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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)

DISCLOSABLE TRANSACTION

PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF BUTTONWOOD FINANCE LIMITED

THE ACQUISITION

The Board is pleased to announce that on 29 August 2016 (after trading hours), the Company as the purchaser, the Vendor and Mr. Li entered into the Agreement, pursuant to which the Company (or its designated nominee) has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued share capital of the Target Company at the Consideration of HK$179,000,000.23.

The Consideration shall be settled by the Company by alloting and issuing an aggregate of 177,227,723 Consideration Shares at the Issue Price of HK$1.01 per Consideration Share to the Vendor upon the Completion.

Upon the Completion, the Company will be interested in 100% of the issued share capital of the Target Company and the Target Company will be accounted as a wholly-owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition pursuant to the Agreement exceed 5% but all the percentage ratios are less than 25%, the Acquisition constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules and therefore the Company is subject to the reporting and announcement requirements.

As Completion is subject to the fulfillment of various conditions precedent as set out in the Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

The Board is pleased to announce that on 29 August 2016 (after trading hours), the Company as the purchaser, the Vendor and Mr. Li entered into the Agreement, pursuant to which the Company (or its designated nominee) has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued share capital of the Target Company at the Consideration of HK$179,000,000.23.

THE AGREEMENT

Date: 29 August 2016 (after trading hours)

Parties: (i) the Company;

(ii) the Vendor; and

(iii) Mr. Li.

As at the date of this announcement, Mr. Li is a director of the Target Company and is the sole shareholder of the Vendor, which owns 100% of the issued share capital of the Target Company. As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and Mr. Li is an Independent Third Party.

Assets to be acquired

Pursuant to the Agreement, the Company (or its designated nominee) has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued share capital of the Target Company.

As at the date of this announcement, the Target Company is beneficially owned as to 100% by the Vendor. Upon the Completion, the Target Company will be beneficially owned as to 100% by the Company.

Consideration

The total Consideration of HK$179,000,000.23 shall be settled by the Company by alloting and issuing an aggregate of 177,227,723 Consideration Shares at the Issue Price of HK$1.01 per Consideration Share to the Vendor upon the Completion.

The Consideration was agreed between the Company and the Vendor after arm's length negotiations with reference to (i) the net assets value and historical financial performance of the Target Company; (ii) the business development and future prospects of the Target Company; and (iii) the valuation of the Target Company prepared by an independent valuer. In view of the above and the reasons and benefits of the Acquisition as stated in the section headed "Reasons for and benefits of the Acquisition" in this announcement, the Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and the terms and conditions of the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

(a) the transaction under the Agreement duly complying with the relevant provisions of the Listing Rules and all other requirements under the applicable law, regulations and rules (including, but not limited to, the necessary approvals required pursuant to the articles of association of the Company and the relevant provisions under the Listing Rules);

(b) since the date of reference accounts of the Target Company, the Target Company having been in the normal course of its business operations, and having complied with all applicable laws, rules and regulations, and there having not been any material adverse change in the business of the Target Company;

(c) the Company being satisfied with the results of the due diligence review of the Target Company;

(d) all necessary consents and board and shareholders' approvals required to be obtained on the part of each of the Company, the Vendor and the Target Company in respect of the Agreement and the transactions contemplated thereunder having been obtained;

(e) the Vendor having in all material respects fulfilled and complied with all the obligations and commitments that it is required to be performed on or before the Completion Date;

(f) the warranties made by the parties in the Agreement remaining true and accurate as of the Completion Date in all material respects;

(g) Mr. Li, a director of the Target Company, and the Target Company having properly executed and delivered an employment agreement, the terms of which shall satisfy the Company's requirements in all material respects, including but not limited to the employment period of Mr. Li being not less than three years;

(h) Mr. Mak Chak Hung, a director of the Target Company, and the Target Company having properly executed and delivered an employment agreement, the terms of which shall satisfy the Company's requirements in all material respects, including but not limited to the employment period of Mr. Mak Chak Hung being not less than three years;

(i) Mr. Li or the Vendor having fully repaid the loan in the amount of HK$21.0 million and made all the relevant interest payments to the Target Company; and

(j) the Company having obtained the approval from the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

The conditions above are waivable by the parties under the Agreement except for conditions (a) and (j). If the conditions precedent have not been fulfilled (or as the case may be, waived by the relevant party) on or before 31 December 2016 (or such other date as may be agreed by the parties in writing), the Agreement shall cease and terminate and thereafter none of the parties to the Agreement shall have any obligations or liabilities towards each other except in respect of any antecedent breach of the Agreement.

Completion

Completion shall take place on the Completion Date after all the conditions of the Agreement have been fulfilled or waived (where applicable) or such later date as may be agreed between the Company and the Vendor.

Upon the Completion, the Company will be interested in 100% of the issued share capital of the Target Company and the Target Company will be accounted as a wholly-owned subsidiary of the Company.

CONSIDERATION SHARES

The Consideration Shares will be allotted and issued at the Issue Price, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

The Issue Price was determined with reference to the average of the closing prices of approximately HK$1.01 per Share for the 20 trading days immediately prior to the date of the Agreement, and represents:

(i) a discount of approximately 5.61% to the closing price of HK$1.07 per Share as quoted on the Stock Exchange on 29 August 2016, being the date of the Agreement;

(ii) a discount of approximately 5.44% to the average of the closing prices of HK$1.068 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Agreement; and

(iii) a discount of approximately 3.35% to the average of the closing prices of HK$1.045 per Share as quoted on the Stock Exchange for the ten trading days immediately prior to the date of the Agreement.

