THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Neo-Neon Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Neo-Neon®

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)

CONNECTED TRANSACTION
PROPOSED DISPOSAL OF THREE SUBSIDIARIES
AND
NOTICE OF EGM

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

Gram Capital Limited
嘉林資本有限公司

A letter from the Board is set out on pages 5 to 17 of this circular.

A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on page 18 of this circular.

A letter from Gram Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 34 of this circular.

A notice convening the EGM of the Company to be convened and held at Unit 806-810, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on Wednesday, 21 December 2016 at 9:30 a.m. is set out on pages 126 to 127 of this circular. A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event by not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so desire.

28 November 2016

CONTENTS

DEFINITIONS 1

LETTER FROM THE BOARD 5

LETTER FROM THE INDEPENDENT BOARD COMMITTEE 18

LETTER FROM GRAM CAPITAL 19

APPENDIX I – VALUATION REPORT OF YANGZHOU TONGFANG . . . 35

APPENDIX II – VALUATION REPORT OF SHANGHAI CUINENG 66

APPENDIX III – VALUATION REPORT OF TIANJIN ZHENMINGLI 90

APPENDIX IV – PROPERTY VALUATION REPORT 114

APPENDIX V – GENERAL INFORMATION 121

NOTICE OF EXTRAORDINARY GENERAL MEETING 126

"Announcement"	the announcement of the Company dated 31 October 2016 in relation to, among others, the Equity Transfer Agreements
"AIC"	means the State Administration of Industry and Commerce of the PRC, or, with respect to the filing or registration to be effected by or with the State Administration of Industry and Commerce, any government authority which is similarly local competent to accept such filing or registration under the laws of the PRC
"associate"	has the same meaning ascribed to it under the Listing Rules
"Billion Choice"	Billion Choice Trading Limited, a company incorporated in the British Virgin Islands on 14 April 2004 and a wholly-owned subsidiary of the Group
"Board"	the board of Directors of the Company
"Company"	Neo-Neon Holdings Limited (stock code: 1868), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, and part Shares of which are listed on the Taiwan Stock Exchange as depositary receipts
"connected person"	has the same meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the same meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be convened to approve the Equity Transfer Agreements and the transactions contemplated thereunder
"Equity Transfer Agreement(s)"	the Yangzhou Tongfang Equity Transfer Agreement, the Shanghai Cuineng Equity Transfer Agreement and/or the Tianjin Zhenmingli Equity Transfer Agreement (as the case may be)

"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Independent Board Committee"	an independent committee of the Board composed of all independent non-executive Directors, namely Mr. Fan, Ren Da Anthony, Mr. Liu Tian Min and Ms. Li Ming Qi
"Independent Financial Adviser" or "Gram Capital"	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Equity Transfer Agreements
"Independent Shareholders"	the Shareholders who are not required to abstain from voting in respect of the ordinary resolutions proposed for approval at the EGM pursuant to the Listing Rules
"Independent Third Party(ies)"	means an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
"Latest Practicable Date"	28 November 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MOFCOM"	means the Ministry of Commerce of the PRC or, with respect to any matter to be submitted for examination and approval by the Ministry of Commerce, any local government authority which is similarly competent to examine and approve such matter under the laws of the PRC
"Neo-Neon China"	Neo-Neon China Limited (真明麗中國有限公司), a company incorporated in the British Virgin Islands on 16 November 1995 and a wholly-owned subsidiary of the Group

"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Shanghai Cuineng"	上海翠能光電科技有限公司 (Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd.*), a limited liability company established in the PRC on 21 April 2008
"Shanghai Cuineng Equity Transfer Agreement"	an equity transfer agreement dated 31 October 2016 entered into by and among Neo-Neon China, Tongfang Technology Park and Shanghai Cuineng, pursuant to which Neo-Neon China agreed to sell all its 100% equity interest in Shanghai Cuineng to Tongfang Technology Park
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of our Company
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning ascribed to it in sections 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"Tianjin Zhenmingli"	天津真明麗光電有限公司 (Tianjin Zhenmingli Photoelectricity Co., Ltd.*), a limited liability company established in the PRC on 21 February 2008
"Tianjin Zhenmingli Equity Transfer Agreement"	an equity transfer agreement dated 31 October 2016 entered into by and among Neo-Neon China, Tongfang Technology Park and Tianjin Zhenmingli, pursuant to which Neo-Neon China agreed to sell all its 100% equity interest in Tianjin Zhenmingli to Tongfang Technology Park

"Tongfang Technology Park"	同方科技園有限公司 (Tongfang Science and Technology Park Co., Ltd.*), a limited liability company established in the PRC on 21 October 1999 and wholly owned by Tsinghua Tongfang
"Tsinghua Tongfang"	同方股份有限公司 (Tsinghua Tongfang Co., Ltd*), a joint stock limited company incorporated in the PRC, whose shares are listed and traded on the Shanghai Stock Exchange (stock code: 600100)
"Tsinghua Tongfang Group"	Tsinghua Tongfang and its subsidiaries
"Yangzhou Tongfang"	揚州同方半導體有限公司 (Yangzhou Tongfang Semiconductors Co., Ltd.*), a limited liability company established in the PRC on 25 August 2006
"Yangzhou Tongfang Equity Transfer Agreement"	an equity transfer agreement dated 31 October 2016 entered into by and among Billion Choice, Tongfang Technology Park and Yangzhou Tongfang, pursuant to which Billion Choice agreed to sell all its 100% equity interest in Yangzhou Tongfang to Tongfang Technology Park
"%"	per cent.

* *For identification purposes only*

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)

Executive Director:
Mr. Seah Han Leong

Non-executive Directors:
Mr. Huang Yu *(Chairman)*
Mr. Wang Liang Hai
Mr. Liu Wei Dong

Independent Non-executive Directors:
Mr. Fan Ren Da Anthony
Mr. Liu Tian Min
Ms. Li Ming Qi

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Unit 806-810
Bank of America Tower
12 Harcourt Road
Central, Hong Kong

28 November 2016

To the Shareholders,

Dear Sir or Madam,

CONNECTED TRANSACTION
PROPOSED DISPOSAL OF THREE SUBSIDIARIES
AND
NOTICE OF EGM

INTRODUCTION

Reference is made to the Announcement of the Company.

The primary purpose of this circular is to provide you with information regarding (1) the Equity Transfer Agreements and the transactions contemplated thereunder and (2) the notice convening the EGM.

EQUITY TRANSFER AGREEMENTS

I. Yangzhou Tongfang Equity Transfer Agreement

On 31 October 2016, Billion Choice, a wholly-owned subsidiary of the Group, entered into the Yangzhou Tongfang Equity Transfer Agreement with Yangzhou Tongfang and Tongfang Technology Park, pursuant to which Billion Choice agreed to transfer all its 100% equity interest in Yangzhou Tongfang to Tongfang Technology Park.

Principal Terms of the Yangzhou Tongfang Equity Transfer Agreement

Date: 31 October 2016

Parties: (1) Billion Choice (as the seller),

(2) Tongfang Technology Park (as the buyer), and

(3) Yangzhou Tongfang (as the target company)

Subject: Pursuant to the Yangzhou Tongfang Equity Transfer Agreement, Billion Choice agreed to transfer all its 100% equity interest in Yangzhou Tongfang to Tongfang Technology Park.

Yangzhou Tongfang is mainly engaged in the manufacturing of epitaxial wafers and also holds idle assets, mainly including one piece of land use right covering an area of 101,673.99 square meters, two buildings covering a total area of 8,406 square meters and certain vehicles and equipment.

Consideration and Basis: The consideration of equity transfer under the Yangzhou Tongfang Equity Transfer Agreement is RMB232,589,900, which has been arrived after arm's length negotiations with reference to the valuation of Yangzhou Tongfang as of 31 May 2016, amounting to RMB232,589,900, according to the valuation report dated 25 September 2016 issued by an Independent Third Party valuer based on assets-based method, the full text of which is set out in Appendix I to this circular.

Payment and Equity Transfer: Yangzhou Tongfang shall submit the application documents in relation to the equity transfer for the approval by the MOFCOM within 10 days after the signing of the agreement.

Tongfang Technology Park shall pay by way of cash the total consideration within 10 days after obtaining the above-mentioned approval.

All parties to the Yangzhou Tongfang Equity Transfer Agreement shall coordinate with each other and settle all the outstanding credits and debts of Yangzhou Tongfang within 10 days after the payment of the consideration.

Yangzhou Tongfang and Billion Choice shall, with the cooperation of Tongfang Technology Park, file the equity transfer with the AIC after the payment of the consideration. The equity transfer shall be completed upon such filing.

II. Shanghai Cuineng Equity Transfer Agreement

On 31 October 2016, Neo-Neon China, a wholly-owned subsidiary of the Group, entered into the Shanghai Cuineng Equity Transfer Agreement with Shanghai Cuineng and Tongfang Technology Park, pursuant to which Neo-Neon China agreed to transfer all its 100% equity interest in Shanghai Cuineng to Tongfang Technology Park.

Principal Terms of the Shanghai Cuineng Equity Transfer Agreement

Date: 31 October 2016

Parties: (1) Neo-Neon China (as the seller),

(2) Tongfang Technology Park (as the buyer), and

(3) Shanghai Cuineng (as the target company)

Subject: Pursuant to the Shanghai Cuineng Equity Transfer Agreement, Neo-Neon China agreed to transfer all its 100% equity interest in Shanghai Cuineng to Tongfang Technology Park.

Shanghai Cuineng has no substantial business and is principally holding idle assets, mainly including one factory covering an area of 5,383.87 square meters and certain vehicles and electric equipment.

Consideration and Basis:

The consideration of equity transfer under the Shanghai Cuineng Equity Transfer Agreement is RMB15,723,400, which has been arrived after arm's length negotiations with reference to the valuation of Shanghai Cuineng as of 31 May 2016, amounting to RMB15,723,400, according to the valuation report dated 25 September 2016 issued by an Independent Third Party valuer based on assets-based method, the full text of which is set out in Appendix II to this circular.

Payment and Equity Transfer:

Shanghai Cuineng shall submit the application documents in relation to the equity transfer for the approvals from the MOFCOM within 10 days after the signing of the agreement.

Tongfang Technology Park shall pay by way of cash the first instalment, being RMB9,434,000, representing 60% of the total consideration, within 10 days after obtaining the above-mentioned approval.

All parties to the Shanghai Cuineng Equity Transfer Agreement shall coordinate with each other and settle all the outstanding credits and debts of Shanghai Cuineng within 10 days after the payment of the first instalment.

Tongfang Technology Park shall pay by way of cash the second instalment, being RMB6,289,400, representing 40% of the total consideration, within 10 days after the settlement of the above-mentioned credits and debts.

Shanghai Cuineng and Neo-Neon China shall, with the assistance of Tongfang Technology Park, file the equity transfer with the AIC after the payment of the second instalment. The equity transfer shall be completed upon such filing.

III. Tianjin Zhenmingli Equity Transfer Agreement

On 31 October 2016, Neo-Neon China, a wholly-owned subsidiary of the Group, entered into the Tianjin Zhenmingli Equity Transfer Agreement with Tianjin Zhenmingli and Tongfang Technology Park, pursuant to which Neo-Neon China agreed to transfer all its 100% equity interest in Tianjin Zhenmingli to Tongfang Technology Park.

Principal Terms of the Tianjin Zhenmingli Equity Transfer Agreement

Date:	31 October 2016
Parties:	(1) Neo-Neon China (as the seller), (2) Tongfang Technology Park (as the buyer), and (3) Tianjin Zhenmingli (as the target company)
Subject:	Pursuant to the Tianjin Zhenmingli Equity Transfer Agreement, Neo-Neon China agreed to transfer all its 100% equity interest in Tianjin Zhenmingli to Tongfang Technology Park. Tianjin Zhenmingli has no substantial business and is principally holding idle assets, including one piece of land use right covering an area of 6,022.90 square meters and three buildings covering a total area of 8,427.87 square meters.
Consideration and Basis:	The consideration of equity transfer under the Tianjin Zhenmingli Equity Transfer Agreement is RMB3,354,900, which has been arrived after arm's length negotiations with reference to the valuation of Tianjin Zhenmingli as of 31 May 2016, amounting to RMB3,354,900, according to the valuation report dated 25 September 2016 issued by an Independent Third Party valuer based on assets-based method, the full text of which is set out in Appendix III to this circular.

Payment and Equity Transfer:

Tianjin Zhenmingli shall submit the application documents in relation to the equity transfer for the approval by MOFCOM within 10 days after the signing of the agreement.

Tongfang Technology Park shall pay by way of cash the first instalment, being RMB2,012,900, representing 60% of the total consideration, within 10 days after obtaining the above-mentioned approval.

All parties shall coordinate with each other and settle all the outstanding credits and debts of Tianjin Zhenmingli within 10 days after the payment of the first instalment.

Tongfang Technology Park shall pay by way of cash the second instalment, being RMB1,342,000, representing 40% of the total consideration, within 10 days after the settlement of the above-mentioned credits and debts.

Tianjin Zhenmingli and Neo-Neon China shall, with the assistance of Tongfang Technology Park, file the equity transfer with the AIC after the payment of the second instalment. The equity transfer shall be completed upon such filing.

REASONS AND BENEFITS OF THE EQUITY TRANSFER AGREEMENTS

As disclosed above, each of Yangzhou Tongfang, Shanghai Cuineng and Tianjin Zhenmingli holds certain idle assets. While Yangzhou Tongfang is mainly engaged in the manufacturing of epitaxial wafers, the majority of the sales of Yangzhou Tongfang are attributable to Tsinghua Tongfang or its subsidiaries. The Company would not continue with the manufacturing of the epitaxial wafers after the completion of the disposal of Yangzhou Tongfang. The Board considers that the disposal of these entities would not affect the production of the Group considering their financial status and their contribution to the Group, and can streamline its manufacturing resources, realise cash and unlock investment value of the assets at fair market value. For further details, please refer to the paragraphs headed "Information about the Target Companies" and "Information about the Material Properties of the Target Companies" of this circular. The net proceeds to be received by the Group from the disposal will be used to improve working capital condition of the Group for any future opportunities that may arise where additional funding is required.

Accordingly, the Directors (including independent non-executive Directors whose views are set out on page 18 to this circular) are of the opinion that the terms of the Equity Transfer Agreement have been entered into on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders as a whole.

No Director has a material interest in the Equity Transfer Agreements and none of the Directors has abstained from voting on the relevant Board resolutions approving the Equity Transfer Agreements.

EFFECTS OF THE EQUITY TRANSFER AGREEMENTS

Immediately after the completion of the Equity Transfer Agreements, each of Yangzhou Tongfang, Shanghai Cuineng and Tianjin Zhenmingli will cease to be a subsidiary of the Group and their financial results will no longer be consolidated into those of the Group.

After the completion of the Equity Transfer Agreements, the Group expects to receive the net proceeds from the equity transfer of approximately RMB100,000,000 and record an increase in the net asset value of approximately RMB100,000,000, which are estimated by reference to the total consideration received by the Group under the Equity Transfer Agreements, being RMB251,668,200, minus the total net asset values of the three subsidiaries as shown in their latest management accounts as of 30 September 2016, being approximately RMB147,796,600, together with the expected costs and expenses to be incurred in the disposals under the Equity Transfer Agreements. The estimate of gain and increase in net asset value are for illustration purpose only and subject to adjustments that may be made during audit in the future.

USE OF PROCEEDS FROM THE EQUITY TRANSFER AGREEMENTS

The net proceeds to be received by the Group from the disposals under the Equity Transfer Agreements will be used to improve working capital condition of the Group for any future opportunities that may arise where additional funding is required.

INFORMATION ABOUT THE SELLERS

The Company is a validly existing company with limited liability established under the laws of the Cayman Islands, with shares listed on the Main Board of the Stock Exchange (stock code: 1868). Part of its Shares are listed on the Taiwan Stock Exchange as depositary receipts. The Group is principally engaged in the businesses of research & development, sales and manufacturing of LED decorative lighting, LED general lighting, LED professional lighting and engineering projects.

Billion Choice is a wholly-owned subsidiary of the Company and an investment holding company.

Neo-Neon China is a wholly-owned subsidiary of the Company and an investment holding company.

INFORMATION ABOUT THE BUYER

Tsinghua Tongfang, a controlling shareholder of the Company, is a joint stock limited company established in the PRC, whose shares are listed and traded on the Shanghai Stock Exchange (上海證券交易所) (stock code: 600100) since June 1997. Tsinghua Tongfang Group is engaged in business in a number of sectors in the technology industry.

Tongfang Technology Park is a wholly-owned subsidiary of Tsinghua Tongfang and is principally engaged in converting scientific research results to high new technology and providing platforms for the growth and development for small enterprises.

INFORMATION ABOUT THE TARGET COMPANIES

Information about Yangzhou Tongfang

As at the Latest Practicable Date, Yangzhou Tongfang is an indirect wholly-owned subsidiary of the Group. Yangzhou Tongfang is principally engaged in epitaxial wafers, and it is the only subsidiary of the Group that manufactures epitaxial wafers. The Company would not continue with the manufacturing of the epitaxial wafers after the completion of the disposal of Yangzhou Tongfang considering that (1) the investment into the manufacturing of the epitaxial wafers does not match the income generated from its sales due to the demanding manufacturing equipment and increasingly upgrading techniques involved in the process of the manufacturing, which resulted in the loss-making status of Yangzhou Tongfang for the past two financial years, and (2) the Group can therefore focus its resources on the LED lighting products which has been the Group's main business focus and the main driver of the increase in the Group's total revenue. The following table sets for the preliminary financial information of Yangzhou Tongfang for the years ended 31 December 2014 and 2015:

	For the year ended 31 December 2014 *(RMB'000)*	**For the year ended 31 December 2015** *(RMB'000)*
Profit (loss) before taxation (audited)	(43,313)	(16,272)
Profit (loss) after taxation (audited)	(43,313)	(16,272)

The net assets value of Yangzhou Tongfang as of 31 May 2016 was RMB185,363,200 while according to its valuation report, the valuation of Yangzhou Tongfang as of 31 May 2016 was RMB232,589,900, the difference of which was mainly attributable to that (1) the market value of the land use right as reflected in the valuation report was higher than the acquisition costs as reflected in the accounts, and (2) replacement cost method was adopted for the valuation of the fixed assets, mainly including two buildings, which is higher than their book value reflecting the depreciation effects.

According to the results of such valuation report, the value of the non-current assets of Yangzhou Tongfang as of 31 May 2016 was RMB103.9 million, which mainly comprised of (i) fixed assets value of approximately RMB61.6 million, of which RMB14.0 million was attributable to the two buildings, assuming the building ownership certificates and construction approvals had been obtained and the property could be freely transferred, and RMB47.6 million was attributable to the machinery and equipment, and (2) intangible assets value of approximately RMB40.1 million, attributable to the land use right.

As is shown in the property valuation report as of 31 October 2016 set out in Appendix IV to this circular, the total valuation of the two buildings and the land use right of Yangzhou Tongfang amounted to approximately RMB53.4 million, of which approximately RMB14.9 million was attributable to the two buildings assuming the building ownership certificates and construction approvals had been obtained and the property could be freely transferred, and approximately RMB38.5 million was attributable to the land use right, which had no major difference against the above-mentioned valuation results.

Information about Shanghai Cuineng

As at the Latest Practicable Date, Shanghai Cuineng is an indirect wholly-owned subsidiary of the Group. Shanghai Cuineng is mainly engaged in investment holding and only holds idle properties. Shanghai Cuineng has no substantial business for the past two financial year. However, it recorded certain costs and expenses including depreciation on assets and management fees. Therefore, Shanghai Cuineng was at a loss-making status for the past two financial years. The following table sets for the preliminary financial information of Shanghai Cuineng for the years ended 31 December 2014 and 2015:

	For the year ended 31 December 2014 *(RMB'000)*	**For the year ended 31 December 2015** *(RMB'000)*
Profit (loss) before taxation (audited)	(2,997)	(1,958)
Profit (loss) after taxation (audited)	(2,997)	(1,958)

The net liability value of Shanghai Cuineng as of 31 May 2016 was RMB16,752,000 while according to its valuation report, the valuation of Shanghai Cuineng as of 31 May 2016 was RMB15,723,400, the difference of which was mainly attributable to that the market value of the fixed assets, mainly including one building, as reflected in the valuation report was higher their book value reflecting the original investment costs and depreciation effects.

Information about Tianjin Zhenmingli

As at the Latest Practicable Date, Tianjin Zhenmingli is an indirect wholly-owned subsidiary of the Group. Tianjin Zhenmingli is mainly engaged in investment holding and only holds idle properties. Tianjin Zhenmingli has no substantial business for the past two financial year. However, it recorded certain costs and expenses including depreciation on assets, management fees, house duty and land use taxes. Therefore, Tianjin Zhenmingli was at a loss-making status for the past two financial years. The following table sets for the preliminary financial information of Tianjin Zhenmingli for the years ended 31 December 2014 and 2015:

	For the year ended 31 December 2014 *(RMB'000)*	**For the year ended 31 December 2015** *(RMB'000)*
Profit (loss) before taxation (audited)	(13,390)	(419)
Profit (loss) after taxation (audited)	(13,390)	(419)

The net liability value of Tianjin Zhenmingli as of 31 May 2016 was RMB15,311,100 while according to its valuation report, the valuation amount of Tianjin Zhenmingli as of 31 May 2016 was RMB3,354,900, the difference of which was mainly attributable to that (1) the market value of the land use right as reflected in the valuation report was higher than the acquisition costs as reflected in the accounts, and (2) replacement cost method for the valuation of the three buildings, which is higher than their book value reflecting the depreciation effects.

