fees and provision for litigation.

Finance costs

The finance costs for the year ended 31 December 2024 were approximately RMB1.3 million, representing a decrease of approximately RMB0.2 million over approximately RMB1.5 million for the year ended 31 December 2023, which was basically the same as the last year.

Taxation

For the year ended 31 December 2024, tax charge of approximately RMB10.2 million (2023: RMB13.7 million) mainly included current tax charge for the year of approximately RMB13.2 million and deferred tax charge of approximately RMB0.4 million.

Profit attributable to owners of the parent

For the year ended 31 December 2024, the Group recorded profit attributable to owners of the parent of approximately RMB37.2 million, representing an increase of approximately RMB10.4 million over profit of approximately RMB26.8 million for the year ended 31 December 2023. Such increase in profit was primarily attributable to enhanced cost control and optimised operational efficiency.

Net Results

For the year ended 31 December 2024, the Group recorded a net profit of approximately RMB37.9 million, as compared to a net profit of approximately RMB27.7 million for the year ended 31 December 2023. The reasons for such increase are same as the reasons for profit attributable to owners of the parent.

Financial Resources, Liquidity and Gearing Ratio

The Group maintained a stable financial position. As at 31 December 2024, the Group had cash and cash equivalents of approximately RMB607.2 million. The gearing ratio representing the ratio of total loans and total lease liabilities to total equity of the Group was 2.0% as at 31 December 2024 (31 December 2023: 2.8%). Such decrease was mainly attributable to the increase in total equity due to the increase in cash and cash equivalents of approximately RMB109.1 million during 2024.

Assets and Liabilities

As at 31 December 2024, the Group recorded the total assets of approximately RMB1,887.8 million (31 December 2023: approximately RMB1,816.9 million) and total liabilities of approximately RMB271.4 million (31 December 2023: approximately RMB254.2 million).

As at 31 December 2024, the Group's current assets and non-current assets were approximately RMB1,406.0 million (31 December 2023: approximately RMB1,332.9 million) and approximately RMB481.8 million (31 December 2023: approximately RMB484.0 million), respectively. The increase in current assets is due to the increase in cash and cash equivalents of approximately RMB109.1 million, the decrease in inventories of approximately RMB10.8 million and the decrease in loan receivable of approximately RMB15.8 million.

As at 31 December 2024, the Group's current liabilities and non-current liabilities were approximately RMB223.3 million (31 December 2023: RMB197.1 million) and approximately RMB48.1 million (31 December 2023: RMB57.2 million), respectively. The increase in current liabilities was mainly attributable to the increase in trade payables of approximately RMB14.2 million. The decrease in non-current liabilities were mainly attributable to the decrease in lease liabilities of approximately RMB10.7 million.

Foreign Currency Risk

Several subsidiaries of the Company have sales and purchases denominated in currencies other than the functional currency of respective entities, 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 of the Group monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the needs arise.

Charges on Assets

As at 31 December 2024, the Group pledged certain of its trade receivables and inventories with an aggregate carrying value of approximately RMB160.1 million (31 December 2023: RMB174.4 million) to secure bank credit facilities granted to the Group.

Capital Commitments

As at 31 December 2024, the Group had no capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of property, plant and equipment (31 December 2023: Nil).

Contingent Liabilities

During the year ended 31 December 2024, 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 2024, the issued share capital of the Company was approximately RMB185,672,000 (equivalent to approximately HK$209,447,000) (31 December 2023: approximately RMB185,672,000 (equivalent to approximately HK$209,447,000), 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 ("**Finance Company**") entered into a deposit service agreement (the "**Deposit Service Agreement 1**"), pursuant to which Finance Company shall provide deposit services to the Group during the term of the Deposit Service Agreement 1 commencing from 17 January 2022 to 31 December 2024 with the maximum daily deposit balance of RMB500,000,000 of the deposits placed with the Finance Company by the Group. The Deposit Service Agreement 1 was approved by the independent shareholders at the extraordinary general meeting held on 17 January 2022.

As at 31 December 2024, the Group has placed a total of RMB36,999,022.97 with Finance Company at interest rates ranged from 1.12% to 1.49% per annum pursuant to the terms of the Deposit Service Agreement 1.

On 9 December 2024, the Company and the Finance Company entered into the deposit service agreement (the "**Deposit Service Agreement 2**"), pursuant to which the Finance Company shall provide the deposit service to the qualified group members during the term of the Deposit Service Agreement 2 commencing from the 1 January 2025 to 31 December 2027 with the maximum daily deposit balance of RMB37,000,000 of the deposits placed with the Finance Company by the Group. The provision of deposit service by the Finance Company to the qualified members of the Group pursuant to the Deposit Service Agreement 2 constitutes continuing connected transactions of the Company under Chapter 14A of Listing Rules. As the applicable percentage ratios (other than the profits ratio) of the annual cap are all less than 5%, the deposit service is subject to the reporting, announcement and annual review but exempted from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Provision of Revolving Loans 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 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.