The Consideration Shares represent approximately 9.14% of the existing issued share capital of the Company and approximately 8.37% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. The Consideration Shares will be allotted and issued pursuant to the General Mandate and will be allotted and issued on the Completion Date. As at the date of this announcement, no Shares have been issued and allotted under the General Mandate. Accordingly, the issue of the Consideration Shares is not subject to the Shareholders' approval.

Application for listing

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement and prior to the Completion; and (ii) immediately upon the Completion and the allotment and issue of the Consideration Shares.

Shareholders	As at the date of this announcement		Immediately upon Completion and the allotment and issue of the Consideration Shares	
	Number of Shares	*Approximately %*	*Number of Shares*	*Approximately %*
Tsinghua Tongfang Co., Ltd *(Note 1)*	1,351,298,690	69.68	1,351,298,690	63.84
Vendor	–	–	177,227,723	8.37
Existing public Shareholders	588,021,004	30.32	588,021,004	27.78
Total	1,939,319,694	100.00	2,116,547,417	100.00

Notes:

1. Tsinghua Tongfang Co., Ltd is interested in the share capital of the Company through its wholly-owned subsidiaries, Resuccess Investments Limited and THTF Energy Saving Holdings Limited, which beneficially holds 2,938,000 Shares and 1,348,360,690 Shares, respectively.

2. Certain percentage figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

INFORMATION OF THE GROUP, THE VENDOR AND THE TARGET COMPANY

The Group

The Group is principally engaged in the research and development, design, manufacturing and distribution of incandescent-based decorative lighting products, LED-based decorative lighting products and entertainment lighting products. The Company is an investment holding company.

The Vendor

The Vendor is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company, which is owned as to 100% by Mr. Li.

The Target Company

The Target Company 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. As at the date of this announcement, the Target Company is authorized 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.

As at the date of this announcement, the Target Company is owned as to 100% by the Vendor.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the financial information of the Target Company prepared in accordance with the Hong Kong Financial Reporting Standards, as provided by the Vendor:

	For the period from 10 December 2014 (date of incorporation) to 31 December 2015 (audited) *HK$*
Profit before tax	1,399,610
Profit after taxation	1,187,495

	As at 31 December 2015 (unaudited) *HK$*
Net assets *(Note)*	31,187,495

Note: Net assets of the Target Company disclosed herein represent the net assets of the Target Company as shown in its audited accounts for the period from 10 December 2014 (date of incorporation of the Target Company) to 31 December 2015 and has been adjusted to correct an accounting error.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been actively looking for investment opportunities to expand its business. As disclosed in the announcement of the Company dated 2 September 2015, the Group acquired the 100% equity interest of a company principally engaged in the provision of fiduciary management for equity investment funds from its controlling shareholder, Tsinghua Tongfang Co., Ltd. After considering the business and future prospects of the Target Company, the Board considers that the business of the Target Company is consistent with the development strategy of the Company and the Acquisition will enable the Group to further expand its business into the financial services industry. In addition, the Directors consider that the issue of the Consideration Shares as the payment of the Consideration will allow the Group to avoid cash outflow.

In view of the above, the Board considers that the terms of the Agreement and the Acquisition are on normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition pursuant to the Agreement exceed 5% but all the percentage ratios are less than 25%, the Acquisition constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules and therefore the Company is subject to the reporting and announcement requirements.

As Completion is subject to the fulfillment of various conditions precedent as set out in the Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

"Acquisition"	the proposed acquisition of the entire issued share capital of the Target Company by the Company as contemplated under the Agreement
"Agreement"	the sale and purchase agreement dated 29 August 2016 entered into by and among the Company, the Vendor and Mr. Li in relation to the Acquisition
"associates"	has the same meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"Company"	Neo-Neon Holdings Limited, a company incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Agreement
"Completion Date"	the fifth Business Day (or such other date as may be agreed by the parties in writing) after the date of fulfillment (or waiver by the relevant party, if applicable) of all the conditions set out in the Agreement
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the consideration for the Acquisition, being HK$179,000,000.23
"Consideration Shares"	the Shares to be issued and allotted to the Vendor in satisfaction of the Consideration payable by the Company under the Agreement, being in aggregate 177,227,723 new Shares
"Director(s)"	the director(s) of the Company from time to time
"General Mandate"	the general mandate granted to the Directors at the annual general meeting of the Company held on 13 May 2016. Under this general mandate, the Directors are allowed to allot and issue up to 387,863,938 Shares. As at the date of this announcement, no Shares have been issued and allotted under the General Mandate

"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	third party(ies) independent of and not connected with the Company and any of its connected persons (having the meaning ascribed to it under the Listing Rules)
"Issue Price"	HK$1.01 per Consideration Share
"Listing Committee"	has the meaning ascribed to it under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Li"	Mr. Li Pak Wang Daniel, one of the two directors of the Target Company and the sole shareholder of the Vendor
"PRC"	the People's Republic of China
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.1 each in the capital of the Company
"Shareholders"	holders of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Buttonwood Finance Limited, a company incorporated in Hong Kong with limited liability
"Vendor"	Vast Stone Limited, the beneficial owner of 100% of the issued share capital of the Target Company and an Independent Third Party
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent

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

Hong Kong, 29 August 2016

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; independent non-executive Directors are Mr. FAN, Ren Da Anthony, Mr. LIU Tian Min and Ms. LI Ming Qi.