INFORMATION ABOUT THE MATERIAL PROPERTIES OF THE TARGET COMPANIES

The properties of Yangzhou Tongfang mainly comprise of land use right and two buildings which are located at Yangzhou Economic Development Zone, mainly served as dormitory building and production plant for manufacturing of epitaxial wafers, respectively, covering a total area of 8,406 square meters. As is shown in the property valuation report as of 31 October 2016 set out in Appendix IV to this circular, the total valuation of the two buildings and the land use right of Yangzhou Tongfang amounted to RMB53.4 million, of which approximately RMB14.9 million was attributable to the two buildings assuming the building ownership certificates and construction approvals had been obtained and the property could be freely transferred, and approximately RMB38.5 million was attributable to the land use right. Since Yangzhou Tongfang is principally engaged in the manufacturing of epitaxial wafers, the revenue or income generated from such buildings was mainly resulted from the manufacturing and sales of epitaxial wafers, being approximately RMB8.3 million and approximately RMB36.5 million for the year ended 31 December 2014 and 31 December 2015, respectively. As at the Latest Practicable Date, Yangzhou Tongfang is still in the process of applying for building ownership certificates of these two buildings. Upon the completion of the Equity Transfer Agreements, Tsinghua Tongfang will continue with such application. The Company is not required to bear any risks or provide any indemnity under the Yangzhou Tongfang Equity Transfer Agreement in this regard because (1) the application for the building ownership certificates is in progress and there are no foreseeable material obstacles for Yangzhou Tongfang to obtain the certificates, to the best knowledge of the Company, (2) Tsinghua Tongfang was aware of the status of the building ownership certificates and they

agreed to continue with the application after the completion of the Yangzhou Tongfang Equity Transfer Agreement at their own costs and (3) the absence of the building ownership certificates would not affect the value of the two buildings because the assets based method, particularly the replacement cost method, was adopted for the valuation and accordingly, the valuer mainly considered the costs invested by the Company for the construction of the two buildings during the process of the valuation.

The properties owned by Shanghai Cuineng mainly comprise of land use right and one building which is located in Minhang District of Shanghai and mainly served as lighting products exhibition hall, covering a total size of 5,383.87 square meters. The building is in idle status as at the Latest Practicable Date and no revenue or income was generated from such building for the past two financial years.

The material properties owned by Tianjin Zhenmingli comprise of land use right and three buildings which are located at Tianjin Konggang Economic Zone and mainly served as exhibition hall, pump house and guard house, respectively, covering a total size of 8,427.87 square meters. The three buildings are in idle status as at the Latest Practicable Date and no revenue or income was generated from such buildings for the past two financial years.

Please refer to Appendix IV to this circular for the full text of the property valuation report.

As disclosed in this circular, there was no other information considered material for the attention of the Shareholders and the potential investors of the Company.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Tsinghua Tongfang is a controlling shareholder of the Company by virtue of its direct 100% interest in Resuccess Investments Limited and indirect 100% interest in THTF Energy-Saving Holdings Limited, which, together, in turn hold 1,351,298,690 Shares in the Company, representing 69.68% of the total issued share capital of the Company. Therefore, Tsinghua Tongfang is a connected person of the Company and its subsidiary, Tongfang Technology Park, is also a connected person of the Company. Accordingly, the transaction under each of the Equity Transfer Agreements constitutes a connected transaction.

Since (1) the Equity Transfer Agreements were entered into on the same date, (2) the Equity Transfer Agreements were entered into by subsidiaries of the Company, as the sellers, and the same subsidiary of Tsinghua Tongfang, as the buyer, and (3) all of the Equity Transfer Agreements served the same purpose of streamlining the assets of the Group, the transactions under the Equity Transfer Agreements shall be aggregated pursuant to Rule 14.22 or Rule 14A.81 of the Listing Rules.

As one or more of the applicable percentage ratios as calculated in accordance with Chapter 14 of the Listing Rules in respect of the Equity Transfer Agreements, on an aggregate basis, are expected to exceed 5% but less than 25% and the total consideration under the Equity Transfer Agreements exceeds HK$10,000,000, the disposal of three subsidiaries contemplated

under the Equity Transfer Agreements would constitute a discloseable transaction under Chapter 14 of the Listing Rules and a connected transaction subject to the reporting, announcement, and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND GRAM CAPITAL

An Independent Board Committee has been formed to consider and advise the Independent Shareholders as to whether the terms of the Equity Transfer Agreements, and the transactions contemplated thereunder are entered into on normal commercial terms, and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM.

The Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in these respects.

EGM

The Company will hold the EGM to approve the Equity Transfer Agreements.

Any connected persons or Shareholders with a material interest in the Equity Transfer Agreements or the transactions as contemplated thereunder or their respective associates shall abstain from voting at the EGM. Given that Tsinghua Tongfang is the sole shareholder of Tongfang Technology Park, which is a party to the Equity Transfer Agreements, its associates (including THTF Energy-Saving Holdings Limited and Resuccess Investments Limited) will abstain from voting during the EGM. Other than Tsinghua Tongfang's associates (including THTF Energy-Saving Holdings Limited and Resuccess Investments Limited), as at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no other Shareholder is required under the Listing Rules to abstain from voting at the EGM.

A form of proxy for use at the EGM is also enclosed. Whether or not you are unable to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event no later than 48 hours before the time for EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by way of poll. Accordingly, the resolutions to be considered and, if thought fit, approved at the EGM will be voted on by way of poll by the Independent Shareholders. After conclusion of the EGM, the poll results announcement will be published on the respective websites of the Stock Exchange and the Company.

RECOMMENDATION

Equity Transfer Agreements

Your attention is drawn to the advice of the Independent Board Committee set out in its letter on page 18 of this circular. Your attention is also drawn to the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the same matters, which is set out on pages 19 to 34 of this circular.

The Independent Board Committee, after taking into account the advice from Gram Capital, is of the opinion that the terms of the Equity Transfer Agreements are entered into on normal commercial terms and are fair and reasonable so far as the Company is concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the resolutions as set out in the notice of the EGM for the approval of the Equity Transfer Agreements.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
Neo-Neon Holdings Limited
Huang Yu
Chairman

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)

28 November 2016

To the Independent Shareholders,

Dear Sir or Madam,

CONNECTED TRANSACTION
EQUITY TRANSFER AGREEMENTS

We refer to the circular of the Company dated 28 November 2016 (the "Circular") of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the transactions contemplated under the Equity Transfer Agreements are subject to reporting, announcement and Independent Shareholders' approval requirements.

We have been appointed as the Independent Board Committee by the Board to consider and advise the Independent Shareholders as to whether the terms of the Equity Transfer Agreements have been entered into on normal commercial terms and are fair and reasonable, and in the interests of the Company and its Shareholders as a whole. Gram Capital has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders.

We wish to draw your attention to the letter from the Board and the letter from Gram Capital as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of Gram Capital as set out in its letter of advice, we consider that the terms of the Equity Transfer Agreements are entered into on normal commercial terms or better and are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Accordingly, we would recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Equity Transfer Agreements.

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. Fan Ren Da Anthony	**Mr. Liu Tian Min**	**Ms. Li Ming Qi**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreements and the transactions contemplated thereunder for the purpose of inclusion in this Circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

28 November 2016

To: The independent board committee and the independent shareholders of Neo-Neon Holdings Limited

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF THREE SUBSIDIARIES

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreements and the transactions contemplated thereunder (the "**Disposal**"), details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 28 November 2016 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 31 October 2016, Billion Choice, a wholly-owned subsidiary of the Group, entered into the Yangzhou Tongfang Equity Transfer Agreement with Yangzhou Tongfang and Tongfang Technology Park, pursuant to which Billion Choice agreed to transfer all its 100% equity interest in Yangzhou Tongfang to Tongfang Technology Park at a consideration of RMB232,589,900.

On 31 October 2016, Neo-Neon China, a wholly-owned subsidiary of the Group, entered into the Shanghai Cuineng Equity Transfer Agreement with Shanghai Cuineng and Tongfang Technology Park, pursuant to which Neo-Neon China agreed to transfer all its 100% equity interest in Shanghai Cuineng to Tongfang Technology Park at a consideration of RMB15,723,400.

On 31 October 2016, Neo-Neon China entered into the Tianjin Zhenmingli Equity Transfer Agreement with Tianjin Zhenmingli and Tongfang Technology Park, pursuant to which Neo-Neon China agreed to transfer all its 100% equity interest in Tianjin Zhenmingli to Tongfang Technology Park at a consideration of RMB3,354,900.

With reference to the Board Letter, the Disposal constitutes a discloseable and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules. As such, the Disposal is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Independent Board Committee comprising Mr. Fan Ren Da Anthony, Mr. Liu Tian Min and Ms. Li Ming Qi (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Equity Transfer Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Disposal is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Equity Transfer Agreements and the transactions contemplated thereunder at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

As at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Disposal. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

We have not made any independent evaluation or appraisal of the assets and liabilities of either the Group or the Target Companies (as defined below) and we have not been furnished with any such evaluation or appraisal, save as and except for (i) the valuation report on Yangzhou Tongfang dated 25 September 2016 which is set out under Appendix I to the Circular (the "**YT Valuation Report**"); (ii) the valuation report on Shanghai Cuineng dated 25 September 2016 which is set out under Appendix II to the Circular (the "**SC Valuation Report**"); (iii) the valuation report on Tianjin Zhenmingli dated 25 September 2016 which is set out under Appendix III to the Circular (the "**TZ Valuation Report**"); and (iv) the valuation report on the properties held by the Target Companies (as defined below) (the "**Properties**") dated 28 November 2016 which is set out under Appendix IV to the Circular (the "**Properties Valuation Report**"). The YT Valuation Report, SC Valuation Report and TZ Valuation Report are prepared by Beijing Zhuoxindahua Appraisal Co., Ltd. (北京卓信大華資產評估有限公司), an Independent Third Party valuer (the "**Valuer**") and the Properties Valuation Report is prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an Independent Third Party valuer (the "**Properties Valuer**"). Since we are not experts in the valuation of business or properties, we have relied solely upon the YT Valuation Report, the SC Valuation Report and the TZ Valuation Report for the market value of Yangzhou Tongfang, Shanghai Cuineng and Tianjin Zhenmingli (the "**Target Companies**") respectively as at 31 May 2016; and the Properties Valuation Report for the market value of Properties as at 31 October 2016.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Billion Choice, Neo-Neon China, the Target Companies, Tongfang Technology Park or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Disposal. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Disposal, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Disposal

Business overview of the Group

With reference to the Board Letter, the Group is principally engaged in the businesses of research & development, sales and manufacturing of LED decorative lighting, LED general lighting, LED professional lighting and engineering projects.

Set out below are the consolidated financial information of the Group for the six months ended 30 June 2016 and the two years ended 31 December 2015 as extracted from the interim report of the Company for the six months ended 30 June 2016 (the "**2016 Interim Report**") and the annual report of the Company for the year ended 31 December 2015:

	For the six months ended 30 June 2016	**For the year ended 31 December 2015**	**For the nine months ended 31 December 2014**
	(unaudited)	*(audited)*	*(audited)*
	RMB'000	*RMB'000*	*RMB'000*
Revenue	286,907	602,438	558,173
Gross profit	90,019	167,288	48,408
Profit/(loss) for the period/year	7,902	4,485	(200,126)

	As at 30 June 2016	**As at 31 December 2015**	**As at 31 December 2014**
	(unaudited)	*(audited)*	*(audited)*
	RMB'000	*RMB'000*	*RMB'000*
Total equity	1,185,737	1,163,484	1,136,757

Note: Starting from the financial year ended 31 December 2014, the financial year end date of the Company changed from 31 March to 31 December.

As depicted from the table above, the Group recorded a loss for the nine months ended 31 December 2014, which is mainly due to substantial impairment losses and expenses incurred during the period. With the improvement in gross profit margin for the year ended 31 December 2015 ("**FY2015**"), the Group managed to make profit for the FY2015.

For the six months ended 30 June 2016, the gross profit of the Group was further improved. The Group's profit for the six months ended 30 June 2016 exceeded the Group's profit for FY2015.

With reference to the 2016 Interim Report, focusing on management, technology, product and market development, the Group had actively optimised the functional system construction, continued to improve its product research and development and manufacturing capability, and strengthened its control over product quality management to expand the Company's market share in the global decorative lighting and professional lighting industry.

Information on Tongfang Technology Park

With reference to the Board Letter, Tsinghua Tongfang, a controlling Shareholder, is a joint stock limited company established in the PRC, whose shares are listed and traded on the Shanghai Stock Exchange (stock code: 600100) since June 1997. Tsinghua Tongfang Group is engaged in business in a number of sectors in the technology industry. Tongfang Technology Park is a wholly-owned subsidiary of Tsinghua Tongfang and is principally engaged in converting scientific research results to high new technology and providing platforms for the growth and development for small enterprises.

Information on Yangzhou Tongfang

With reference to the Board Letter, Yangzhou Tongfang is an indirect wholly-owned subsidiary of the Group. Yangzhou Tongfang is principally engaged in epitaxial wafers, and it is the only subsidiary of the Group that manufactures epitaxial wafers. The Company would not continue with the manufacturing of the epitaxial wafers after the completion of the disposal of Yangzhou Tongfang considering that (1) the investment into the manufacturing of the epitaxial wafers does not match the income generated from its sales due to the demanding manufacturing equipment and increasingly upgrading techniques involved in the process of the manufacturing, which resulted in the loss-making status of Yangzhou Tongfang for the past two financial years, and (2) the Group can therefore focus its resources on the LED lighting products which has been the Group's main business focus and the main driver of the increase in the Group's total revenue.

The following table sets out the financial information of Yangzhou Tongfang for the two years ended 31 December 2015:

	For the year ended 31 December 2014 *(audited)* *RMB'000*	For the year ended 31 December 2015 *(audited)* *RMB'000*
Loss before taxation	(43,313)	(16,272)
Loss after taxation	(43,313)	(16,272)

The net assets value of Yangzhou Tongfang as at 31 May 2016 was RMB185,363,200 while according to the YT Valuation Report, the valuation of Yangzhou Tongfang as of 31 May 2016 was RMB232,589,900, the difference of which was mainly attributable to that (1) the market value of the land use right as reflected in the YT Valuation Report was higher than the acquisition costs as reflected in the accounts, and (2) replacement cost method was adopted for the valuation of the fixed assets, mainly including two buildings, which is higher than their book value reflecting the depreciation effects.

Information on Shanghai Cuineng

With reference to the Board Letter, Shanghai Cuineng is an indirect wholly-owned subsidiary of the Group. Shanghai Cuineng is mainly engaged in investment holding and only holds idle properties. Shanghai Cuineng has no substantial business for the past two financial year. However, it recorded certain costs and expenses including depreciation on assets and management fees. Therefore, Shanghai Cuineng was at a loss-making status for the past two financial years.

The following table sets out the financial information of Shanghai Cuineng for the two years ended 31 December 2015:

	For the year ended 31 December 2014 *(audited)* *RMB'000*	For the year ended 31 December 2015 *(audited)* *RMB'000*
Loss before taxation	(2,997)	(1,958)
Loss after taxation	(2,997)	(1,958)

The net liability value of Shanghai Cuineng as at 31 May 2016 was RMB16,752,000 while according to the SC Valuation Report, the valuation of Shanghai Cuineng as of 31 May 2016 was RMB15,723,400, the difference of which was mainly attributable to that the market value of the fixed assets, mainly including one building, as reflected in the SC Valuation Report was higher their book value reflecting the original investment costs and depreciation effects.

Information on Tianjin Zhenmingli

With reference to the Board Letter, Tianjin Zhenmingli is an indirect wholly-owned subsidiary of the Group. Tianjin Zhenmingli is mainly engaged in investment holding and only holds idle properties. Tianjin Zhenmingli has no substantial business for the past two financial year. However, it recorded certain costs and expenses including depreciation on assets, management fees, house duty and land use taxes. Therefore, Tianjin Zhenmingli was at a loss-making status for the past two financial years.

The following table sets out the financial information of Tianjin Zhenmingli for the two years ended 31 December 2015:

	For the year ended 31 December 2014	**For the year ended 31 December 2015**
	(audited)	*(audited)*
	RMB'000	*RMB'000*
Loss before taxation	(13,390)	(419)
Loss after taxation	(13,390)	(419)

The net liability value of Tianjin Zhenmingli as at 31 May 2016 was RMB15,311,100 while according to the TZ Valuation Report, the valuation amount of Tianjin Zhenmingli as of 31 May 2016 was RMB3,354,900, the difference of which was mainly attributable to that (1) the market value of the land use right as reflected in the TZ Valuation Report was higher than the acquisition costs as reflected in the accounts, and (2) replacement cost method for the valuation of the three buildings, which is higher than their book value reflecting the depreciation effects.

Reasons for and benefits of the Disposal, and use of proceeds

With reference to the Board Letter, each of Yangzhou Tongfang, Shanghai Cuineng and Tianjin Zhenmingli holds certain idle assets. While Yangzhou Tongfang is mainly engaged in the manufacturing of epitaxial wafers and the majority of its sales are attributable to Tsinghua Tongfang or its subsidiaries. The Company would not continue with the manufacturing of the epitaxial wafers after the completion of the disposal of Yangzhou Tongfang. The Board considers that the disposal of these entities would not

affect the production of the Group considering their financial status and their contribution to the Group, and can streamline its manufacturing resources, realize cash and unlock investment value of the assets at fair market value. For further details, please refer to the section headed "Information about the Target Companies" and "Information about the Material Properties of the Target Companies" of the Board Letter. The net proceeds to be received by the Group from the disposal will improve working capital condition of the Group for any future opportunities that may arise where additional funding is required.

Upon our enquiry, we were advised by the Directors that (i) Yangzhou Tongfang recorded revenue of less than RMB2 million for the five months ended 31 May 2016; and (ii) both of Shanghai Cuineng and Tianjin Zhenmingli did not generate revenue for the five months ended 31 May 2016.

The total consideration to be received by the Group under the Equity Transfer Agreements is RMB251,668,200. With reference to the Board Letter, the Group expects to receive the net proceeds from the equity transfer of approximately RMB100 million after the completion of the Equity Transfer Agreements.

Having considered the above, we concur with the Directors that the Disposal is fair and reasonable and in the interests of the Shareholders as a whole.

2. Principal terms of the Equity Transfer Agreements

Yangzhou Tongfang Equity Transfer Agreement

Date:	31 October 2016
Parties:	Billion Choice (as the seller); Tongfang Technology Park (as the buyer); and Yangzhou Tongfang (as the target company)
Subject:	Pursuant to the Yangzhou Tongfang Equity Transfer Agreement, Billion Choice agreed to transfer all its 100% equity interest in Yangzhou Tongfang to Tongfang Technology Park.
Consideration and Basis:	The consideration of equity transfer under the Yangzhou Tongfang Equity Transfer Agreement is RMB232,589,900 (the "**YT Consideration**"), which has been arrived after arm's length negotiations with reference to the valuation of Yangzhou Tongfang (the "**YT Valuation**") as at 31 May 2016, amounting to RMB232,589,900, according to the YT Valuation Report.

According to the YT Valuation Report, the YT Valuation amounted to RMB232,589,900 as at 31 May 2016, which equals to the YT Consideration. In preparing the YT Valuation Report, the Valuer adopted assets-based approach to arrive the YT Valuation.

For our due diligence purpose, we have reviewed and enquired into (i) the terms of engagement of the Valuer with the Company; (ii) the Valuer's qualification and experience in relation to the preparation of the YT Valuation Report; and (iii) the steps and due diligence measures taken by the Valuer for conducting the YT Valuation. From the mandate letter and other relevant information provided by the Valuer and based on our interview with them, we are satisfied with the terms of engagement of the Valuer as well as their qualification and experience for preparation of the YT Valuation Report. The Valuer has also confirmed that they are independent to the Group and Tongfang Technology Park.

We have further reviewed and enquired into the Valuer on the methodology adopted and the basis and assumptions adopted in arriving at the YT Valuation in order for us to understand the YT Valuation Report. As confirmed by the Valuer, the assets-based approach is one of the commonly adopted approaches for valuation of companies and is also consistent with normal market practice.

With reference to the YT Valuation Report,

(i) up to 31 May 2016, the main business of Yangzhou Tongfang has been stopped recently, and the future operative direction of the entity is uncertain, so the precondition of the income approach is failed to be met. Therefore, the income approach is not applicable to the appraisal of the YT Valuation Report;

(ii) the appraisal results of asset-based method are mainly determined according to the renewal and replacement cost of each asset and liability of the enterprise on 31 May 2016. Due to its high reliability, the asset-based method is applicable to the assessment for the YT Valuation Report; and

(iii) as the comparable enterprises of the entity being assessed are absent in the current domestic capital market, and the entity transaction market is underdeveloped, it is hard to obtain entity transaction cases of the comparable enterprises, therefore the market approach is not applicable in the assessment for the YT Valuation Report.

Having considered the aforementioned reasons for selection of appropriate approaches for the YT Valuation, we have not considered other approaches to assess the fairness and reasonableness of the YT Consideration.

The YT Valuation Report is set out in Appendix I to the Circular. During our discussion with the Valuer, we have not identified any major factors which caused us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the YT Valuation. However, Shareholders should note that valuation of assets or companies usually involves assumptions and therefore the YT Valuation may or may not reflect the value of Yangzhou Tongfang as at 31 May 2016 accurately.