Pursuant to the terms of the Loan Agreement, the lender(s) keeps the sole discretion to make its decision on whether or not to provide loans to Tongfang per its borrowing requests, as such the Group has flexibility to maintain sufficient cash resources for its operation and development while the provision of loans has provided the Group the opportunities to earn additional interest income from idle cash resources from time to time.

During 2023, the lender has 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. Such loan remained outstanding through the year ended 31 December 2024.

Loan to an Individual

References are made to the announcements of the Company dated 6 April 2018, 9 July 2020 and 27 October 2023 in relation to the loan between Mr. Wang Lifeng as the Borrower and his spouse and Tongfang Finance Limited as the lender. As Mr. Wang Lifeng failed to make the repayments when they were due, Tongfang Finance has taken legal actions against Mr. Wang Lifeng and his spouse. As at 31 December 2024, the total outstanding amount of principal and accrued interest due from Mr. Wang Lifeng amounts to HK$211.4 million and the net carrying amount is HK$120.7 million. The Company will continue to make its best effort in obtaining repayment from Mr. Wang Lifeng for the outstanding amount.

Material Acquisition and Disposal and Significant Investment

There were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year under review. As of 31 December 2024, the Company did not have detailed future plans for material investments or capital assets.

FINAL DIVIDEND

The Board resolved not to declare any dividend for the year ended 31 December 2024 (31 December 2023: Nil).

BUSINESS REVIEW

In the challenging year of 2024, the global geopolitical situation was complicated with frequent election campaigns around the world. International political and economic landscape continued to undergo adjustments and the global economic growth slowed down. The tense energy supply situation in Europe has further squeezed consumers' purchasing power, resulting in weak market demand for discretionary products such as lighting and decorative lights. In the face of this difficult situation, the Company exhibited excellent market sensitivity and adaptability by closely focusing on the established strategic development goals and achieved an increase in overall profitability by improving cost management and optimizing operational processes.

During the repoting period, despite a slight decline in the revenue compared to the same period last year, the lighting segment of the Company achieved a year-on-year increase in profitability, which was mainly attributable to the optimisation of procurement strategies and effective reduction of overstock of the USA lighting segment, which helped reduce procurement costs and further mitigate operating and management costs.

In the future, uncertainty in the global trade environment is expected to continue to escalate, and trade frictions and tariff barriers may become the new norm in international trade. In view of this, the Company has made preparations in advance by actively implementing the supply chain diversification strategy to expand procurement channels. At the same time, we strengthened the integration and coordination of domestic and international industrial chains to ensure flexible and efficient operation of the supply chain in order to effectively reduce trade risks and reduce tariff costs.

Lastly, the Company will continue to focus on the lighting industry, concentrating our advantageous resources and conducting in-depth market research to clarify and reinforce our brand positioning. We will actively explore new technological fields, continuously improve product quality and added value, open up new application scenarios and expand market space. In addition, we attach great importance to enhancing the skills and versatility of employees to unleash their potentials and continuously optimizing customer service experience to achieve high consumer satisfaction and loyalty, so as to lay a solid foundation for the long-term sustainable development of the Company.

Sales and Distribution

Lighting Segment

During the year ended 31 December 2024, the Group took efforts in distribution and marketing, cultivating the new sales channels and promoting the new brand of 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.

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

As at 31 December 2024, the Group's total number of employees was 453 (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. 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 17 June 2025 to Friday, 20 June 2025 (both days inclusive) for the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting. The record date for the purpose of determining the entitlements of the shareholders to attend and vote at the annual general meeting will be on Friday, 20 June 2025. In order to qualify for attending and voting at the annual general meeting, all transfers accompanied by the relevant share certificate must be lodged with the Company's share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 16 June 2025.

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 code on corporate governance practices contained in Appendix C1 (the "**Corporate Governance Code**") to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in force during the year ended 31 December 2024, 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. Mr. Gao Zhi held both positions from 1 January 2024 to 20 August 2024, while Ms. Zhang Yuanyuan has held both positions since 20 August 2024. 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 in this announcement throughout the year ended 31 December 2024, 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 adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct for securities transactions by the Directors. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding directors' securities transactions for the year ended 31 December 2024.

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, Dr. Fan Ren Da Anthony, Ms. Yang Juan 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 and risk management systems of the Company. Their composition and written terms of reference are in line with the Corporate Governance Code.

The Group's annual results for the year ended 31 December 2024 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. In addition, the audit committee reviewed the internal control and risk management systems of the Group during the year of 2024.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined in the Listing Rules)) during the year ended 31 December 2024.

The Company did not hold any treasury shares as at 31 December 2024.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Company's auditors, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditor on the preliminary announcement.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of the total issued capital of an issuer must be held by the public at any time. Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules for the year ended 31 December 2024 and the subsequent period ended the date of this announcement.

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 the year ended 31 December 2024 containing all the information required by Appendix D2 to the Listing Rules will be available on the same websites in due course.

* *For identification purpose only.*

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

Hong Kong, 26 March 2025

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.