According to the Properties Valuation Report, valuation of properties held by Yangzhou Tongfang (the "**YT Properties**") amounted to RMB38,460,000 as at 31 October 2016 (the "**YT Properties Valuation**"). As advised by the Properties Valuer and with reference to the Properties Valuation Report, certain buildings and structures held by Yangzhou Tongfang have not obtained building ownership certificate or construction approvals. Accordingly, those buildings and structures attributed no commercial value to the YT Properties Valuation. The Properties Valuer is of the opinion that the depreciated replacement cost of the building portions of the buildings and structures as at the 31 October 2016 would be RMB14,904,000 (the "**Depreciated Replacement Cost**") assuming the building ownership certificates and construction approvals had been obtained and the property could be freely transferred. We noted that there is no significant difference between (i) the sum of the YT Properties Valuation and the Depreciated Replacement Cost; and (ii) the valuation of the YT Properties as at 31 May 2016 under the YT Valuation Report.

For our due diligence purpose, we have reviewed and enquired into (i) the terms of engagement of the Properties Valuer with the Company; (ii) the Properties Valuer's qualification and experience in relation to the preparation of the Properties Valuation Report; and (iii) the steps and due diligence measures taken by the Properties Valuer for conducting the Properties Valuation (the "**Due Diligence on Properties Valuation Report**"). From the mandate letter and other relevant information provided by the Properties Valuer and based on our interview with them, we are satisfied with the terms of engagement of the Properties Valuer as well as their qualification and experience for preparation of the Properties Valuation Report. The Properties Valuer has also confirmed that they are independent to the Group and Tongfang Technology Park.

With reference to the Properties Valuation Report, in valuing the YT Properties, due to the nature of the buildings and structures of the properties and the particular location in which they are situated, there are unlikely to be relevant market comparable sale transactions readily available. The Properties Valuer has therefore valued the YT Properties by cost approach with reference to their depreciated replacement cost.

We have further reviewed and enquired into the Properties Valuer on the methodology adopted and the basis and assumptions adopted in arriving at the YT Properties Valuation in order for us to understand the YT Properties Valuation. As confirmed by the Properties Valuer, the cost approach is one of the commonly adopted approaches for valuation of properties and is also consistent with normal market practice.

The Properties Valuation Report is set out in Appendix IV to the Circular. During our discussion with the Properties Valuer, we have not identified any major factors which caused us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the YT Properties Valuation. However, Shareholders should note that valuation of assets usually involves assumptions and therefore the YT Properties Valuation may or may not reflect the value of the YT Properties as at 31 October 2016 accurately.

Having considered the above, we are of the opinion that the YT Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

Shanghai Cuineng Equity Transfer Agreement

Date:	31 October 2016
Parties:	Neo-Neon China (as the seller); Tongfang Technology Park (as the buyer); and Shanghai Cuineng (as the target company)
Subject:	Pursuant to the Shanghai Cuineng Equity Transfer Agreement, Neo-Neon China agreed to transfer all its 100% equity interest in Shanghai Cuineng to Tongfang Technology Park.
Consideration and Basis:	The consideration of equity transfer under the Shanghai Cuineng Equity Transfer Agreement is RMB15,723,400 (the "**SC Consideration**"), which has been arrived after arm's length negotiations with reference to the valuation of Shanghai Cuineng (the "**SC Valuation**") as at 31 May 2016, amounting to RMB15,723,400, according to the SC Valuation Report.

According to the SC Valuation Report, the SC Valuation amounted to RMB15,723,400 as at 31 May 2016, which equals to the SC Consideration. In preparing the SC Valuation Report, the Valuer adopted assets-based approach to arrive the SC Valuation.

For our due diligence purpose, we have reviewed and enquired into (i) the terms of engagement of the Valuer with the Company; (ii) the Valuer's qualification and experience in relation to the preparation of the SC Valuation Report; and (iii) the steps and due diligence measures taken by the Valuer for conducting the SC Valuation. From the mandate letter and other relevant information provided by the Valuer and based on our

interview with them, we are satisfied with the terms of engagement of the Valuer as well as their qualification and experience for preparation of the SC Valuation Report. The Valuer has also confirmed that they are independent to the Group and Tongfang Technology Park.

We have further reviewed and enquired into the Valuer on the methodology adopted and the basis and assumptions adopted in arriving at the SC Valuation in order for us to understand the SC Valuation Report. As confirmed by the Valuer, the assets-based approach is one of the commonly adopted approaches for valuation of companies and is also consistent with normal market practice.

With reference to the SC Valuation Report,

(i) up to 31 May 2016, the main business of Shanghai Cuineng has been stopped and the future operative direction of the entity is uncertain, so the precondition of the income approach is failed to be met. Therefore, the income approach is not applicable to the appraisal of the SC Valuation Report;

(ii) the appraisal results of asset-based method are mainly determined according to the renewal and replacement cost of each asset and liability of the enterprise on 31 May 2016. Due to its high reliability, the asset-based method is applicable to the assessment for the SC Valuation Report; and

(iii) as the comparable enterprises of the entity being assessed are absent in the current domestic capital market, and the entity transaction market is underdeveloped, it is hard to obtain entity transaction cases of the comparable enterprises, therefore the market approach is not applicable in the assessment for the SC Valuation Report.

Having considered the aforementioned reasons for selection of appropriate approaches for the SC Valuation, we have not considered other approaches to assess the fairness and reasonableness of the SC Consideration.

The SC Valuation Report is set out in Appendix II to the Circular. During our discussion with the Valuer, we have not identified any major factors which caused us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the SC Valuation. However, Shareholders should note that valuation of assets or companies usually involves assumptions and therefore the SC Valuation may or may not reflect the value of Yangzhou Tongfang as at 31 May 2016 accurately.

According to the Properties Valuation Report, valuation of properties held by Shanghai Cuineng (the "**SC Properties**") amounted to RMB54,540,000 as at 31 October 2016 (the "**SC Properties Valuation**"). We noted that there is no significant difference between the SC Properties Valuation and the valuation of the SC Properties as at 31 May 2016 under the SC Valuation Report.

With reference to the Properties Valuation Report, the Properties Valuer valued the SC Properties by direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market. Appropriate adjustments and analysis are considered to the differences in location, size, and other characters between the comparable properties and the subject property.

Apart from the Due Diligence Work on Properties Valuation Report, we have further reviewed and enquired into the Properties Valuer on the methodology adopted and the basis and assumptions adopted in arriving at the SC Properties Valuation in order for us to understand the SC Properties Valuation. As confirmed by the Properties Valuer, the direct comparison approach is one of the commonly adopted approaches for valuation of properties and is also consistent with normal market practice.

The Properties Valuation Report is set out in Appendix IV to the Circular. During our discussion with the Properties Valuer, we have not identified any major factors which caused us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the SC Properties Valuation. However, Shareholders should note that valuation of assets usually involves assumptions and therefore the SC Properties Valuation may or may not reflect the value of the SC Properties as at 31 October 2016 accurately.

Having considered the above, we are of the opinion that the SC Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

Tianjin Zhenmingli Equity Transfer Agreement

Date:	31 October 2016
Parties:	Neo-Neon China (as the seller); Tongfang Technology Park (as the buyer); and Tianjin Zhenmingli (as the target company)
Subject:	Pursuant to the Tianjin Zhenmingli Equity Transfer Agreement, Neo-Neon China agreed to transfer all its 100% equity interest in Tianjin Zhenmingli to Tongfang Technology Park.

Consideration and Basis: The consideration of equity transfer under the Tianjin Zhenmingli Equity Transfer Agreement is RMB3,354,900 (the "**TZ Consideration**"), which has been arrived after arm's length negotiations with reference to the valuation of Tianjin Zhenmingli (the "**TZ Valuation**") as at 31 May 2016, amounting to RMB3,354,900, according to the TZ Valuation Report.

According to the TZ Valuation Report, the TZ Valuation amounted to RMB3,354,900 as at 31 May 2016, which equals to the TZ Consideration. In preparing the TZ Valuation Report, the Valuer adopted assets-based approach to arrive the TZ Valuation.

For our due diligence purpose, we have reviewed and enquired into (i) the terms of engagement of the Valuer with the Company; (ii) the Valuer's qualification and experience in relation to the preparation of the TZ Valuation Report; and (iii) the steps and due diligence measures taken by the Valuer for conducting the TZ Valuation. From the mandate letter and other relevant information provided by the Valuer and based on our interview with them, we are satisfied with the terms of engagement of the Valuer as well as their qualification and experience for preparation of the TZ Valuation Report. The Valuer has also confirmed that they are independent to the Group and Tongfang Technology Park.

We have further reviewed and enquired into the Valuer on the methodology adopted and the basis and assumptions adopted in arriving at the TZ Valuation in order for us to understand the TZ Valuation Report. As confirmed by the Valuer, the assets-based approach is one of the commonly adopted approaches for valuation of companies and is also consistent with normal market practice.

With reference to the TZ Valuation Report,

(i) up to 31 May 2016, the main business of Tianjin Zhenmingli has been stopped and the future operative direction of the entity is uncertain, so the precondition of the income approach is failed to be met. Therefore, the income approach is not applicable to the appraisal of the TZ Valuation Report;

(ii) the appraisal results of asset-based method are mainly determined according to the renewal and replacement cost of each asset and liability of the enterprise on 31 May 2016. Due to its high reliability, the asset-based method is applicable to the assessment for the TZ Valuation Report; and

(iii) as the comparable enterprises of the entity being assessed are absent in the current domestic capital market, and the entity transaction market is underdeveloped, it is hard to obtain entity transaction cases of the comparable enterprises, therefore the market approach is not applicable in the assessment for the TZ Valuation Report.

Having considered the aforementioned reasons for selection of appropriate approaches for the TZ Valuation, we have not considered other approaches to assess the fairness and reasonableness of the TZ Consideration.

The TZ Valuation Report is set out in Appendix III to the Circular. During our discussion with the Valuer, we have not identified any major factors which caused us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the TZ Valuation. However, Shareholders should note that valuation of assets or companies usually involves assumptions and therefore the TZ Valuation may or may not reflect the value of Yangzhou Tongfang as at 31 May 2016 accurately.

According to the Properties Valuation Report, valuation of properties held by Tianjin Zhenmingli (the "**TZ Properties**") amounted to RMB20,788,000 as at 31 October 2016 (the "**TZ Properties Valuation**"). We noted that there is no significant difference between the TZ Properties Valuation and the valuation of the TZ Properties as at 31 May 2016 under the TZ Valuation Report.

With reference to the Properties Valuation Report, in valuing the TZ Properties, due to the nature of the buildings and structures of the properties and the particular location in which they are situated, there are unlikely to be relevant market comparable sale transactions readily available. The Properties Valuer has therefore valued the TZ Properties by cost approach with reference to their depreciated replacement cost.

Apart from the Due Diligence Work on Properties Valuation Report, we have further reviewed and enquired into the Properties Valuer on the methodology adopted and the basis and assumptions adopted in arriving at the TZ Properties Valuation in order for us to understand the TZ Properties Valuation. As confirmed by the Properties Valuer, the cost approach is one of the commonly adopted approaches for valuation of properties and is also consistent with normal market practice.

The Properties Valuation Report is set out in Appendix IV to the Circular. During our discussion with the Properties Valuer, we have not identified any major factors which caused us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the TZ Properties Valuation. However, Shareholders should note that valuation of assets usually involves assumptions and therefore the TZ Properties Valuation may or may not reflect the value of the TZ Properties as at 31 October 2016 accurately.

Having considered the above, we are of the opinion that the Tianjin Zhenmingli Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

Other terms of the Equity Transfer Agreements are set out in the section headed "EQUITY TRANSFER AGREEMENTS" in the Board Letter.

Having considered the principal terms of the Equity Transfer Agreements, we are of the opinion that the terms of the Equity Transfer Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. Effects of the Equity Transfer Agreements

With reference to the Board Letter, immediately after the completion of the Equity Transfer Agreements, each of Yangzhou Tongfang, Shanghai Cuineng and Tianjin Zhenmingli will cease to be a subsidiary of the Group and their financial results will no longer be consolidated into those of the Group.

After the completion of the Equity Transfer Agreements, the Group expects to receive the net proceeds from the equity transfer of approximately RMB100 million and record an increase in the net asset value of approximately RMB100 million, which are estimated by reference to the total consideration received by the Group under the Equity Transfer Agreements, being RMB251,668,200, minus the total net asset values of the Target Companies as shown in their latest management accounts as of 30 September 2016, being approximately RMB147,796,600, together with the expected costs and expenses to be incurred in the Disposal. The estimate of gain and increase in net asset value are for illustration purpose only and subject to adjustments that may be made during audit in the future.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the Equity Transfer Agreements.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Equity Transfer Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although the Disposal is not conducted in the ordinary and usual course of business of the Group, the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Equity Transfer Agreements and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in investment banking industry.

Valuation Project of Neo-Neon Holdings Limited Intending to Transfer the Equity of Yangzhou Tongfang Semiconductors Co., Ltd. to Tongfang Science and Technology Park Co., Ltd.

Valuation Report

Zhuoxindahua Valuation Report Zi (2016) No. 2069

Beijing Zhuoxindahua Appraisal Co., Ltd.

September 25, 2016

Contents

Statement of Certified Public Valuers 37

Valuation Report Extract 38

Valuation Report Text 40

I. Entrusting Party, Entity Being Assessed and Usage of Other Valuation Report Users Agreed Under the Business Agreement 40

II. Valuation Purpose 43

III. Object and Scope of Valuation 43

IV. Types of Value and Its Definition 46

V. Base Date of Assets Valuation 47

VI. Valuation Basis 47

VII. Valuation Methods 50

VIII. Implementation Process of the Valuation Procedures and the Status 58

IX. Valuation Assumptions 59

X. Valuation Conclusion 59

XI. Explanatory Notes on Specific Matters 60

XII. Explanation Notes on Restrictions of Use of Valuation Report 62

XIII. Date of Valuation Report 63

Statement of Certified Public Valuers

The signatory certified public valuers of Beijing Zhuoxindahua Appraisal Co., Ltd. hereby make the following statements for the valuation report in relation to the valuation project of Neo-Neon Holdings Limited intending to transfer the equity of Yangzhou Tongfang Semiconductors Co., Ltd. to Tongfang Science and Technology Park Co., Ltd.:

I. We perform the asset valuation for the business in accordance with the relevant laws and regulations and assets valuation standards based on principles of independence, objectiveness and fairness; the content stated in the valuation report is objective with reference to the information collected during the valuation process; and we bear corresponding legal responsibility for the reasonability of the conclusions of the valuation.

II. The list of assets and liabilities related to the valuation object is reported, signed, sealed and confirmed by the entrusting party and the entity being assessed; the entrusting party and the related parties will be responsible for the truth, legality and completeness of the information provided and the proper usage of the valuation report.

III. We do not have any existing or expected interest relationship with the valuation object in the valuation report or the related parties, and we hold no prejudice against the related parties.

IV. We have performed on-site investigation on the valuation object in the valuation report and its related assets; we have given the required concern over the documents of legal ownership of the valuation object and its related assets, truthfully disclosed the issues found, and submitted to the entrusting party and the related parties to take action to complete the ownership in order to fulfill the requirements of issuing the valuation report.

V. The analysis, judgments and conclusions in the valuation report issued by us are subject to the assumptions and limitations in the valuation report. The users of the valuation report shall give sufficient consideration to the assumptions, limitations and explanatory notes to special matters specified in the valuation report and their effects on the conclusions of the valuation. This opinion on valuation is only used as a reference for the value of the transactions of the parties, the conclusions of the valuation may not be considered as the guarantee of the price of the valuation object which can be realized.

Valuation Report Extract

Beijing Zhouxindahua Appraisal Co., Ltd. was entrusted by Neo-Neon Holdings Limited to perform valuation for the entire equity interest in Yangzhou Tongfang Semiconductors Co., Ltd. The material information and valuation conclusions in the text of the valuation report are hereby extracted as follows.

Economic behavior: Neo-Neon Holdings Limited intends to transfer the equity of Yangzhou Tongfang Semiconductors Co., Ltd. to Tongfang Science and Technology Park Co., Ltd.

Valuation purpose: to provide fair presentation for the market value of the entire equity of the shareholders in Yangzhou Tongfang Semiconductors Co., Ltd. on the base date of assets valuation which is related to the matter that Neo-Neon Holdings Limited intends to transfer the equity of Yangzhou Tongfang Semiconductors Co., Ltd. to Tongfang Science and Technology Park Co., Ltd. according to the minutes of the meeting of the Office of President of Tsinghua Tongfang Co., Ltd., and give valuation reference advice for the economic behavior.

Object and scope of valuation: the object of the valuation is the value of the entire equity of the shareholders in Yangzhou Tongfang Semiconductors Co., Ltd.; the scope of the valuation is the entire unaudited book value of the assets and related liabilities of Yangzhou Tongfang Semiconductors Co., Ltd. on base date of the assets valuation. The book value of total assets was RMB196,986,600, of which current assets was RMB140,999,900 and non-current assets was RMB55,986,700; the book value of total liabilities was RMB11,623,400, of which current liabilities was RMB11,623,400; the book value of net assets was RMB185,363,200.

Types of value: the market value of the valuation objection on the going concern basis.

Base date of assets valuation: May 31, 2016.

Valuation method: asset-based method.

Valuation conclusion: the valuation report adopted the valuation results based on the asset-based method as the valuation conclusion, namely: the book value of total assets before the valuation was RMB196,986,600, and the value assessed was RMB244,260,200. The value addition was RMB47,273,600, and the value-added ratio was 24.00%; the book value of total liabilities was RMB11,623,400, and the value assessed was RMB11,670,300, an increase of RMB46,900 or a ratio of 0.4%; the book value of net assets was RMB185,363,200; the value assessed was RMB232,589,900, an increase of RMB47,226,700, or a ratio of 25.48%.

Please see the breakdown of assets valuation and the valuation report for the details of valuation conclusion.

The term of validity of the use of valuation conclusion: the term of valid use of this valuation conclusion is one year as of the base date of assets valuation. Assets should be reevaluated after a year.

Special matters affecting the valuation conclusion: the users of the valuation report shall pay attention to the effect of the special matters in the text of the report on the valuation conclusion.

The above content is extracted from the text of the valuation report. If you wish to see the details of the valuation project and reasonably comprehend the valuation conclusions, please read the text of the valuation report.

Valuation Report Text

Zhuoxindahua Valuation Report Zi (2016) No. 2069

Neo-Neon Holdings Limited,

Beijing Zhuoxindahua Appraisal Co., Ltd. was entrusted by the company to perform valuation on the market value of the entire equity of the shareholders in Yangzhou Tongfang Semiconductors Co., Ltd. on May 31, 2016 which is related to the matter that Neo-Neon Holdings Limited intends to transfer the equity of Yangzhou Tongfang Semiconductors Co., Ltd., using asset-based method, in accordance with the required valuation procedures, the relevant laws and regulations and assets valuation standards and principles. The valuation of the assets is hereby reported as follows.

I. ENTRUSTING PARTY, ENTITY BEING ASSESSED AND USAGE OF OTHER VALUATION REPORT USERS AGREED UNDER THE BUSINESS AGREEMENT

The entrusting party of this valuation is Neo-Neon Holdings Limited. the entity being assessed is Yangzhou Tongfang Semiconductors Co., Ltd. and the users of other valuation report users are competent authorities.

(I) Entrusting party

Company name:	Neo-Neon Holdings Limited
Address:	FLAT/RM 806-810 8/F BANK OF AMERICA TOWER 12 HARCOURT ROAD CENTRAL HK
Nature of business:	DISTRIBUTION & MANUFACTURING OF DECORATIVE & ENTERTAINMENT LIGHTING
Legal status:	BODY CORPORATE
Effective Date:	October 06, 2015
Expiry Date:	October 05, 2016
Registration No.:	37241037-000-10-15-9

(II) Entity Being Assessed

Company Name:	Yangzhou Tongfang Semiconductors Co., Ltd.
Type:	Limited liability company (sole foreign corporation)
Registered Address:	No. 11, Branch Zhouzhuanghe Road, Yangzhou City

Legal Representative: Pan Jin

Registered Capital: USD52,065,401.28

Business Term: August 25, 2006 to August 24, 2056

History: Yangzhou Tongfang Semiconductors Co., Ltd., which was formally known as Yangzhou Yinyu Chip Semiconductors Co., Ltd, is a Sino-foreign joint venture established by Hong Kong Taike Global Co., Ltd. ("香港泰科環球有限公司") and Fang Xinyi subject to the approval of the Commission on Foreign Economic Relations and Trade with the initial registered capital of USD6,500,000 and Industry and Commerce Administration Registration No.: 91321091790892225X.

In September 2009, Hong Kong Taike Global Co., Ltd. and Fang Xinyi transferred 57.08% and 42.92% equity of Yangzhou Yinyu Chip Semiconductors Co., Ltd to BILLION CHOICE TRADING LIMITED, respectively. After the transfer, BILLION CHOICE TRADING LIMITED held 100% equity of Yangzhou Yinyu Chip Semiconductors Co., Ltd.

In November 2009, BILLION CHOICE TRADING LIMITED increased the registered capital of Yangzhou Yinyu Chip Semiconductors Co., Ltd by USD23,500,000, and after the capital increase, the registered capital amounted to USD30,000,000.

In May 2010, BILLION CHOICE TRADING LIMITED increased the registered capital of Yangzhou Yinyu Chip Semiconductors Co., Ltd by USD10,000,000, and after the capital increase, the registered capital amounted to USD40,000,000.

In September 2010, BILLION CHOICE TRADING LIMITED increased the registered capital of Yangzhou Yinyu Chip Semiconductors Co., Ltd by USD20,000,000, and after the capital increase, the registered capital amounted to USD60,000,000.

In May 2014, BILLION CHOICE TRADING LIMITED reduced the registered capital of Yangzhou Yinyu Chip Semiconductors Co., Ltd by USD16,100,000, and after the capital reduction, the registered capital amounted to USD43,900,000.

In January 2015, Yangzhou Yinyu Chip Semiconductors Co., Ltd. was renamed to Yangzhou Tongfang Semiconductors Co., Ltd.

In May 2015, BILLION CHOICE TRADING LIMITED increased the registered capital of Yangzhou Tongfang Semiconductors Co., Ltd. by USD6,100,000, and after the capital increase, the registered capital amounted to USD50,000,000.

In February 2016, BILLION CHOICE TRADING LIMITED increased the registered capital of Yangzhou Tongfang Semiconductors Co., Ltd. by USD2,065,401.28, and after the capital increase, the registered capital amounted to USD52,065,401.28.

By the base date of assets valuation, the equity structure of Yangzhou Tongfang Semiconductors Co., Ltd.:

Unit: USD

Investor	Investment Amount *(RMB'0,000)*	Proportion *(%)*
BILLION CHOICE TRADING LIMITED	5206.540128	100
Total	5206.540128	100

Main business scope: production and processing of high brightness LED of over 50 LM/W, epitaxial wafers (blue light), chips, packages and lighting application products for LED of over 50 LM/W, surface mounted components, new types of electrical components, photoelectron components, hybrid integrated circuits, software products and modules and systems for high brightness LED of over 50 LM/W, LED racks, rack metal surface treatment, packaging, research, development and production of LED backlight sources modules, LED automobile light modules; installation, commissioning, maintenance and technical service of self-manufactured products (operation subject to licenses where administrative license is required); wholesales, import and export of LED lighting products (other than those subject to quota licenses for state-owned operations, imports and exports, bidding for quotas and export license under special management). (For items to be approved in accordance with the laws, operations subject to approval of competent authorities).

The assets, financial and operating conditions of the company in the recent three years:

Unit: RMB'0,000

Item	December 31, 2013	December 31, 2014	December 31, 2015	May 31, 2016
Current assets	15,254.90	13,935.20	17,334.89	14,099.99
Non-current assets	4,449.97	1,788.43	2,213.20	5,598.67
Total assets	19,704.87	15,723.63	19,548.09	19,698.66
Current liabilities	(1,560.49)	(887.49)	2,172.01	1,162.34
Non-current liabilities	–	–	–	–
Total Liability	(1,560.49)	(887.49)	2,172.01	1,162.34
Net assets	21,265.36	16,611.11	17,376.09	18,536.32

Item	2013	2014	2015	January to May 2016
Income from operation	–	834.22	3,652.31	174.54
Operation cost	–	840.93	4,875.52	548.33
Net profit	(9,965.83)	(4,331.25)	(1,627.22)	(115.42)

(III) The Relationship between the Entrusting Party and the Entity Being Assessed

The entrusting party is the controlling shareholder of the entity being assessed.

(IV) Other Valuation Report Users other than the Entrusting Party

Unless otherwise specified by the laws and regulations of the PRC, this valuation report is used by Neo-Neon Holdings Limited (the "Entrusting Party"), Yangzhou Tongfang Semiconductors Co., Ltd. (the "Entity Being Assessed") and the relevant regulatory authorities for the purpose of valuation set out by this report only. The valuation report users should use the valuation report properly and the liabilities of adverse consequences resulting from improper use of the valuation report shall not be borne by the valuation agency.

II. VALUATION PURPOSE

To provide fair presentation for the market value of the entire equity of the shareholders in Yangzhou Tongfang Semiconductors Co., Ltd. on the base date (May 31, 2016) of assets valuation which is related to the matter that Neo-Neon Holdings Limited intends to transfer the equity of Yangzhou Tongfang Semiconductors Co., Ltd. to Tongfang Science and Technology Park Co., Ltd. according to the minutes of the meeting of the Office of President of Tsinghua Tongfang Co., Ltd., and give valuation reference advice for the economic behavior.

III. OBJECT AND SCOPE OF VALUATION

(I) Valuation Object

The object of this valuation is the total value of the entire equity interest in Yangzhou Tongfang Semiconductors Co., Ltd. in respect of the economic activities designated by the entrusting party.

(II) Scope of Valuation

The scope of this valuation is the unaudited assets and liabilities of Yangzhou Semiconductors Co., Ltd. The balance sheet as at the base date is as follows:

Unit: RMB

Item	Book value	Item	Book value
Total current assets	140,999,861.57	**Total current liabilities**	11,623,426.42
Cash and cash equivalents	6,313,254.89	Short-term borrowings	–
Notes receivable	145,417.00	Notes payable	–
Accounts receivable	42,863,650.79	Accounts payable	34,582,902.68
Prepayment	689,308.88	Payroll payable	(29,438.85)
Other receivables	87,886,238.49	Tax payable	(23,237,216.61)
Inventory	2,992,795.51	Other payables	36,118.45
Non-current assets maturing within one year	109,196.01	Other current liabilities	271,060.75
Total non-current assets	55,986,678.72	**Total non-current liabilities**	–
Long-term equity investment	–	Short-term borrowing	–
Fixed assets	33,663,875.22	Long-term accounts payable	–
Construction in process	17,331,136.36	Specific payable	–
Disposal of fixed assets relief	–	Deferred income tax liabilities	–
Intangible assets	4,572,334.90	Other non-current liabilities	–
Long-term prepaid expenses	419,332.24	**Total liabilities**	11,623,426.42
Deferred income tax assets	–	**Total owners' equity**	185,363,113.87
Total assets	196,986,540.29	**Total liabilities and owners' equity**	196,986,540.29

The object and scope of valuation comply with those of the economic behavior in which the Neo-Neon Holdings Limited intends to transfer its equity.

The financial statements of Yangzhou Tongfang Semiconductors Co., Ltd. on the base date of assets valuation are unaudited.

(III) Legal Ownership and Economic and Physical Condition of Individual Asset or Asset Portfolio with Greater Impacts on the Enterprise Value

1. Houses and buildings

There are totally 2 buildings, which are used as dormitories and factory buildings with a total building area of 8,406.00 square meters. Up to the base date of the valuation, no house ownership certificates were received for the buildings above with incomplete ownership information. The land ownership certificate is obtained for the land where the buildings stand. Up to the base date of the valuation, the buildings are left unused.

2. Machinery equipment

Machinery equipment includes mechanical equipment, other equipment and vehicles.

There are totally 195 pieces of mechanical equipment, which are mainly MOCVD, crystalline grain sorting machines, chip spot measuring machines.

There are totally 60 pieces of other equipment, which are mainly computers, printers and fridges.

There are totally 3 vehicles, which are mainly used for office work and productions. Vehicles for office use are in periodical maintenance. The right owners set out in the road-worthiness certificate is Yangzhou Tongfang Semiconductors Co., Ltd.

Up to the base date, the equipment above is idle.

3. Inventories

Inventories are mainly raw materials and finished products.

(1) Raw materials are recently purchased transparent adhesive tapes, trimethyl gallium and trimethyl indium which are used for production.

(2) Finished products are finished lamps and epitaxial wafers in warehouses. According to the statement of the processing of custom-made lamps provided by the entity being assessed, the lamps are custom-made products in 2010 which cannot be sold due to quality issues; the sales of the epitaxial wafers is normal.

4. Land use right

The land use right is registered for one lot of land located at No. 11, Branch Zhouzhuanghe Road, Yangzhou Economic and Technological Zone; all the land-transferring fees was paid up for the registration certificate of state-owned land (No.: YGY(2015) No. 0132) with an area of 101,673.99 square meters. The right owner is Yangzhou Tongfang Semiconductors Co., Ltd.; the purpose of the land is for industrial use and the land use type is to transfer.

5. Construction in process

The construction in process includes the project for upgrading of factory buildings and other modifications and the pipelines modification project. The project for upgrading and other modification started in August 2015 and completed in December 2015, and is now delivered for service. The proportion of payment is 92.88%; the pipelines modification project started in November 2014 and completed in October 2015, and currently, no payment is made.

6. Long-term deferred expenses.

The expense is deferred due to maintenance of equipment.

(IV) Book Entry or Non-recorded Intangible Asset Reported by the Entity Being Assessed

The intangible assets recorded in the accounts book reported by the entity being assessed are land use right and software.

(V) Off Balance Sheet Asset Reported

No other off balance sheet asset or liability has been reported by the entrusting party and entity being assessed, nor could the appraisers obtain any indication of other off balance sheet assets or liabilities, so the valuation of the assets and liabilities in the valuation scope is carried out based on the asset-based method.

(VI) Quotation of Reports Prepared by Other Institutions

The inclusion of assets and liabilities of the valuation scope does not involve any report prepared by other institutions.

IV. TYPES OF VALUE AND ITS DEFINITION

General types of value to be used for assessing an enterprise's value include market value and non-market value.

For the purpose of this valuation, the type of value of the object of valuation is the market value subject to the basis of going-concern.

Market value refers to the estimated amount for which the object of valuation is transacted on a normal and fair basis on base date of assets valuation between a willing buyer and a willing seller, wherein the parties each acts rationally without any compulsion.

V. BASE DATE OF ASSETS VALUATION

The base date of this project is May 31, 2016.

In order to ensure the timeliness of the valuation result and to get as close as possible to the date on which the valuation purpose is achieved, we negotiated with the Entrusting Party based on the nature of the economic behavior of this valuation and finally, the base date was determined to be May 31, 2016 by the Entrusting Party.

The base date of assets valuation is a closing date of a month period during which relevant information and financial data can be fully reflected while a better comparability can be achieved, which benefits the economic activity.

Pricing standard adopted in this valuation comprises price, tax rate, rates and interest rate of deposits and loans, all of which are effective price standards as at the base date of assets valuation.

VI. VALUATION BASIS

The laws and regulations, criteria basis, ownership basis, pricing basis as required by the state, municipal government and relevant departments as well as documentary information and basis that we compiled with and referred to during the valuation are mainly as follows:

(I) Basis of the activity

1. The Engagement Letter on Asset Valuation entered into between the entrusting party and Beijing Zhuoxindahua Appraisal Co., Ltd.;

2. The Minutes of the Meeting of the Office of President of Tsinghua Tongfang Co., Ltd. (Tong Fang [Meeting of the Office of President] Ji Zi No.004).

(II) Principal Legal and Regulatory Basis

1. Company Law of the People's Republic of China;

2. Enterprise Income Tax Law of the People's Republic of China;

3. Enterprise State-owned Assets Law of the People's Republic of China;

4. Administrative Measures on Valuation of State-owned Assets (Order of the State Council No. 91);

5. Detailed Rules for Implementation of the Administrative Measures on Valuation of State-owned Assets (Document No. 36 (1992) of Office of State-owned Assets of Former State Administration of State Property);

6. Regulations on Certain Issues concerning Measures on Valuation of State-owned Assets (Order of Ministry of Finance No. 14 (2001));

7. Circular of the General Office of the State Council on Forwarding the Working Opinion of the Ministry of Finance on Enhancing Supervision and Administration of Valuation of State-owner Assets by Reforming the Administrative Measures on Valuation (Guo Ban Fa No. 102 (2001) of General Office of the State Council);

8. Tentative Measures on Transfer of State-owned Property Rights in Enterprises (Order of SASAC and Ministry of Finance No. 3 (2003));

9. Tentative Regulations on Supervision and Administration of State-owned Assets of Enterprises (Order of the State Council No. 378 (2003));

10. Tentative Measures on Administration of Valuation of State-owned Assets of Enterprises (Order of SASAC No. 12 (2005));

11. Circular on Issues Concerning Enhancement of Administration of Valuation of State-owned Assets of Enterprises (Guo Zi Chan Quan (2006) No. 274);

12. Law of the People's Republic of China on Urban Real Estate Administration;

13. Land Administration Law of the People's Republic of China;

14. Real Right Law of the People's Republic of China;

15. Interim Regulations of the People's Republic of China Concerning the Assignment and Transfer of the Right of the State Owned Land in the Urban Areas (1990) (No. 55 Decree of the State Council);

16. Regulation on the Implementation of the Land Administration Law of the People's Republic of China (1999) (No. 256 Decree of the State Council);

17. Accounting Standard for Business Enterprises – Basic Standards (2006) (No. 33 Decree of Ministry of Finance);

18. No. 1 Accounting Standard for Business Enterprises – Inventory (Cai Kuai (2006) No. 3) and other 37 standards;

19. Other relevant laws and regulations.

(III) Standards Basis

1. Assets Appraisal Standards – Basic Standards and Code of Ethics for Assets Appraisal-Basic Standards (Cai Qi [2004] No. 20);

2. Notice of the China Appraisal Society on Issuing Seven Assets Appraisal Standards Including Assets Appraisal Standards – Appraisal Report (Zhong Ping Xie [2007] No. 189);

3. Assets Appraisal Standards – Intangible assets (Zhong Ping Xie [2008] No. 217);

4. Instruction Offered by Registered Assets Appraisal Personnel for the Legal Ownership of the Entity Being Assessed (Kuai Xie [2003] No. 18);

5. Asset Appraisal Standards – Enterprise Value (Zhong Ping Xie [2011] No. 227);

6. Guidelines on the Business Quality Control for Valuation Institutions (Zhong Ping Xie [2010] No. 214);

7. Notice of China Appraisal Society on Modifying the Signature Clause in the Standards for Appraisal Report (Zhong Ping Xie [2011] No. 230);

8. Code of Ethics – Independence (Zhong Ping Xie [2012] No. 248).

(IV) Basis of ownership

1. Certificate for Use of State-owned Land;

2. Road-worthiness Certificate;

3. Other certificates of ownership.

(V) Pricing basis

1. Notification on Certain Problems in the Innovation of State-wide Value Added Tax Transformation (Cai Shui [2008] No. 170);

2. Provisions on the Criteria for Compulsory Discard of Motor Vehicles (Order of Ministry of Commerce No. 12, 2012);

3. Interim Regulations of the People's Republic of China on Vehicle Purchase Tax (Order of the State Council No. 294 (2000));

4. Part of the budget (settlement) data and construction (completion) drawings of a single project provided by the entity being assessed;

5. Jiangsu Construction and Decoration Project Pricing Quota (2014 Edition);

6. Jiangsu Installation Project Pricing Quota (2014 Edition);

7. Cost Information of Project in Jiangsu (May, 2016);

8. Code for Real Estate Appraisal (GB/T50291-1999);

9. Latest version of Quotation Manual for Mechanical and Electrical Products;

10. www.landchina.com;

11. http://www.landvalue.com.cn/;

12. www.wbcars.com.

(VI) Other reference basis

1. Breakdown of Assets Valuation provided by the entity being assessed;

2. On-site investment questionnaire and other materials provided and collected by the assessment personnel;

3. Other materials related to the assessment.

VII. VALUATION METHODS

(I) Analysis of the applicability of appraisal approach

In conducting assets appraisal works for the enterprise, the certified asset appraiser shall analyze the applicability of three fundamental approaches for asset appraisal, namely income approach, the asset-based method and the market approach, and, and appropriately choose one or more basic approaches for asset appraisal according to relevant conditions such as the purpose of appraisal, the object of valuation, the type of value and the information collected.

The income approach for the appraisal of enterprise value represents the appraisal method for determining the value of the object of valuation by capitalizing or discounting the expected income.

The specific methods commonly used by the income approach include the dividend discount method and the discounted cash flow method. The dividend discount method refers to a specific method for determining the value of the object of valuation by discounting the expected dividends, and is usually applicable to appraise the value of some of the equity of the shareholders lacking control. The discounted cash flow method usually includes the Free Cash Flow of Firm (FCFF) Model and the Free Cash Flow of Equity (FCFE) Model.

Based on the characteristics of economic activities corresponding to the purpose of this valuation and the information regarding the operation of the enterprise collected from on-site valuation, taking into account the main business scope of Yangzhou Tongfang Semiconductors Co., Ltd., which is production and processing of high brightness LED of over 50 LM/W, epitaxial wafers (blue light) of over 50 LM/W, chips, packages and lighting application products. Up to the base date, due to the depressed epitaxial wafer market, the above main business has been stopped recently, and the future operative direction of the entity is uncertain, so the precondition of the income approach is failed to be met; therefore, the income approach is not applicable to the appraisal of this valuation project.

The asset-based method for the appraisal of enterprise value represents the appraisal method based on the balance sheets of the entity being assessed as at the base date, used for determining the value of the object of valuation by reasonably appraising the value of various assets and liabilities recorded in and outside balance sheets. The value of each asset and liability shall be calculated by suitable specific appraisal method according to its specific condition.

The appraisal results of asset-based method are mainly determined according to the renewal and replacement cost of each asset and liability of the enterprise on the base date. Due to its high reliability, the asset-based method is applicable to this assessment.

The market approach for the appraisal of enterprise value represents the appraisal method for determining the value of the object of valuation by comparing the object of valuation with comparable listed companies or with comparable transaction cases.

Two specific methods commonly used in the market approach are the listed company comparison method and the transaction case comparison method. The listed company comparison method refers to a specific method of determining the value of the object of valuation on the basis of comparison and analysis of the enterprise being valued by collecting and analyzing the operating and financial data of comparable listed companies, and then calculating appropriate value ratios. The transaction case comparison method refers to a specific method of determining the value of the object of valuation on the basis of comparison and analysis of the enterprise being valued by collecting and analyzing information regarding transactions, acquisitions and merger cases of comparable enterprises, and then calculating appropriate value ratios.

As the comparable enterprises of the entity being assessed are absent in the current domestic capital market, and the entity transaction market is underdeveloped, it is hard to obtain entity transaction cases of the comparable enterprises, therefore the market approach is not applicable in this assessment.

(II) Technical idea and model of asset-based method

The asset-based method adopted in this project is a valuation technology idea for determining of value of the object of valuation by totaling the value of assets and liabilities as determined by appropriate specific valuation method selected according to the specific circumstance, on the basis of the investment amount required by independent profit-making enterprise established with the same off balance sheet and on balance sheet assets and liabilities as those of the target of valuation on the base date of assets valuation. Asset-based method is based on: (1) the value of the target of valuation, depending on the market cost value of the total assets of the enterprise; and (2) the value of the individual assets and portfolio of the entire assets of the enterprise, affected by their respective contribution to the enterprise.

Calculation formula of asset-based method:

Value of total equities = value of total assets of the enterprise – value of total liabilities

Value of total assets of the enterprise = value of on balance sheet assets + value of off balance sheet assets

Value of total liabilities = value of on balance sheet liabilities + value of off balance sheet liabilities

(III) Valuation process of asset-based method

1. Current assets

Current assets include cash and cash equivalents, notes receivable, accounts receivable, prepayments, other receivables, inventories and other current assets.

(1) Cash and cash equivalents

Cash and cash equivalents include cash and bank deposits. The value is determined based on the verified book value. Deposits in foreign currencies are translated at spot rate on the base date and the amount in RMB after the translation is the value assessed.

(2) Notes receivable

Notes receivable are interest-free acceptance bills. The value is determined based on the verified book value.

(3) Accounts receivable

Accounts receivable include accounts receivable, prepayments and other receivables.

The value is determined by deducting the estimated losses on bad debts of receivables by specific identification method and expected risk loss method, at the rate of losses on bad debt analyzed an tested according to the evidence of assertion of losses from bad debts, according to the original amount of each receivable.

The value of advance payment is determined in accordance with the value of the assets formed by the goods that can be recovered.

The value of provision for bad debts is determined at nil by the enterprise according to the Accounting Standards for Business Enterprises.

(4) Inventories

Inventories include raw materials and finished products.

For the valuation of inventories specific methods are adopted based on the categories of inventories, operation mode, accounting methods and investigation results. The quantities are subject to the actual quantities on the base date.

A. Raw materials

Most raw materials are recently purchased, the book value of which is close to the market price on the base date. The value to be assessed for the valuation is the verified unit price multiplied by the actual quantity.

B. Finished products

For finished products under normal sales, the value to be assessed is determined based on the market sales price (excluding tax) deducting relevant business tax and reasonable operating net profits, multiplied by actual quantity;

Unit price to be assessed = sales price (excluding tax) * (1-business expense ratio-business tax and surtax ratio – operating income tax rate – net operating profit deduction rate)

where:

Sales price (excluding tax): to be determined based on the recent average sales price up to base date;

Business tax and surtax ratio: mainly including the urban construction tax and education surtax payable with the value added tax as the tax basis;

Business expense ratio: to be calculated based on the proportion of each item of business expense in the operating income on an average basis;

Operating income tax rate: to be calculated based on the proportion of the income tax actually paid in the operating income;

Net profit deduction rate: for products well sold, the deduction rate is 0%; for products under normal sales, the rate is 50%; for products of poor sales, the deduction rate is 100%.

2. Non-current assets

Non-current assets include fixed assets, construction in process, intangible assets and long-term deferred expenses.

(1) Fixed assets

The fixed assets include houses and buildings, machinery equipment, vehicles and other equipment. The fixed assets are valued by using the cost method, according to the results of the field survey of the fixed assets and collection, analysis and calculation of the data.

The cost method means that the assets are valued at the reconstruction or repurchase cost of the assets less the depletion and other depreciation factors.

Value = replacement cost * comprehensive newness rate

A. Houses and buildings

a. Determining of replacement cost

The valuers calculate the direct expenses incurred on the completion of quota project according to the separated parts of a project determined by the original completion materials, subject to the summary sheet of unit project cost estimation then prevailing, and measure the project cost by using the budget and final account adjustment method according to the materials on adjustment to difference between the local quota of project installation expenses and the expenses of project place, taking into account of the expenses incurred on the equipment, materials and funds during the construction, calculates the project cost, other expenses of project construction and cost of funds pursuant to the standards for the buildings and construction as prescribed by the authority of the place of property and by the relevant national department, for further determining of replacement cost.

b. Determining of comprehensive newness rate

The comprehensive newness rate is determined by summing the respective weighted averages of specific circumstances of houses and buildings under the straight-line method and complete score value method with different weights;

Newness rate under the straight-line method = (economic life – serviced life)/economic life * 100%

The remainder of service life is determined according to the relevant national provisions in combination with the form and completion date of the houses and buildings. Economic is determined in accordance with the "Manual of Data and Parameters Commonly Used in Asset Valuation".

Newness rate under the complete score value method = newness rate of structural part * G + newness rate of decoration parts * S + newness rate of equipment part * B

comprehensive newness rate = newness rate under the straight-line method * 40% + newness rate under the complete score value method * 60%.

B. Machinery equipment

The machinery equipment is valued on cost basis and some electronic equipment and other equipment are valued on market basis. The value to be assessed is determined based on the value excluding taxes.

The assessed value of the machinery equipment is calculated as follows:

Assessed value = Replacement cost * Comprehensive newness rate
= Replacement cost – depreciation in functionality

a. Determining of replacement cost

The replacement cost of standard complete set of machinery equipment is determined by the purchase price determined on market basis less the input taxes.

The replacement cost of office electronic equipment and other equipment is determined by the purchase price (excluding tax) through market quotation.

The replacement cost of vehicles is determined by the purchase price (excluding taxes) determined through market quotation plus the vehicle purchase tax and other reasonable expenses.

The replacement cost of equipment, the same model of which is not sold in the market, is determined by the second-handed price of the same model in the market.

b. Determining of newness rate

The determining of newness rate of machinery equipment

Substantive comprehensive newness rate = newness rate under the straight-line method * 40% + newness rate under the prospecting method * 60%.

Newness rate under the straight-line method = (economic life – serviced life)/economic life * 100%

Newness rate under the prospecting method = $\sum$ actual value of scores through technical observation and analysis * weights of value of each components * 100%

Determining of newness rate of electronic equipment

Newness rate under the straight-line method = (economic life – serviced life)/economic life * 100%

Determining of newness rate of vehicles

According to the Provisions on the Criteria for Compulsory Discard of Motor Vehicles (Order of Ministry of Commerce No. 12, 2012), the newness rate of the vehicles is determined based on the mileage method.

Newness under the mileage method = (stipulated mileage – mileage travelled)/stipulated mileage * 100%

(2) Construction in process

The construction in process is mainly the project of factory building upgrading and other modifications and the pipelines modification project. For factory building related construction in process, the assessed value is included in the assessed value of the factory buildings; the assessed value of the other construction in process is determined based on the verified book value. For the pipelines modification project, since it is related to the equipment for production line of epitaxial wafers, the assessed value is included in the equipment for production line of epitaxial wafers.

(3) Intangible assets

Intangible assets include land use right, covering an area of 101,673.99 square meters transferred for the industrial purpose and other intangible assets – software.

The valuation methods of land use right include market comparison method, income capitalization method, hypothetical development method, cost approach method and benchmark land price coefficient correction method. The appropriate valuation method shall be selected by taking into account of specific conditions, mature and valuation purpose of the land to be valued as well as the actual situation of the land to be valued in the local property market.

The land to be assessed is located at No. 11, Branch Zhouzhuanghe Road, Yangzhou Economic and Technological Zone. However, there are too many transaction cases of industrial land in the said area to make the market comparison approach applicable; the income of the industrial land is hard to be measured, so the income approach is also not applicable. As the land to be assessed is for industrial use with little potential for investment and development, the assumed development approach is not applicable. As it is difficult to obtain the information related to the recent land acquisition in the land to be assessed, the cost approach method is not applicable. And because it is hard to collect the documents associated with the benchmark land price of the land to be assessed, the benchmark land price coefficient modification method is not applicable.

The value of software is included in the assessed value of relevant machinery equipment.

(4) Long-term deferred expenses

The expenses is the long-term deferred expenses for maintenance arising from the maintenance of factory buildings and equipment of Yangzhou Tongfang Semiconductors Co., Ltd. During the valuation, the assessed value is determined based on value of the remaining assets or rights on the base date.

3. Liabilities

Liabilities are current liabilities including accounts payables, payroll payables, tax payables, other payables and other current liabilities.

The valuation of liabilities is determined based on the actual liabilities to be repaid after the verification.

(IV) Determining of evaluation conclusion

According to the above assessment ideas, Yangzhou Tongfang Semiconductors Co., Ltd. is valued by using the asset-based method for the valuation conclusion.

VIII. IMPLEMENTATION PROCESS OF THE VALUATION PROCEDURES AND THE STATUS

1. For the purpose of transferring the equity, the entrusting party decided to entrust us to appraise the value of the entire equity interest in Yangzhou Tongfang Semiconductors Co., Ltd. after consultation with us. After accepting the commission, we confirmed the purpose of the valuation and the value type of the object of valuation according to the characteristics of the economic behavior of this valuation project, acquired a preliminary understanding regarding the specific contents of the object of valuation and scope of valuation, determined the base date after negotiating with the entrusting party, proposed a valuation plan and entered into an engagement letter.

2. Pursuant to the requirements of Asset Valuation Standard-Valuation Procedures, we provide the entity being assessed with reporting materials required for assets valuation, direct the entity being assessed to verify the assets, and fill in the relevant forms; upon completion of the aforesaid preliminary preparation works, the entity being assessed will organize appraisers to enter into the valuation site, commence on-site survey, conduct necessary investigation through enquiry, confirmation, verification, monitoring, survey and inspection to have an understanding of the economic and technical utilization conditions and legal title status of the assets, analyze the specific conditions of the object of valuation, collect the recent financial data information of the object of valuation as well as those as at Base date, check whether the valuation information reported by the object of valuation, verify whether all the information collected is true and complete and pay necessary attention to the legal title status of the assets.

3. According to the valuation-related requirements of laws, standards, and pricing basis, we adopt the appropriate valuation methods based on the specific conditions of the assets, collect the market price information as the basis of its value determining, and conduct valuation and estimation on the book value after verification to confirm the valuation value.

4. We summarize the valuation results, analyze the conclusions of valuation, prepare the valuation report, implement the internal tri-tier audit, and submit the valuation report.

IX. VALUATION ASSUMPTIONS

The conclusions of valuation regarding the subject of this valuation are based on the following assumptions, pre-conditions, and limiting conditions. In the event that these pre-conditions and conditions cannot be reasonably satisfied, there will be different degrees of changes in general in the conclusions of valuation of this report.

1. Assuming that the entity being assessed will not conduct any business of producing epitaxial wafers after the base date of the base date of asset valuation;

2. Assuming that the entity being assessed will operate on a going concern basis after the base date;

3. Assuming that, for assets traded or to be traded in the market, the trading parties are equal with opportunities and time to receive sufficient market information to make reasonable judgment on the trading value of the object of the valuation;

4. There are no material changes in the interest rate, exchange rate, tax basis, tax rate or policy-related collections;

5. This assessment does not take into account the effects of inflation;

6. No other irresistible factors and unforeseeable factors have significant adverse effects on the enterprise.

X. VALUATION CONCLUSION

Upon the implementation of the aforesaid assets valuation methods and procedures, for the entire interests in Yangzhou Tongfang Semiconductors Co., Ltd. involved in the economic activities carried out by the entrusting party for proposed transfer of equity, the following conclusions of valuation are made with reference to the market value as at May 31, 2016:

The book value of total assets before the valuation was RMB196,986,600, and the value assessed was RMB244,260,200. The value addition was RMB47,273,600, and the value-added ratio was 24.00%; the book value of total liabilities was RMB11,623,400, and the value assessed was RMB11,670,300, an increase of RMB46,900 or a ratio of 0.40%; the book value of net assets was RMB185,363,200; the value assessed was RMB232,589,900; the value addition was RMB47,226,700 and the value-added ratio was 25.48%.

Table of assets valuation result

Unit: RMB'0,000

Item		Book value *A*	Valuation value *B*	Increase in value *C = B-A*	Value-added ratio% *D = (B-A)/A*
Current assets	1	14,099.99	14,036.96	(63.03)	(0.45)
Non-current assets	2	5,598.67	10,389.06	4,790.39	85.56
Fixed assets	3	3,366.39	6,155.87	2,789.48	82.86
Construction in process	4	1,733.11	178.94	(1,554.17)	(89.68)
Intangible assets	5	457.23	4,012.31	3,555.08	777.53
Long-term deferred expenses	6	41.93	41.93	–	–
Total assets	7	19,698.66	24,426.02	4,727.36	24.00
Current liabilities	8	1,162.34	1,167.03	4.69	0.40
Non-current liabilities	9	–	–	–	–
Total liabilities	10	1,162.34	1,167.03	4.69	0.40
Net assets	11	18,536.32	23,258.99	4,722.67	25.48

See the Breakdown of Assets Valuation for detailed result of valuation.

The value of the entire equity interest in Yangzhou Tongfang Semiconductors Co., Ltd. is RMB232,589,900.

XI. EXPLANATORY NOTES ON SPECIFIC MATTERS

1. The conclusions of this valuation by income approach did not take into account the discount factor of liquidity due to the unavailability of adequate relevant statistics of market transactions, and the absence of the basis of analysis and judgment for the impact of liquidity on the value of the entity being assessed.

2. With regard to the existence of other defects concerning the entrusting party and the entity being assessed which may affect the conclusions of valuation, without any specific explanation by the entrusting party and the entity being assessed and in the absence of any knowledge by the appraisers after performing the valuation procedures, the valuation institution and the appraisers shall assume no respective responsibility.

3. The conclusions of this valuation did not take into account the impact of certain matters that may affect the conclusions of valuation, such as mortgage and warranty issues that may be undertaken in the future, and special transaction parties that may increase or decrease the price paid, nor has it taken into account the impact of change in national macroeconomic policy as well as natural force and other force majeure on the value of the entity being assessed. In the event of any change of the aforesaid conditions as well as other assumptions and pre-conditions of the going

concern principle as abided during the valuation, the conclusions of valuation will, in general, become invalid and the users of the report should not use this valuation report, otherwise they should bear all the consequences arising therefrom.

4. The object of the valuation is the entire equity of the shareholders, the value of which is not necessarily equal to the value of entire equity of shareholders multiplied by the proportion of equity. This valuation did not take into account impact of potential controlled premium or uncontrollable discounts on the value assessed.

5. Users of the report are advised that the total assets and liabilities included in the scope of valuation are unaudited.

6. The conclusions of this valuation did not take into account any tax liability that arises as a result of appreciation or depreciation in the valuation and the users of this project valuation report should consider the impact of the relevant tax liability when using the valuation report.

7. The valuation of underground pipeline and concealed works as covered by the scope of valuation should be subject to the data declared by the entity being assessed, as they fail to be surveyed and measured by the valuers due to the restriction of objective conditions.

8. According to the Disposal Plan for Relevant Attached Assets for Production of Epitaxial Wafers provided by the entity being assessed, the entity being assessed will not conduct any business in relation to the production of epitaxial wafers after the base date. Therefore, the projects in connection with the production of the epitaxial wafers included in the scope of valuation, which are the MOCVD VENT pipeline modification project, the auxiliary project for supporting the dust free electromechanical rooms, the auxiliary pipeline project for the waste water disposal pools, and special gas pipeline project are treated as scrapped assets, and the effects of continued use of assets mentioned above on the conclusion are not taken into account; due to the long-term idleness of the machines in relation to the production of epitaxial wafers included in the scope of valuation, the depreciation in functionality is considered. The users are advised to pay attention.

9. As at the base date, no certificates of property ownership are received for the buildings used as dormitories and factory buildings included in the scope of valuation with a total building area of 8,406.00 square meters and incomplete ownership information. For the above buildings, permits from such departments as land, planning, fire control, environmental protection and construction have been obtained and such procedures and certificates as the Project Establishment Approval, the Land Use and Planning License, the Verification of Design Scheme, the Compliance of Construction Drawing, the Construction Planning License and Construction License have been handled and secured in 2010 when they were

started. For the buildings without ownership certificate, according to the letter of undertaking of the entity being assessed, it is assumed in the valuation that the assets are owned by the entity, and any loss attribute to any dispute in ownership is borne by the entity. For the area of buildings with no certificate, the management personnel of Yangzhou Tongfang Semiconductors Co., Ltd. conducted field survey with the valuers during the valuation. Where there is inconsistency between the actually measured area and the area determined finally by the Land Resource Administration Authority, the latter shall prevail. The impact of the factors above on the conclusion is not taken into account.

10. During the period from the base date to the date of this valuation report, the entrusting party and the entity being assessed did not report any subsequent event that will have significant impact, nor were the appraisers able to discover any subsequent event that will have a significant impact.

11. In the event of any material changes in the quantity of assets during the period from the date of valuation report to the effective period of the valuation report, the assets amount should be adjusted accordingly. In the event that there are changes in the pricing standard of assets and has an obvious impact on the conclusion of assets valuation, then a re-assessment should be conducted.

For the treatment of the said specific matters and the possible impact of these specific matters on the conclusions of valuation, the valuation report users should pay attention to the impact of these specific matters on economic behavior.

XII. EXPLANATION NOTES ON RESTRICTIONS OF USE OF VALUATION REPORT

1. The valuation report shall only be used for valuation purpose and applied as specified.

2. The valuation report shall be only used by the users of the valuation report as specified therein, unless otherwise as required in the PRC laws and regulations.

3. The valuation report can only be used officially after obtaining the prior approval from the relevant competent authorities if the valuation report is required to be reviewed by or filed with the competent authorities in accordance with the current PRC statutory requirements.

4. Save as otherwise provided by the laws and regulations and agreed by the relevant parties, the contents of the valuation report shall not be extracted, referenced to or disclosed to public media without the consent from the valuation institution.

5. The valuation report can be used for a validity period of one year, i.e. from the date of valuation of 31 May 2016 as stated therein to 30 May 2017 and the valuation report shall not be used after the validity period as stated therein.

6. The right to construe the valuation report shall be vested on the valuation institution of this project only, save as otherwise required by the PRC laws and regulations.

XIII. DATE OF VALUATION REPORT

September 25, 2016.

Legal Representative of the Appraiser:	(Lin Mei)
PRC Certified Asset Appraiser:	(Liu Chunru)
PRC Certified Asset Appraiser:	(Liu Xiaole)

Beijing Zhuoxindahua Appraisal Co., Ltd.

September 25, 2016

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Valuation Project of Neo-Neon Holdings Limited Intending to Transfer the Equity of Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. to Tongfang Science and Technology Park Co., Ltd.

Valuation Report

Zhuoxindahua Valuation Report Zi (2016) No. 2070

Beijing Zhuoxindahua Appraisal Co., Ltd.

September 25, 2016

Contents

Registered Assets Appraisal Personnel Statement 68

Valuation Report Extract 69

Valuation Report Text 71

I. Entrusting Party, Entity Being Assessed and Usage of Other Valuation Report Users Agreed Under the Business Agreement 71

II. Valuation Purpose 73

III. Object and Scope of Valuation 74

IV. Types of Value and Its Definition 76

V. Base Date of Assets Valuation 76

VI. Valuation Basis 76

VII. Valuation Methods 79

VIII. Implementation Process of the Valuation Procedures and the Status 83

IX. Valuation Assumptions 84

X. Valuation Conclusion 85

XI. Explanatory Notes on Specific Matters 85

XII. Explanation Notes on Restrictions of Use of Valuation Report 87

XIII. Date of Valuation Report 87

Registered Assets Appraisal Personnel Statement

The registered assets appraisal personnel of Beijing Zhuoxindahua Appraisal Co., Ltd. made the following statements for the valuation report in relation to the valuation project of Neo-Neon Holdings Limited intending to transfer the equity of Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. to Tongfang Science and Technology Park Co., Ltd.:

I. We perform the asset valuation for the business in accordance with the relevant laws and regulations and assets valuation standards based on principles of independence, objectiveness and fairness; the content stated in the valuation report is objective with reference to the information collected during the valuation process; and we bear corresponding legal responsibility for the reasonability of the conclusions of the valuation.

II. The list of assets and liabilities related to the valuation object is reported, signed, sealed and confirmed by the entrusting party and the entity being assessed; the entrusting party and the related parties will be responsible for the truth, legality and completeness of the information provided and the proper usage of the valuation report.

III. We do not have any existing or expected interest relationship with the valuation object in the valuation report or the related parties, and we hold no prejudice against the related parties.

IV. We have performed on-site investigation on the valuation object in the valuation report and its related assets; we have given the required concern over the legal ownership of the valuation object and its related assets and examined the legal ownership of the valuation object and its related assets in which it involves, and truthfully disclosed the issues found. We have also submitted to the entrusting party and the related parties to take action to complete the ownership in order to fulfill the requirements of issuing the valuation report.

V. The analysis, judgments and conclusions in the valuation report issued by us are subject to the assumptions and limitations in the valuation report. The valuation report users should give sufficient consideration to the assumptions, limitations and explanatory notes to special matters and their effects on the conclusions of the valuation. This opinion on valuation only as a reference for the value of the transaction of the parties, and the conclusions of the valuation may not be considered as the guarantee of the price of the valuation object which can be realized.

Valuation Report Extract

Beijing Zhuoxindahua Appraisal Co., Ltd. was engaged by Neo-Neon Holdings Limited to perform valuation for the entire equity interest in Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. The material information and valuation conclusions in the text of the valuation report are now extracted as follows.

Economic Activity: Neo-Neon Holdings Limited proposed to transfer the equity of Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. to Tongfang Science and Technology Park Co., Ltd.

Valuation Purpose: to provide fair reflection for the market value of the entire equity interest in Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. on the base date of assets valuation which Neo-Neon Holdings Limited intends to transfer to Tongfang Science and Technology Park Co., Ltd. according to the minutes of meeting of the Office of President of Tsinghua Tongfang Co., Ltd, and give valuation reference advice for the economic behavior.

Subject and Scope of Valuation: the subject of valuation is the entire equity interest in Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. designated by the entrusting party; the valuation scope is the unaudited book value of the assets and liabilities of Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. on the Valuation Date. The carrying amount of total assets was approximately RMB21,589,300, of which current assets were approximately RMB14,600, and non-current assets were RMB21,574,700; the carrying amount of total liabilities was RMB38,341,300, which were all current liabilities, the carrying amount of net assets was RMB(16,752,000).

Types of Value: the market value under the premise of going-concern of the subject of valuation.

Base Date of Assets Valuation: May 31, 2016.

Valuation Method: Asset-based method.

Valuation Conclusion: this valuation report adopted the asset-based method. the carrying amount before the valuation of the entire equity interest was RMB21,589,300 in total, and the valuation value was RMB54,064,700, increasing by RMB32,475,400, or 150.42%; the carrying amount of total liabilities was RMB38,341,300 and the valuation value was RMB38,341,300; that of net assets was RMB(16,752,000) and the valuation value was RMB15,723,400, increasing by RMB32,475,400, or 193.86%.

Please see the valuation report for the details of valuation conclusion.

The useful life of the valuation conclusion: the useful life of this valuation conclusion is one year commencing from the Valuation Date. Assets should be evaluated again after a year.

Specific matters affecting the valuation conclusion: the attention of the user of the valuation report is drawn to the effect of the special matters of the text of report on the valuation conclusion.

The above content is extracted from the text of the valuation report. If you wish to understand the details of the items of this valuation report and reasonably comprehend the valuation conclusions, you should read the text of the valuation report.

Valuation Report Text

Zhuoxindahua Valuation Report Zi (2016) No. 2070

Neo-Neon Holdings Limited,

Via necessary valuation procedures, Beijing Zhuoxindahua Appraisal Co., Ltd. was engaged by the Company to perform valuation on the market value of the entire equity interest in Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. on May 31, 2016 in which the equity in Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. is to be transferred by Neo-Neon Holdings Limited according to the related national laws, regulations, assets valuation standards and principles by using the asset-based method. The valuation of the assets is reported as follows.

I. ENTRUSTING PARTY, ENTITY BEING ASSESSED AND USAGE OF OTHER VALUATION REPORT USERS AGREED UNDER THE BUSINESS AGREEMENT

The entrusting party of this valuation is Neo-Neon Holdings Limited. Entity Being Assessed is Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. The other users of the valuation report are the relevant regulatory bodies.

(I) Entrusting party

Company name:	Neo-Neon Holdings Limited
Address:	FLAT/RM 806-810 8/F BANK OF AMERICA TOWER 12 HARCOURT ROAD CENTRAL HK
Nature of business:	DISTRIBUTION & MANUFACTURING OF DECORATIVE & ENTERTAINMENT LIGHTING
Legal status:	BODY CORPORATE
Effective Date:	October 06, 2015
Expiry Date:	October 05, 2016
Registration No.:	37241037-000-10-15-9

(II) Entity Being Assessed

Company name:	Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd..
Type:	Limited liability company (wholly invested by a foreign legal person)
Legal domicile:	No. 19 Building, No. 188 Xinjunhuan Road, Minhang District, Shanghai
Legal representative:	Pan Jin
Registered capital:	USD0.6 million
Date of incorporation:	April 21, 2008
Operating period:	April 21, 2008 to April 20, 2028

History: Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. is a wholly foreign-owned enterprise invested by Neo-Neon China Limited on April 21, 2008 and its registered capital is USD3 million; its industrial and commercial registration number is 310000400570354 (Minhang).

On May 17, 2013, it obtained Minshangwufa [2013] No. 505 Document issued by Shanghai Minhang District People's Government; after being approved by Shanghai Minhang District People's Government, its registered capital decreased to USD0.6 million.

As at the Valuation Date, the shareholding structure of the company is as follows:

Unit: USD

Investor	**Investment Amount** *(RMB'0,000)*	**Proportion** *(%)*
Neo-Neon China Limited	60.00	100
Total	60.00	100

Main business scope: Technology development and transfer in the field of optoelectronic technology as well as provision of related technical consulting and services; wholesale, import and export of lighting fixtures and parts, and commission agency (except for auction), and provision of related supporting services (not involving in goods under the state trade management; for the goods subject to quota or license management, application procedures shall be handled in accordance with the relevant provisions of the state). (for the items that shall be subject to approval according to the law, business activities shall be carried out after being approved by the relevant departments.)

The assets, financial and operating conditions of the company in the recent three years:

Unit: RMB'0,000

Item	December 31, 2013	December 31, 2014	December 31, 2015	May 31, 2016
Current assets	0.88	0.00	0.03	1.46
Non-current assets	2,678.64	2,403.03	2,229.69	2,157.47
Total assets	2,679.52	2,403.03	2,229.72	2,158.93
Current liabilities	3,706.58	3,729.82	3,752.30	3,834.13
Non-current liabilities	–	–	–	–
Total liabilities	3,706.58	3,729.82	3,752.30	3,834.13
Net assets	(1,027.06)	(1,326.79)	(1,522.58)	(1,675.20)

Item	2013	2014	2015	January – May 2016
Operating income	–	–	–	–
Operating cost	–	–	–	–
Net profit	(222.42)	(299.73)	(195.79)	(152.62)

(III) The Relationship between the Entrusting Party and the Entity Being Assessed

The entrusting party is the controlling shareholder of the entity being assessed.

(IV) Other Valuation Report Users other than the Entrusting Party

Unless otherwise specified by the laws and regulations of the PRC, this valuation report is used by Neo-Neon Holdings Limited (the "Entrusting Party"), Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. (the "Entity Being Assessed") and the relevant regulatory authorities for the purpose of valuation set out by this report only. The valuation report users should use the valuation report properly and the liabilities of adverse consequences resulting from improper use of the valuation report shall not be borne by the valuation agency.

II. VALUATION PURPOSE

To provide fair presentation for the market value of the entire equity of the shareholders in Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. on the base date (May 31, 2016) of assets valuation which is related to the matter that Neo-Neon Holdings Limited intends to transfer the equity of Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. to Tongfang Science and Technology Park Co., Ltd. according to the minutes of the meeting of the Office of President of Tsinghua Tongfang Co., Ltd, and give valuation reference advice for the economic behavior.

III. OBJECT AND SCOPE OF VALUATION

(I) Valuation Object

The object of this valuation is the total value of the entire equity interest in Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. in respect of the economic activities designated by the Entrusting Party.

(II) Scope of Valuation

The scope of this valuation is the unaudited assets and liabilities of Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. The balance sheet as at the Valuation Date is as follows:

Unit: RMB

Item	Carrying value	Item	Carrying value
Total current assets	14,637.03	**Total current liabilities**	38,341,311.45
Cash and cash equivalents	14,637.03	Short-term borrowings	–
Bills receivable	–	Bills payable	–
Accounts receivable	–	Accounts payable	–
Prepayments	–	Receipts in advance	–
Other receivables	–	Taxes payable	–
Inventories	–	Other payables	38,341,311.45
Other current assets	–	Other current liabilities	–
Total non-current assets	21,574,717.15	**Total non-current liabilities**	
Long-term equity investment	–	Long-term borrowings	–
Fixed assets	21,574,717.15	Long-term payables	–
Construction in progress	–	Special payables	–
Disposal of fixed assets	–	Deferred income tax liabilities	–
Intangible assets	–	Other non-current liabilities	–
Long-term prepaid expenses	–	**Total liabilities**	38,341,311.45
Deferred income tax assets	–	**Total owner's equity**	(16,751,957.27)
Total assets	21,589,354.18	**Total liabilities and owner's equity**	21,589,354.18

The object and scope of valuation comply with those of the economic behavior in which the Neo-Neon Holdings Limited intends to transfer its equity.

The financial statements of Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. on the Valuation Date are unaudited.

(III) Legal Ownership and Economic and Physical Condition of Individual Asset or Asset Portfolio with Greater Impacts on the Enterprise Value

1. Houses and buildings

1 plant in total. The plant with a total of construction area of 5,383.87 square meters, was purchased in 2007. Building ownership No.: Hu Fang Di Min Zi 2008 No. 050078; owner: Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. As at the Valuation Date, the said plant is left idle.

2. Machinery equipment

Including: Electronic equipment and vehicles.

32 pieces of electronic equipment in total are mainly telephone, printer, projector and others.

1 vehicle in total, which is mainly for office purpose. Due to regular maintenance, the vehicle is in good condition, and can be put for normal use; the vehicle driving permit holder: Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. As at the Valuation Date, the above devices are normally used.

(IV) Book Entry or Non-recorded Intangible Asset Reported by the Entity Being Assessed

No book entry or non-recorded intangible asset was reported by subject of valuation.

(V) Off Balance Sheet Asset Reported

No other off balance sheet asset or liability has been reported by the Entrusting Party and the Entity Being Assessed, nor could the appraisers obtain any indication of other off balance sheet assets or liabilities, so the valuation of the assets and liabilities in the valuation scope is carried out based on the asset-based method.

(VI) Quotation of Reports Prepared by Other Institutions

The inclusion of assets and liabilities of the valuation scope does not involve any report prepared by other institutions.

IV. TYPES OF VALUE AND ITS DEFINITION

General types of value to be used for assessing an enterprise's value include market value and non-market value.

For the purpose of this valuation, the type of value of the object of valuation is the market value subject to the basis of going-concern.

Market value refers to the estimated amount for which the object of valuation is transacted on a normal and fair basis on the Valuation Date between a willing buyer and a willing seller, wherein the parties each acts rationally without any compulsion.

V. BASE DATE OF ASSETS VALUATION

The base date of this project is May 31, 2016.

In order to ensure the timeliness of the valuation result and to get as close as possible to the date on which the valuation purpose is achieved, we negotiated with the Entrusting Party based on the nature of the economic behavior of this valuation and finally, the base date was determined to be May 31, 2016 by the Entrusting Party.

The base date of assets valuation is a closing date of a month period during which relevant information and financial data can be fully reflected while a better comparability can be achieved, which benefits the economic activity.

Pricing standard adopted in this valuation comprises price, tax rate, rates and interest rate of deposits and loans, all of which are effective price standards as at the base date of assets valuation.

VI. VALUATION BASIS

The laws and regulations, criteria basis, ownership basis and pricing basis as required by the state, municipal government and relevant departments as well as documentary information and basis that we compiled with and referred to during the valuation are mainly as follows:

(I) Basis of the activity

1. The Engagement Letter on Asset Valuation entered into between the Entrusting Party and Beijing Zhuoxindahua Appraisal Co., Ltd.;

2. The Minutes of the Meeting of the Office of President of Tsinghua Tongfang Co., Ltd (Tong Fang [Meeting of the Office of President] Ji Zi No. 004).

(II) Principal Legal and Regulatory Basis

1. Company Law of the People's Republic of China;

2. Enterprise Income Tax Law of the People's Republic of China;

3. Enterprise State-owned Assets Law of the People's Republic of China;

4. Administrative Measures for the Valuation of State-owned Assets (Order of the State Council No. 91);

5. Detailed Rules for Implementation of the Administrative Measures for the Valuation of State-owned Assets (Document No. 36 (1992) of Office of State-owned Assets of Former State Administration of State Property);

6. Regulations on Certain Issues concerning Measures for the Valuation of State-owned Assets (Order of Ministry of Finance No. 14 (2001));

7. Circular of the General Office of the State Council on Forwarding the Working Opinions of the Ministry of Finance on Enhancing Supervision and Administration of Valuation of State-owner Assets by Reforming the Administrative Measures for the Valuation (Guo Ban Fa No. 102 (2001) of General Office of the State Council);

8. Tentative Measures for Transfer of State-owned Property Rights in Enterprises (Order of SASAC and Ministry of Finance No. 3 (2003));

9. Tentative Regulations on Supervision and Administration of State-owned Assets of Enterprises (Order of the State Council No. 378 (2003));

10. Tentative Measures for Administration of Valuation of State-owned Assets of Enterprises (Order of SASAC No. 12 (2005));

11. Circular on Issues Concerning Enhancement of Administration of Valuation of State-owned Assets of Enterprises (Guo Zi Chan Quan (2006) No. 274);

12. Law of the People's Republic of China on Urban Real Estate Administration;

13. Land Administration Law of the People's Republic of China;

14. Real Right Law of the People's Republic of China;

15. Interim Regulations of the People's Republic of China Concerning the Assignment and Transfer of the Right of the State Owned Land in the Urban Areas (1990) (No. 55 Decree of the State Council);

16. Regulation on the Implementation of the Land Administration Law of the People's Republic of China (1999) (No. 256 Decree of the State Council);

17. Accounting Standard for Business Enterprises – Basic Standards (2006) (No. 33 Decree of Ministry of Finance);

18. Accounting Standard for Business Enterprises No. 1 – Inventory (Cai Kuai (2006) No.3) and other 37 standards;

19. Other relevant laws and regulations.

(III) Standards Basis

1. Assets Appraisal Standards – Basic Standards and Code of Ethics for Assets Appraisal – Basic Standards (Cai Qi [2004] No. 20);

2. Notice of the China Appraisal Society on Issuing Seven Assets Appraisal Standards Including Assets Appraisal Standards – Appraisal Report (Zhong Ping Xie [2007] No. 189);

3. Instruction Offered by Registered Assets Appraisal Personnel for the Legal Ownership of the Entity Being Assessed (Kuai Xie [2003] No. 18);

4. Asset Appraisal Standards – Enterprise Value (Zhong Ping Xie [2011] No. 227);

5. Guidelines on the Business Quality Control for Valuation Institutions (Zhong Ping Xie [2010] No. 214);

6. Notice of China Appraisal Society on Modifying the Signature Clause in the Standards for Appraisal Report (Zhong Ping Xie [2011] No. 230);

7. Code of Ethics – Independence (Zhong Ping Xie [2012] No. 248).

(IV) Basis of ownership

1. Real estate ownership certificate;

2. Road-worthiness Certificate;

3. Other certificates of ownership.

(V) Pricing basis

1. Notification on Certain Problems in the Innovation of State-wide Value Added Tax Transformation (Cai Shui [2008] No. 170);

2. Provisions on the Criteria for Compulsory Discard of Motor Vehicles (Order of Ministry of Commerce No. 12, 2012);

3. Interim Regulations of the People's Republic of China on Vehicle Purchase Tax (Order of the State Council No. 294 (2000));

4. Code for Real Estate Appraisal of the People's Republic of China (GB/T50291-1999);

5. esf.sh.fang.com;

6. The latest version of Quotation Manual for Mechanical and Electrical Products;

7. www.wbcars.com.

(VI) Other reference basis

1. Breakdown of Assets Valuation provided by the Entity Being Assessed;

2. On-site investment questionnaire and other materials provided and collected by the assessment personnel;

3. Other materials related to the assessment.

VII. VALUATION METHODS

(I) Analysis of the applicability of appraisal approach

In conducting assets appraisal works for the enterprise, the certified asset appraiser shall analyze the applicability of three fundamental approaches for asset appraisal, namely income approach, the asset-based method and the market approach, and appropriately choose one or more basic approaches for asset appraisal according to relevant conditions such as the purpose of appraisal, the object of valuation, the type of value and the information collected.

The income approach for the appraisal of enterprise value represents the appraisal method for determining the value of the object of valuation by capitalizing or discounting the expected income.

The specific methods commonly used by the income approach include the dividend discount method and the discounted cash flow method. The dividend discount method refers to a specific method for determining the value of the object of valuation by discounting the expected dividends, and is usually applicable to appraise the value of some of the equity of the shareholders lacking control. The discounted cash flow method usually includes the Free Cash Flow of Firm (FCFF) Model and the Free Cash Flow of Equity (FCFE) Model.

Based on the characteristics of economic activities corresponding to the purpose of this appraisal, and the information regarding the operation of the enterprise collected from on-site appraisal, and taking into account the primary business of Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd., which is technology development and transfer in the field of optoelectronic technology as well as provision of related technical consulting and services; wholesale, import and export of lighting fixtures and parts, etc., up to the base date, due to the depressed lighting fitting market, the above main business has been stopped recently and the future operative direction of the entity is uncertain, so the precondition of the income approach is failed to be met; therefore, the income approach is not applicable to the appraisal of this valuation project.

The asset-based method for the appraisal of enterprise value represents the appraisal method based on the balance sheets of the Entity Being Assessed as at the base date, used for determining the value of the object of valuation by reasonably appraising the value of various assets and liabilities recorded in and outside balance sheets. The value of each asset and liability shall be calculated by suitable specific appraisal method according to its specific condition.

The appraisal results of the asset-based method are mainly determined according to the renewal and replacement cost of each asset and liability of the enterprise on the base date. Due to its high reliability, the asset-based method is applicable to this assessment.

The market approach for the appraisal of enterprise value represents the appraisal method for determining the value of the object of valuation by comparing the object of valuation with comparable listed companies or with comparable transaction cases.

Two specific methods commonly used in the market approach are the listed company comparison method and the transaction case comparison method. The listed company comparison method refers to a specific method of determining the value of the object of valuation on the basis of comparison and analysis of the enterprise being valued by collecting and analyzing the operating and financial data of comparable listed companies, and then calculating appropriate value ratios. The transaction case comparison method refers to a specific method of determining the value of the object of valuation on the basis of comparison and analysis of the enterprise being valued by collecting and analyzing information regarding transactions, transfers and merger cases of comparable enterprises, and then calculating appropriate value ratios.

As the comparable enterprises of the entity being assessed are absent in the current domestic capital market, and the entity transaction market is underdeveloped, it is hard to obtain entity transaction cases of the comparable enterprises; therefore the market approach is not applicable in this assessment.

(II) Technical idea and model of asset-based method

The asset-based method adopted in this project is a valuation technology idea for determining of the value of the object of valuation by totaling the value of assets and liabilities as determined by appropriate specific valuation method selected according to the specific circumstance, on the basis of the investment amount required by independent profit-making enterprise established with the same off balance sheet and on balance sheet assets and liabilities as those of the object of valuation on the base date of assets valuation. Asset-based method is based on: (1) the value of the object of valuation, depending on the market cost value of the total assets of the enterprise; and (2) the value of the individual assets and portfolio of the entire assets of the enterprise, affected by their respective contribution to the enterprise.

Calculation formula of asset-based method:

Value of total equities = value of total assets of the enterprise – value of total liabilities

Value of total assets of the enterprise = value of on balance sheet assets + value of off balance sheet assets

Value of total liabilities = value of on balance sheet liabilities + value of off balance sheet liabilities

(III) Valuation process of asset-based method

1. Current assets

Cash and cash equivalents

Including: Bank deposits. The value is determined based on the verified book value.

2. Non-current assets

Including: fixed assets.

(1) Fixed assets

The fixed assets include buildings and constructions, machinery equipment, and vehicles. The fixed assets are valued by using the market method, according to the results of the field survey of the fixed assets and collection, analysis and calculation of the data.

A. Houses and buildings

Market approach

Under the market approach, a real estate in real estate market that is similar to, located in the same region as the real estate engaged and sold recently will be selected as the object of reference. Its transaction price will be used in terms of the time, transaction, region and individual factors, so as to make comparison between the evaluation object and the object of reference in aspect of a certain or some basic features; therefore, based on the revised coefficient of the basic characteristics or the difference of basic characteristics obtained, to make revision based on the transaction price of the object of reference so as to determine the evaluation value.

Appraisal value = transaction price of the object of reference * correction factor

B. Machinery equipment

The machinery equipment is valued on cost basis and some electronic equipment and other equipment are valued on market basis. The value to be assessed is determined based on the value excluding taxes.

a. Determining of replacement cost

The replacement cost of office electronic equipment and other equipment is determined by the purchase price (excluding tax) through market quotation.

The replacement cost of vehicles is determined by the purchase price (excluding taxes) determined through market quotation plus the vehicle purchase tax and other reasonable expenses.

The replacement cost of equipment, the same model of which is not sold in the market, is determined by the second-handed price of the same model in the market.

b. Determining of newness rate

<u>The determining of newness rate of machinery equipment</u>

Newness rate under the straight-line method = (economic life – serviced life)/economic life * 100%

Determining of newness rate of vehicles

According to the Provisions on the Criteria for Compulsory Discard of Motor Vehicles (Order of Ministry of Commerce No. 12, 2012), the newness rate of the vehicles is determined based on the mileage method.

Newness under the mileage method = (stipulated mileage – mileage travelled)/stipulated mileage * 100%

3. Liabilities

Liabilities are current liabilities including other payables.

The valuation of liabilities is determined based on the actual liabilities to be repaid after the verification.

(IV) Determining of evaluation conclusion

According to the above assessment ideas, Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. is valued by using the asset-based method for the valuation conclusion.

VIII. IMPLEMENTATION PROCESS OF THE VALUATION PROCEDURES AND THE STATUS

1. For the purpose of transferring the equity, the Entrusting Party decided to entrust us to appraise the value of the entire equity interest in Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. after consultation with us. After accepting the commission, we confirmed the purpose of the valuation and the value type of the object of valuation according to the characteristics of the economic behavior of this valuation project, acquired a preliminary understanding regarding the specific contents of the object and scope of valuation, determined the base date after negotiating with the Entrusting Party, proposed a valuation plan and entered into an engagement letter.

2. Pursuant to the requirements of Asset Valuation Standard-Valuation Procedures, we provide the Entity Being Assessed with reporting materials required for assets valuation, direct the Entity Being Assessed to verify the assets, and fill in the relevant forms; upon completion of the aforesaid preliminary preparation works, the Entity Being Assessed will organize appraisers to enter into the valuation site, commence on-site survey, conduct necessary investigation through enquiry, confirmation, verification, monitoring, survey and inspection to have an understanding of the economic and technical utilization conditions and legal title status of the assets, analyze the specific conditions of the object of valuation, collect the recent financial data information of the object of valuation as well as those as

at base date, check whether the valuation information reported by the object of valuation, verify whether all the information collected is true and complete and pay necessary attention to the legal title status of the assets.

3. According to the valuation-related requirements of laws, standards, and pricing basis, we adopt the appropriate valuation methods based on the specific conditions of the assets, collect the market price information as the basis of its value determining, and conduct valuation and estimation on the book value after verification to confirm the valuation value.

4. We summarize the valuation results, analyze the conclusions of valuation, prepare the valuation report, implement the internal tri-tier audit, and submit the valuation report.

IX. VALUATION ASSUMPTIONS

The conclusions of valuation regarding the object of this valuation are based on the following assumptions, pre-conditions, and limiting conditions. In the event that these pre-conditions and conditions cannot be reasonably satisfied, there will be different degrees of changes in general in the conclusions of valuation of this report.

1. Assuming that the Entity Being Assessed will operate on a going concern basis after the base date;

2. Assuming that, for assets traded or to be traded in the market, the trading parties are equal with opportunities and time to receive sufficient market information to make reasonable judgment on the trading value of the object of the valuation;

3. There are no material changes in the interest rate, exchange rate, tax basis, tax rate or policy-related collections;

4. This assessment does not take into account the effects of inflation;

5. No other irresistible factors and unforeseeable factors have significant adverse effects on the enterprise.

X. VALUATION CONCLUSION

Upon the implementation of the aforesaid assets valuation methods and procedures, for all the equity interests in Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. involved in the economic activity of share transfer to be conducted by the entrusting party, the following conclusions of valuation are formed with reference to the market value as at May 31, 2016:

the carrying amount before the valuation of the entire equity interest was RMB21,589,300 in total, and the valuation value was RMB54,064,700, increasing by RMB32,475,400, or 150.42%; the carrying amount of total liabilities was RMB38,341,300 and the valuation value was RMB38,341,300; that of net assets was RMB(16,752,000) and the valuation value was RMB15,723,400, increasing by RMB32,475,400, or 193.86%.

Table of assets valuation result

Unit: RMB'0,000

Item		Carrying value *A*	Valuation value *B*	Increase in value *C = B-A*	Value-added ratio % *D = (B-A)/A*
Current assets	1	1.46	1.46	–	–
Non-current assets	2	2,157.47	5,405.01	3,247.54	150.53
Fixed assets	3	2,157.47	5,405.01	3,247.54	150.53
Total assets	4	2,158.93	5,406.47	3,247.54	150.42
Current liabilities	5	3,834.13	3,834.13	–	–
Non-current liabilities	6	–	–	–	–
Total liabilities	7	3,834.13	3,834.13	–	–
Net assets	8	(1,675.20)	1,572.34	3,247.54	193.86

See the Breakdown of Assets Valuation for the detailed result of valuation.

The value of the entire equity interest in Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. is RMB15,723,400.

XI. EXPLANATORY NOTES ON SPECIFIC MATTERS

1. The conclusions of this valuation by the asset-based method did not take into account the discount factor of liquidity due to the unavailability of adequate statistics of market transactions, and the absence of the basis of analysis and judgment for the impact of liquidity on the value of the entity being assessed.

2. With regard to the existence of other defects concerning the entrusting party and the entity being assessed which may affect the conclusions of valuation, without any specific explanation by the entrusting party and the entity being assessed and in the absence of any knowledge by the appraisers after performing the valuation procedures, the valuation institution and the appraisers shall assume no respective responsibility.

3. The conclusions of this valuation did not take into account the impact of certain matters that may affect the conclusions of valuation, such as mortgage and warranty issues that may be undertaken in the future, and special transaction parties that may increase or decrease the price paid, nor has it taken into account the impact of change in national macroeconomic policy as well as natural force and other force majeure on the value of the entity being assessed. In the event of any change of the aforesaid conditions as well as other assumptions and pre-conditions of the going concern principle as abided during the valuation, the conclusions of valuation will, in general, become invalid and the users of the report should not use this valuation report; otherwise they should bear all the consequences arising therefrom.

4. The object of the valuation is the entire equity of the shareholders, the value of which is not necessarily equal to the value of entire equity of shareholders multiplied by the proportion of equity. This valuation did not take into account impact of potential controlled premium or uncontrollable discounts on the value assessed.

5. Users of the report are advised that the total assets and liabilities included in the scope of valuation are unaudited.

6. The conclusions of this valuation did not take into account any tax liability that arises as a result of appreciation or depreciation in the valuation and the users of this project valuation report should consider the impact of the relevant tax liability when using the valuation report.

7. The valuation of underground pipeline and concealed works as covered by the scope of valuation should be subject to the data declared by the Entity Being Assessed, as they fail to be surveyed and measured by the valuers due to the restriction of objective conditions.

8. During the period from the base date to the date of this valuation report, the Entrusting Party and the Entity Being Assessed did not report any subsequent event that will have significant impact, nor were the appraisers able to discover any subsequent event that will have a significant impact.

9. In the event of any material changes in the quantity of assets during the period from the date of valuation report to the effective period of the valuation report, the assets amount should be adjusted accordingly. In the event that there are changes in the pricing standard of assets and has an obvious impact on the conclusion of assets valuation, then a re-assessment should be conducted.

For the treatment of the said specific matters and the possible impact of these specific matters on the conclusions of valuation, the valuation report users should pay attention to the impact of these specific matters on economic behavior.

XII. EXPLANATION NOTES ON RESTRICTIONS OF USE OF VALUATION REPORT

1. The valuation report shall only be used for valuation purpose and applied as specified.

2. The valuation report shall be only used by the users of the valuation report as specified therein, unless otherwise as required in the PRC laws and regulations.

3. The valuation report can only be used officially after obtaining the prior approval from the relevant competent authorities if the valuation report is required to be reviewed by or filed with the competent authorities in accordance with the current PRC requirements.

4. Save as otherwise provided by the laws and regulations and agreed by the relevant parties, the contents of the valuation report shall not be extracted, referenced to or disclosed to public media without the consent from the valuation institution.

5. The valuation report can be used for a validity period of one year, i.e. from the date of valuation of May 31, 2016 as stated therein to May 30, 2017 and the valuation report shall not be used after the validity period as stated therein.

6. The right to construe the valuation report shall be vested on the valuation institution of this project only, save as otherwise required by the PRC laws and regulations.

XIII. DATE OF VALUATION REPORT

September 25, 2016.

Legal Representative of the Appraiser:	(Lin Mei)
PRC Certified Asset Appraiser:	(Liu Chunru)
PRC Certified Asset Appraiser:	(Liu Xiaole)

Beijing Zhuoxindahua Appraisal Co., Ltd.

September 25, 2016

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Valuation Project of Neo-Neon Holdings Limited Intending to Transfer the Equity of Tianjin Zhenmingli Photoelectricity Co., Ltd. to Tongfang Science and Technology Park Co., Ltd.

VALUATION REPORT

Zhuoxindahua Valuation Report Zi (2016) No. 2068

Beijing Zhuoxindahua Appraisal Co., Ltd.

September 25, 2016

Contents

Registered Assets Appraisal Personnel Statement 92

Valuation Report Extract 93

Valuation Report Text 95

I. Entrusting Party, Entity Being Assessed and Usage of Other Valuation Report Users Agreed Under the Business Agreement 95

II. Valuation Purpose 97

III. Object and Scope of Valuation 97

IV. Types of Value and Its Definition 99

V. Base Date of Assets Valuation 100

VI. Valuation Basis 100

VII. Valuation Methods 103

VIII. Implementation Process of the Valuation Procedures and the Status 108

IX. Valuation Assumptions 108

X. Valuation Conclusion 109

XI. Explanatory Notes on Specific Matters 110

XII. Explanation Notes on Restrictions of Use of Valuation Report 111

XIII. Date of Valuation Report 111

Registered Assets Appraisal Personnel Statement

The registered assets appraisal personnel of Beijing Zhuoxindahua Appraisal Co., Ltd. made the following statements for the valuation report in relation to the valuation project of Neo-Neon Holdings Limited intending to transfer the equity of Tianjin Zhenmingli Photoelectricity Co., Ltd. to Tongfang Science and Technology Park Co., Ltd.:

I. We perform the asset valuation for the business in accordance with the relevant laws and regulations and assets valuation standards based on principles of independence, objectiveness and fairness; the content stated in the valuation report is objective with reference to the information collected during the valuation process; and we bear corresponding legal responsibility for the reasonability of the conclusions of the valuation.

II. The list of assets and liabilities related to the valuation object is reported, signed, sealed and confirmed by the entrusting party and the entity being assessed; the entrusting party and the related parties will be responsible for the truth, legality and completeness of the information provided and the proper usage of the valuation report.

III. We do not have any existing or expected interest relationship with the valuation object in the valuation report or the related parties, and we hold no prejudice against the related parties.

IV. We have performed on-site investigation on the valuation object in the valuation report and its related assets; we have given the required concern over the documents of legal ownership of the valuation object and its related assets, truthfully disclosed the issues found, and submitted to the entrusting party and the related parties to take action to complete the ownership in order to fulfill the requirements of issuing the valuation report.

V. The analysis, judgments and conclusions in the valuation report issued by us are subjected to the assumptions and limitations in the valuation report. The users of the valuation report shall give sufficient consideration to the assumptions, limitations and explanatory notes to special matters specified in the valuation reports and their effects on the conclusions of the valuation. This opinion on valuation only as a reference for the value of the transactions of the parties, the conclusions of the valuation may not be considered as the guarantee of the price of the valuation object which can be realized.

Valuation Report Extract

Beijing Zhouxindahua Appraisal Co., Ltd. was entrusted by Neo-Neon Holdings Limited to perform valuation for the entire equity interest in Tianjin Zhenmingli Photoelectricity Co., Ltd. The material information and valuation conclusions in the text of the valuation report are hereby extracted as follows.

Economic behavior: Neo-Neon Holdings Limited intends to transfer the equity of Tianjin Zhenmingli Photoelectricity Co., Ltd. to Tongfang Science and Technology Park Co., Ltd.

Valuation purpose: The president's office of Tsinghua Tongfang Co., Ltd. resolves to provide fair presentation for the market value of the entire equity of the stockholders in Tianjin Zhenmingli Photoelectricity Co., Ltd. on the base date of assets valuation which is related to the matter that Neo-Neon Holdings Limited intends to transfer the equity of Tianjin Zhenmingli Photoelectricity Co., Ltd. to Tongfang Science and Technology Park Co., Ltd. according to the minutes of meeting of the Office of President of Tsinghua Tongfang Co., Ltd, and give valuation reference advice for the economic behavior.

Object and scope of valuation: the object of the valuation is the value of the entire equity of the stockholders in Tianjin Zhenmingli Photoelectricity Co., Ltd.; the scope of the valuation is the entire book value of the assets and related liabilities of Tianjin Zhenmingli Photoelectricity Co., Ltd. which are not audited on the base date of the assets valuation. The carrying amount of total assets was RMB3,172,400, of which current assets was RMB722,600 and non-current assets was RMB2,449,800; the carrying amount of total liabilities was RMB18,483,500, of which current liabilities was RMB17,367,000 and non-current liabilities was RMB1,116,500; the carrying amount of net assets was RMB(15,311,100).

Types of value: the market value under the premise of going-concern of the object of the valuation.

Base date of assets valuation: May 31, 2016.

Valuation methods: asset-based method.

Valuation conclusion: the valuation report adopted the valuation results based on the asset-based method as the valuation conclusion, namely: the carrying amount of total assets before the valuation was RMB3,172,400, and the valuation value was RMB21,838,400. The value added was RMB18,666,000, and the value-added ratio was 588.39%; the carrying amount of total liabilities before the valuation was RMB18,483,500, and the valuation value was RMB18,483,500; the carrying amount of net assets was RMB(15,311,100) and the valuation value was RMB3,354,900; the value added was RMB18,666,000, and the value-added ratio was 121.91%.

Please see the breakdown of assets valuation and the valuation report for the details of valuation conclusion.

The term of validity of the use of valuation conclusion: the term of valid use of this valuation conclusion is one year as of the base date of assets valuation. Assets should be reevaluated after a year.

Special matters affecting the valuation conclusion: the users of the valuation report shall pay attention to the effect of the special matters in the text of the report on the valuation conclusion.

The above content is extracted from the text of the valuation report. If you wish to see the details of the valuation project and reasonably comprehend the valuation conclusions, you should read the text of the valuation report.

Valuation Report Text

Zhuoxindahua Valuation Report Zi (2016) No. 2068

Neo-Neon Holdings Limited,

Beijing Zhuoxindahua Appraisal Co., Ltd. was entrusted by the company to perform valuation on the market value of the entire equity of the stockholders in Tianjin Zhenmingli Photoelectricity Co., Ltd. on May 31, 2016 which is related to the matter that Neo-Neon Holdings Limited intends to transfer the equity of Tianjin Zhenmingli Photoelectricity Co., Ltd., using asset-based method, in accordance with the required valuation procedures, the relevant laws and regulations and assets valuation standards and principles. The valuation of the assets is hereby reported as follows.

I. ENTRUSTING PARTY, ENTITY BEING ASSESSED AND USAGE OF OTHER VALUATION REPORT USERS AGREED UNDER THE BUSINESS AGREEMENT

The entrusting party of this valuation is Neo-Neon Holdings Limited. The entity being assessed is Tianjin Zhenmingli Photoelectricity Co., Ltd. The other users of the valuation report are the relevant regulators.

(I) Entrusting party

Company name:	Neo-Neon Holdings Limited
Address:	FLAT/RM 806-810 8/F BANK OF AMERICA TOWER 12 HARCOURT ROAD CENTRAL HK
Nature of business:	DISTRIBUTION & MANUFACTURING OF DECORATIVE & ENTERTAINMENT LIGHTING
Legal status:	BODY CORPORATE
Effective Date:	October 06, 2015
Expiry Date:	October 05, 2016
Registration No.:	37241037-000-10-15-9

(II) Entity Being Assessed

Company name:	Tianjin Zhenmingli Photoelectricity Co., Ltd.
Nature:	limited liability Company (wholly foreign owned enterprises Venture)
Registered Address:	A2-138, No. 166, Xisan Road, Airport Economic Zone, Tianjin
Legal Representative:	Lu Zhicheng
Registered Capital:	USD Six Hundred and Ninety Thousand
Date of Establishment:	February 21, 2008
Business Term:	February 21, 2008 to February 20, 2038

History: Tianjin Zhenmingli Photoelectricity Co., Ltd. is a wholly foreign owned enterprise established by Neo-Neon China Limited on February 21, 2008 with the initial registered capital of USD5,500,000, and its registration number is 120000400044644.

On March 15, 2013, it obtained the approval document (Doc. No.: JKGQP [2013] No. 12) issued by Administration Committee of Tianjin Airport Economic Zone, and then reduced its registration capital to USD690,000 with the approval from Administration Committee of Tianjin Airport Economic Zone.

In April 2015, the Company's Legal Representative Fan Pong Yang was replaced by Lu Zhicheng.

By the base date of assets valuation, the equity structure of the Company is as follows:

Unit: USD

Investors name	**Investment amount** *(USD'0,000)*	**Ratio** *(%)*
Neo-Neon China Limited	69.00	100
Total	69.00	100

Main business scope: research and development, design and production of electric light sources (LED-light-fixtures), illuminators, and lighting electrical appliances, and sales of the Company's products (the implementation of any business required to be approved according to law is subject to the approval of related authorities)***

Asset, Financial and Operation Status of the Company in the Past Three Years and on the Base Day:

Unit: RMB'0,000

Item	December 31, 2013	December 31, 2014	December 31, 2015	May 31, 2016
Current assets	1,710.02	77.32	75.81	72.26
Non-current assets	407.37	144.46	178.52	244.98
Total assets	2,117.39	221.78	254.32	317.24
Current liabilities	1,570.28	1,021.33	1,661.77	1,736.70
Non-current liabilities	130.26	122.56	114.86	111.65
Total Liability	1,700.54	1,143.89	1,776.63	1,848.35
Net assets	416.86	(922.10)	(1,522.30)	(1,531.11)

Item	2013	2014	2015	January to May 2016
Income from operation	–	–	–	–
Operation cost	–	–	–	–
Net profit	(40.18)	(1,338.96)	(41.88)	(8.80)

(III) The Relationship between the Entrusting Party and the Entity Being Assessed

The entrusting party is the controlling shareholder of the entity being assessed.

(IV) Other Valuation Report Users other than the Entrusting Party

Unless the laws and regulations of the PRC otherwise specified, this valuation report is used by Neo-Neon Holdings Limited (the entrusting party), Tianjin Zhenmingli Photoelectricity Co., Ltd.(the entity being assessed) and the relevant regulatory authorities for the purpose of valuation set out by this report only. The valuation report users should use the valuation report properly and the liabilities of adverse consequences resulting from improper use of the valuation report shall not be borne by the valuation agency.

II. VALUATION PURPOSE

To provide fair presentation for the market value of the entire equity of the stockholders in Tianjin Zhenmingli Photoelectricity Co., Ltd. on the base date (May 31, 2016) of assets valuation which is related to the matter that Neo-Neon Holdings Limited intends to transfer the equity of Tianjin Zhenmingli Photoelectricity Co., Ltd. according to the minutes of meeting of the Office of President of Tsinghua Tongfang Co., Ltd, and give valuation reference advice for the economic behavior.

III. OBJECT AND SCOPE OF VALUATION

(I) Valuation Object

The subject of this valuation is the total value of the entire equity interest in Tianjin Zhenmingli Photoelectricity Co., Ltd. in respect of the economic activities specified by the entrusting party.

(II) Scope of Valuation

The scope of this valuation is all the assets and liabilities of Tianjin Zhenmingli Photoelectricity Co., Ltd. The balance sheet as at the Valuation Date is as follows:

Unit: RMB

Item	Carrying Value	Item	Carrying Value
Total current assets	722,629.39	**Total current liabilities**	17,366,961.94
Cash and cash equivalents	50,734.54	Short-term borrowing	
Bills receivable	–	Bills Payable	–
Accounts receivable	–	Accounts payable	–
Prepayment	11,445.73	Receipts in advance	–
Other receivables	660,449.12	Payable taxes	(61,033.51)
Inventory	–	Other payables	17,427,995.45
Other current assets	–	Other current liabilities	
Total non-current assets	2,449,798.46	**Total non-current liabilities**	1,116,499.78
Long-term equity investment	–	Short-term borrowing	–
Fixed assets	1,133,786.95	Long-term accounts payable	–
Projects under construction	–	Specific payable	–
Fixed assets relief	–	Deferred income tax liabilities	–
Intangible assets	1,316,011.51	Other non-current liabilities	1,116,499.78
Long-term prepaid expenses	–	**Total liabilities**	18,483,461.72
Deferred income tax assets	–	**Total owners' equity**	(15,311,033.87)
Total assets	3,172,427.85	**Total liabilities and owners' equity**	3,172,427.85

The subject and scope of valuation comply with those of the economic behavior in which the Neo-Neon Holdings Limited intends to transfer its equity.

The financial statement of the Tianjin Zhenmingli Photoelectricity Co., Ltd. on this base date of assets valuation is not audited.

(III) Legal Ownership and Economic and Physical Condition of Individual Asset or Asset Portfolio with Greater Impacts on the Enterprise Value

1. Buildings and construction

There are three buildings in total including an exhibition hall, a pump room and a guard's room. The above buildings were completed in June, 2010, taking an area of 8,427.87m^2 in total. The number of the registration certificate of real estate of the above buildings (Doc. No.: J (2016) Real Estate of Tax-protected Zone No. 1004033; the Obligee: Tianjin Zhenmingli Photoelectricity Co., Ltd.) has been obtained for the above mentioned buildings. The land ownership certificate has been managed for the land occupied by the said buildings. By the base date of the assets valuation, the above buildings are idle.

2. Land use right

The land registered as Land JKJG No. 2008-15 in Tianjin Airport Economic Zone is now covered under the land use right with all the land-transferring fees paid up to obtain the registration certificate of real estate (Doc. No.: J (2016) Real Estate of Tax Protected Area No.: 1004033, Land Area: 6,022.90m^2, the Obligee: Tianjin Zhenmingli Photoelectricity Co., Ltd., purpose: industry, land use type: transfer).

(IV) Book Entry or Non-recorded Intangible Asset Reported by the Entity Being Assessed

The intangible assets recorded in the accounts book reported by the entity being assessed include: land use right.

(V) Off Balance Sheet Asset Reported

No other off balance sheet asset or liability has been reported by the entrusting party and entity being assessed, nor could the appraisers obtain any indication of other off balance sheet assets or liabilities, so the valuation of the assets and liabilities in the valuation scope is carried out based on the asset-based method.

(VI) Quotation of Reports Prepared by Other Institutions

The inclusion of assets and liabilities of the valuation scope does not involve any report prepared by other institutions.

IV. TYPES OF VALUE AND ITS DEFINITION

General types of value to be used for assessing an enterprise's value include market value and non-market value.

For the purpose of this valuation, the type of value of the subject of valuation is the market value subject to the basis of going-concern.

Market value refers to the estimated amount for which the subject of valuation is transacted on a normal and fair basis on base date of assets valuation between a willing buyer and a willing seller, wherein the parties each acts rationally without any compulsion.

V. BASE DATE OF ASSETS VALUATION

The valuation date of this project is May 31, 2016.

In order to ensure the timeliness of the valuation result and to get as close as possible to the date on which the valuation purpose is achieved, we negotiated with the entrusting party based on the nature of the economic behavior of this valuation and finally, the Valuation Date was determined to be May 31, 2016 by the entrusting party.

The base date of assets valuation is a closing date of a month period during which relevant information and financial data can be fully reflected while a better comparability can be achieved, which benefits the economic activity.

Pricing standard adopted in this valuation comprises price, tax rate, rates and interest rate of deposits and loans, all of which are effective price standards as at the base date of assets valuation.

VI. VALUATION BASIS

The laws and regulations, criteria basis, ownership basis, pricing basis as required by the state, municipal government and relevant departments as well as documentary information and basis that we compiled with and referred to during the valuation are mainly as follows:

(I) Basis of the activity

1. The Engagement Letter on Asset Valuation entered into between the entrusting party and Beijing Zhuoxindahua Appraisal Co., Ltd.;

2. The Minutes of the Meeting of the Office of President of Tsinghua Tongfang Co., Ltd (Tong Fang [Meeting of the Office of President] Ji Zi No.004).

(II) Principal Legal and Regulatory Basis

1. Company Law of the People's Republic of China;

2. Enterprise Income Tax Law of the People's Republic of China;

3. Enterprise State-owned Assets Law of the People's Republic of China;

4. Administrative Measures for the Assessment of State-owned Assets (No. 91 Decree of the State Council);

5. Detailed Implementing Rules for the Administration Measures for the Assessment of State-owned Assets (Guo Zi Ban Fa [1992] No. 36) issued by the former State Administration of State Property;

6. Provisions on Several Issues concerning the Administration of the Assessment of the State-owned Assets (2001) (No.14 Decree of Ministry of Finance);

7. Circular of the General Office of the State Council on Forwarding the Opinions of the Ministry of Finance on Reforming the Administrative Supervision Methods of the Assessment of State-owned Assets and Strengthening the Supervision and Management of the Assets Assessment (Guo Ban Fa [2001] No. 102) issued by the General Office of the State Council;

8. Interim Administrative Measures for the Transfer of State-owned Assets of Enterprises (2003) (No. 3 Decree of the State-owned Assets Supervision and Administration Commission of the State Council and the Ministry of Finance);

9. Interim Regulations on the Supervision and Administration of State-owned Assets of Enterprises (2003) (No. 378 Decree of the State Council);

10. Interim Administrative Measures for the Assessment of State-owned Assets of Enterprises (2005) (No. 12 Decree of the State-owned Assets Supervision and Administration Commission of the State Council);

11. Circular on Strengthening the Administration of the Assessment of State-owned Assets of Enterprises (Guo Zi Chan Quan [2006] No. 274);

12. Law of the People's Republic of China on Urban Real Estate Administration;

13. Land Administration Law of the People's Republic of China;

14. Real Right Law of the People's Republic of China;

15. Interim Regulations of the People's Republic of China Concerning The Assignment and Transfer of the Right of the State Owned Land in the Urban Areas (1990) (No. 55 Decree of the State Council);

16. Regulation on the Implementation of the Land Administration Law of the People's Republic of China (1999) (No. 256 Decree of the State Council);

17. Accounting Standard for Business Enterprises – Basic Standards (2006) (No. 33 Decree of Ministry of Finance);

18. No. 1 Accounting Standard for Business Enterprises – Inventory (Cai Kuai (2006) No. 3) and other 37 standards;

19. Other relevant laws and regulations.

(III) Standards Basis

1. Assets Appraisal Standards – Basic Standards and Code of Ethics for Assets Appraisal-Basic Standards (Cai Qi [2004] No. 20);

2. Notice of the China Appraisal Society on Issuing Seven Assets Appraisal Standards Including Assets Appraisal Standards – Appraisal Report (Zhong Ping Xie [2007] No. 189);

3. Assets Appraisal Standards – Intangible assets (Zhong Ping Xie [2008] No. 217);

4. Instruction Offered by Registered Assets Appraisal Personnel for the Legal Ownership of the Entity Being Assessed (Kuai Xie [2003] No. 18);

5. Asset Appraisal Standards – Enterprise Value (Zhong Ping Xie [2011] No. 227);

6. Guidelines on the Business Quality Control for Valuation Institutions (Zhong Ping Xie [2010] No. 214);

7. Notice of China Appraisal Society on Modifying the Signature Clause in the Standards for Appraisal Report (Zhong Ping Xie [2011] No. 230);

8. Code of Ethics – Independence (Zhong Ping Xie [2012] No. 248).

(IV) Basis of ownership

1. Registration certificate of real estate;

2. Other certificates of ownership.

(V) Pricing basis

1. Notification on Certain Problems in the Innovation of State-wide Value Added Tax Transformation (Cai Shui [2008] No. 170);

2. Provisions Part of the budget (settlement) data and construction (completion) drawings of a single project provided by the entity being assessed;

3. Tianjin Construction Project Quota (2012 edition);

4. Tianjin Decoration Project Quota (2012 edition);

5. Tianjin Installation Project Quota (2012 edition);

6. Pricing Rules of Bill of Quantities of the Construction Projects in Tianjin (2012 edition);

7. Cost Information of the Projects in Tianjin (May, 2016);

8. Code for Real Estate Appraisal (GB/T50291-1999);

9. www.landchina.com;

10. http://www.landvalue.com.cn;

11. www.wbcars.com.

(VI) Other reference basis

1. Breakdown of Assets Valuation provided by the Entity Being Assessed;

2. On-site investment questionnaire and other materials provided and collected by the assessment personnel;

3. Other materials related to the assessment.

VII. VALUATION METHODS

(I) Analysis of the applicability of appraisal approach

In conducting assets appraisal works for the enterprise, the certified asset appraiser shall analyze the applicability of three fundamental approaches for asset appraisal, namely income approach, market approach and cost approach (asset-based approach), and appropriately choose one or more basic approaches for asset appraisal according to relevant conditions such as the purpose of appraisal, the subject of valuation, the type of value and the information collected.

The income approach for the appraisal of enterprise value represents the appraisal method for determining the value of the subject of valuation by capitalizing or discounting the expected income.

The specific methods commonly used by the income approach include the dividend discount method and the discounted cash flow method. The dividend discount method refers to a specific method for determining the value of the subject of valuation by discounting the

expected dividends, and is usually applicable to appraise the value of some of the equity of the shareholders lacking control. The discounted cash flow method usually includes the Free Cash Flow of Firm (FCFF) Model and the Free Cash Flow of Equity (FCFE) Model.

Based on the characteristics of economic activities corresponding to the purpose of this appraisal, and the information regarding the operation of the enterprise collected from on-site appraisal, taking into account the main business scope of Tianjin Zhenmingli Photoelectricity Co., Ltd., which is the development and research, design and production of electric light sources (LED lights), illuminators and lighting electrical appliances, the fact that, by the base date of the assets valuation, because of stagnant market of LED lights, the above main business has been stopped and the future operative direction of the entity is uncertain, so the precondition of the income approach is failed to be met; therefore, the income approach is not applicable to the appraisal of this appraisal project.

The asset-based approach for the appraisal of enterprise value represents the appraisal method based on the balance sheets of the entity being assessed as at the valuation date, used for determining the value of the subject of valuation by reasonably appraising the value of various assets and liabilities recorded in and outside balance sheets. The value of each asset and liability shall be calculated by suitable specific appraisal method according to its specific condition.

The appraisal results of asset-based approach are mainly determined according to the renewal and replacement cost of each asset and liability of the enterprise on the valuation date. Due to its high reliability, the asset-based method is applicable to this assessment.

The market approach for the appraisal of enterprise value represents the appraisal method for determining the value of the subject of valuation by comparing the subject of valuation with comparable listed companies or with comparable transaction cases.

Two specific methods commonly used in the market approach are the listed company comparison method and the transaction case comparison method. The listed company comparison method refers to a specific method of determining the value of the subject of valuation on the basis of comparison and analysis of the enterprise being valued by collecting and analyzing the operating and financial data of comparable listed companies, and then calculating appropriate value ratios. The transaction case comparison method refers to a specific method of determining the value of the subject of valuation on the basis of comparison and analysis of the enterprise being valued by collecting and analyzing information regarding transactions, acquisitions and merger cases of comparable enterprises, and then calculating appropriate value ratios.

As the comparable enterprises of the entity being assessed are absent in the current domestic capital market, and the entity transaction market is underdeveloped, it is hard to obtain entity transaction cases of the comparable enterprises, therefore the market approach is not applicable in this assessment.

(II) Technical idea and model of asset-based method

The asset-based method adopted in this project is a valuation technology idea for determination of value of the target of valuation by totaling the value of assets and liabilities as determined by appropriate specific valuation method selected according to the specific circumstance, on the basis of the investment amount required by independent profit-making enterprise established with the same off balance sheet and on balance sheet assets and liabilities as those of the target of valuation on the base date of assets valuation. Asset-based method is based on: (1) the value of the target of valuation, depending on the market cost value of the total assets of the enterprise; and (2) the value of the individual assets and portfolio of the entire assets of the enterprise, affected by their respective contribution to the enterprise.

Calculation formula of asset-based method:

Value of total equities = value of total assets of the enterprise – value of total liabilities

Value of total assets of the enterprise = value of on balance sheet assets + value of off balance sheet assets

Value of total liabilities = value of on balance sheet liabilities + value of off balance sheet liabilities

(III) Valuation process of asset-based method

1. Current assets

Current assets include: Monetary funds, advance payment and other receivables.

(1) Monetary funds

Monetary funds are: Bank deposits. The value is determined based on the verified book value.

(2) Receivables

Receivables include: advance payment and other receivables.

The value is determined by deducting the estimated losses on bad debts of receivables by specific identification method and expected risk loss method, at the rate of losses on bad debt analyzed a tested according to the evidence of assertion of losses from bad debts, according to the original amount of each receivable.

The value of advance payment is determined in accordance with the value of the assets formed by the goods that can be recovered.

The value of provision for bad debts is determined at nil by the enterprise according to the Accounting Standards for Business Enterprises.

2. Non-current assets

Non-current assets include: Fixed assets and intangible assets.

(1) Fixed assets

The fixed assets include buildings and constructions. The fixed assets are valued by using the cost method, according to the results of the field survey of the fixed assets and collection, analysis and calculation of the data.

The cost method means that the assets are valued at the reconstruction or repurchase cost of the assets less the depletion and other depreciation factors.

Value = replacement cost X comprehensive newness rate

Buildings and constructions

a. Determination of replacement cost

The valuers calculate the direct expenses incurred on the completion of quota project according to the separated parts of a project determined by the original completion materials, subject to the summary sheet of unit project cost estimation then prevailing, and measure the project cost by using the budget and final account adjustment method according to the materials on adjustment to difference between the local quota of project installation expenses and the expenses of project place, taking into account of the expenses incurred on the equipment, materials and funds during the construction, calculates the project cost, other expenses of project construction and cost of funds pursuant to the standards for the buildings and construction as prescribed by the authority of the place of property and by the relevant national department, for further determination of replacement cost.

b. Determination of comprehensive newness rate

The comprehensive newness rate is determined by summing the respective weighted averages of specific circumstances of buildings and constructions under the years method and complete score value method with different weights

newness rate under the years method = (economic life – serviced life)/economic life x 100%

The remainder of service life is determined according to the relevant national provisions in combination with the form and completion date of the buildings and constructions. Economic is determined in accordance with the "Manual of Data and Parameters Commonly Used in Asset Valuation".

newness rate under the complete score value method = newness rate of structural part X G + newness rate of decoration parts × S

newness rate of equipment part X B

comprehensive newness rate = newness rate under the years method X 40% + newness rate under the complete score value method X 60%.

(2) Intangible assets

Intangible assets include: land use right, covering an area of 6,022.90 square meters transferred for the industrial purpose.

The valuation methods of land use right include market comparison method, income capitalization method, hypothetical development method, cost approach method and benchmark land price coefficient correction method. The appropriate valuation method shall be selected by taking into account of specific conditions, mature and valuation purpose of the land to be valued as well as the actual situation of the land to be valued in the local property market.

The land to be assessed is located at an area registered as JKJG 2008-15 in Tianjin Airport Economic Zone. However, there are too many transaction cases of industrial land in the said area to make the market comparison approach applicable; the income of the industrial land is hard to be measured, so the income approach is also not applicable. Because the area to be assessed is industrial land, without potential of investment and development, the absent of the built-up similar buildings on sale in the area to be assessed and the underdeveloped relevant market transaction, the assumed development approach is not applicable. As it is difficult to obtain the information related to the recent land acquisition in the land to be assessed, the cost approach method is not applicable. And because it is hard to collect the documents associated with the benchmark land price of the land to be assessed, the benchmark land price coefficient modification method is not applicable.

3. Liabilities

Liabilities include current liabilities and non-current liabilities. Such as taxes and surcharges payable, other payables and other non-current liabilities.

The valuation of liabilities is determined based on the actual liabilities to be repaid after the verification.

(IV) Determining of evaluation conclusion

According to the above assessment ideas, the assets of Tianjin Zhenmingli Photoelectricity Co., Ltd. are valued by using the asset-based method for the valuation conclusion.

VIII. IMPLEMENTATION PROCESS OF THE VALUATION PROCEDURES AND THE STATUS

1. For the purpose of transferring the equity through the proposed issue of Shares, the entrusting party decided to entrust us to appraise the value of the entire equity interest in Tianjin Zhenmingli Photoelectricity Co., Ltd. after contracting with us. After accepting the commission, we confirmed the purpose of the valuation and the value type of the subject of valuation according to the characteristics of the economic behavior of this valuation project, acquired a preliminary understanding regarding the specific contents of the subject of valuation and scope of valuation, determined the valuation date after negotiating with the entrusting party, proposed a valuation plan and entered into a Valuation Engagement Agreement.

2. Pursuant to the requirements of Asset Valuation Standard-Valuation Procedures, we provide the entity being assessed with reporting materials required for assets valuation, direct the entity being assessed to verify the assets, and fill in the relevant forms; upon completion of the aforesaid preliminary preparation works, the Target Company will organize appraisers to enter into the valuation site, commence on-site survey, conduct necessary investigation through enquiry, confirmation, verification, monitoring, survey and inspection to have an understanding of the economic and technical utilization conditions and legal title status of the assets, analyze the specific conditions of the subject of valuation, collect the recent financial data information of the subject of valuation as well as those as at Valuation Date, check whether the valuation information reported by the subject of valuation, verify whether all the information collected is true and complete and pay necessary attention to the legal title status of the assets.

3. According to the valuation-related requirements of laws, standards, and pricing basis, we adopt the appropriate valuation methods based on the specific conditions of the assets, collect the market price information as the basis of its value determination, and conduct valuation and estimation on the carrying value after verification to confirm the valuation value.

4. We summarize the valuation results, analyze the conclusions of valuation, prepare the valuation report, implement the internal tri-tier audit, and submit the valuation report.

IX. VALUATION ASSUMPTIONS

The conclusions of valuation regarding the subject of this valuation are based on the following assumptions, pre-conditions, and limiting conditions. In the event that these pre-conditions and conditions cannot be reasonably satisfied, there will be different degrees of changes in general in the conclusions of valuation of this report.

1. Assuming that the Target Company will continue as a going concern after the base date of assets valuation;

2. Assuming that, for the assets traded or to be traded on the market, the parties are equal in status and have enough opportunities and time to obtain enough market information so as to rationally judge the transaction value of the subject of this valuation;

3. There are no significant changes in the relevant interest rates, exchange rates, tax base, tax rate, policy-related expenses and others;

4. This assessment does not take into account the effects of inflation;

5. No other irresistible factors and unforeseeable factors have significant adverse effects on the enterprise.

X. VALUATION CONCLUSION

Upon the implementation of the aforesaid assets valuation methods and procedures, for the purpose of the proposed acquisition of equity interest in Tianjin Zhenmingli Photoelectricity Co., Ltd. by the entrusting party by proposed issue of Shares regarding all the equity interest in Tianjin Zhenmingli Photoelectricity Co., Ltd., the following conclusions of valuation are formed with reference to the market value as at 31 May 2016:

The total book assets of the entire equity interest before the valuation at the Valuation Date are approximately RMB3,172,400, and such interests were valued at approximately RMB21,838,400 representing an increase of approximately RMB18,666,000, or 588.39%; the total book liabilities are 18,483,500, and such liabilities are valued at approximately RMB18,483,500; and the net book assets are (15,311,100), and such assets are valued at RMB3,354,900, representing an increase of 18,666,000 or 121.91%.

Table of assets valuation result

Unit: RMB'0,000

Item		**Book value** *A*	**Valuation value** *B*	**Increase in value** *C = B-A*	**Value-added ratio %** *D = (B-A)/A*
Current assets	1	72.26	72.26	–	–
Non-current assets	2	244.98	2,111.58	1,866.60	761.94
Fixed assets	3	113.38	1,850.50	1,737.12	1,532.12
Construction in progress	4	–	–	–	–
Intangible assets	5	131.60	261.08	129.48	98.39
Total assets	6	317.24	2,183.84	1,866.60	588.39
Current liabilities	7	1,736.70	1,736.70	–	–
Non-current liabilities	8	111.65	111.65	–	–
Total liabilities	9	1,848.35	1,848.35	–	–
Net assets	10	(1,531.11)	335.49	1,866.60	121.91

See the Breakdown of Assets Valuation for the detailed result of valuation.

The value of the entire equity interest in Tianjin Zhenmingli Photoelectricity Co., Ltd. is RMB3,354,900.

XI. EXPLANATORY NOTES ON SPECIFIC MATTERS

1. The conclusions of this valuation by income approach did not take into account the discount factor of liquidity due to the unavailability of adequate relevant statistics of market transactions, and the absence of the basis of analysis and judgment for the impact of liquidity on the value of the entity being assessed.

2. With regard to the existence of other defects concerning the entrusting party and the entity being assessed which may affect the conclusions of valuation, without any specific explanation by the entrusting party and the entity being assessed and in the absence of any knowledge by the appraisers after performing the valuation procedures, the valuation institution and the appraisers shall assume no respective responsibility.

3. The conclusions of this valuation did not take into account the impact of certain matters that may affect the conclusions of valuation, such as mortgage and warranty issues that may be undertaken in the future, and special transaction parties that may increase or decrease the price paid, nor has it taken into account the impact of change in national macroeconomic policy as well as natural force and other force majeure on the value of the entity being assessed. In the event of any change of the aforesaid conditions as well as other assumptions and pre-conditions of the going concern principle as abided during the valuation, the conclusions of valuation will, in general, become invalid and the users of the report should not use this valuation report, otherwise they should bear all the consequences arising therefrom.

4. The subject of this valuation is the value of the entire equity interest of the enterprise. The value of the partial equity interest is not necessarily equal to the value of the entire equity interest multiplied by equity ratio. This valuation fails to consider the effect of possible existence of control premium or absence of control discount on the value of this valuation.

5. The users of the report shall note that all assets and liabilities included in the scope of valuation have not been audited.

6. The conclusions of this valuation did not take into account any tax liability that arises as a result of appreciation or depreciation in the valuation and the users of this project valuation report should consider the impact of the relevant tax liability when using the valuation report.

7. The valuation of underground pipeline and concealed works as covered by the scope of valuation should be subject to the data declared by the entity being assessed, as they fail to be surveyed and measured by the valuers due to the restriction of objective conditions.

8. During the period from the Valuation Date to the date of this valuation report, the entrusting party and the entity being assessed did not report any subsequent event that will have significant impact, nor were the appraisers able to discover any subsequent event that will have a significant impact.

9. In the event of any material changes in the quantity of assets during the period from the date of valuation report to the effective period of the valuation report, the assets amount should be adjusted accordingly. In the event that there are changes in the pricing standard of assets and has an obvious impact on the conclusion of assets valuation, then a re-assessment should be conducted.

For the treatment of the said specific matters and the possible impact of these specific matters on the conclusions of valuation, the valuation report users should pay attention to the impact of these specific matters on economic behavior.

XII. EXPLANATION NOTES ON RESTRICTIONS OF USE OF VALUATION REPORT

1. The valuation report shall only be used for valuation purpose and applied as specified.

2. The valuation report shall be only used by the users of the valuation report as specified therein, unless otherwise as required in the PRC laws and regulations.

3. The valuation report can only be used officially after obtaining the prior approval from the relevant competent authorities if the valuation report is required to be reviewed by or filed with the competent authorities in accordance with the current PRC statutory requirements.

4. Save as otherwise provided by the laws and regulations and agreed by the relevant parties, the contents of the valuation report shall not be extracted, referenced to or disclosed to public media without the consent from the valuation institution.

5. The valuation report can be used for a validity period of one year, i.e. from the date of valuation of 31 May 2016 as stated therein to 30 May 2017 and the valuation report shall not be used after the validity period as stated therein.

6. The right to construe the valuation report shall be vested on the valuation institution of this project only, save as otherwise required by the PRC laws and regulations.

XIII. DATE OF VALUATION REPORT

September 25, 2016.

Legal Representative of the Appraiser:	(Lin Mei)
PRC Certified Asset Appraiser:	(Liu Chunru)
PRC Certified Asset Appraiser:	(Liu Xiaole)

Beijing Zhuoxindahua Appraisal Co., Ltd.

September 25, 2016

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The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this Circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 October 2016 of the properties held by Shanghai Cuineng Photoelectricity Science and Technology Co., Ltd. ("Shanghai Cuineng"), Yangzhou Tongfang Semiconductors Co., Ltd. ("Yangzhou Tongfang") and Tianjin Zhenmingli Photoelectricity Co., Ltd. ("Tianjin Zhenmingli").



Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No.: C-030171

28 November 2016

The Board of Directors
Neo-Neon Holdings Limited (the "Company")
Unit 806-810,
Bank of America Tower,
12 Harcourt Road,
Central, Hong Kong

Dear Sirs,

On 31 October 2016, Billion Choice Trading Limited ("Billion Choice"), a wholly-owned subsidiary of the Company, entered into the Yangzhou Tongfang Equity Transfer Agreement with Yangzhou Tongfang and Tongfang Science and Technology Park Co., Ltd. ("Tongfang Technology Park"), a wholly-owned subsidiary of Tsinghua Tongfang Co., Ltd., a connected party of the Company, pursuant to which Billion Choice agreed to transfer all its 100% equity interest in Yangzhou Tongfang to Tongfang Technology Park. Neo-Neon China Limited ("Neo-Neon China"), a wholly-owned subsidiary of the Company, entered into the Shanghai Cuineng Equity Transfer Agreement with Shanghai Cuineng and Tongfang Technology Park, pursuant to which Neo-Neon China agreed to transfer all its 100% equity interest in Shanghai Cuineng to Tongfang Technology Park. Neo-Neon China entered into the Tianjin Zhenmingli Equity Transfer Agreement with Tianjin Zhenmingli and Tongfang Technology Park, pursuant to which Neo-Neon China agreed to transfer all its 100% equity interest in Tianjin Zhenmingli to Tongfang Technology Park.

In accordance with your instructions to value the properties held by Shanghai Cuineng, Yangzhou Tongfang and Tianjin Zhenmingli in Shanghai, Yangzhou City and Tianjin, the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 31 October 2016 (the "valuation date").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property nos. 2 and 3, due to the nature of the buildings and structures of the properties and the particular location in which they are situated, there are unlikely to be relevant market comparable sales readily available. The property interests have therefore been valued by Cost Approach with reference to their depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

We have valued property no. 1 by direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market. Appropriate adjustments and analysis are considered to the differences in location, size, and other characters between the comparable properties and the subject property.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by Shanghai Cuineng, Yangzhou Tongfang and Tianjin Zhenmingli and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and other relevant matters.

We have been shown copies of Real Estate Title Certificate, State-owned Land Use Rights Certificate and Real Estate Registration Certificate relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal adviser – Beijing Tian Yuan Law Firm, Shenzhen Office, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out in November 2016 by Mr. Arnold Gao, Mr. Tony Xu and Mr. Harrison Zhu. Mr. Arnold Gao is a member of RICS and has 12 years' experience in the valuation of the properties in the PRC. Mr. Tony Xu has 3 years' experience in the valuation of properties in the PRC and Mr. Harrison Zhu has obtained the master degree in construction management.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 22 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

No.	Property	Market value in existing state as at 31 October 2016 *RMB*
1.	Building No. 19 Pujiang High-Tech Park No. 188 Xin Juan Huan Road Minhang District Shanghai The PRC	54,540,000
2.	A parcel of land, 2 buildings and various structures located at No. 11 Zhouzhuang He Sub-Road Yangzhou City Jiangsu Province The PRC	38,460,000 *(refer to note)*
3.	A parcel of land and 3 buildings located at No. 159 Xijiu Dao Tianjin Airport Economic Area Tianjin The PRC	20,788,000
	Total:	**113,788,000**

Note: In the valuation of property no. 2, we only attributed commercial value to the land portion of the property which has obtained the State-owned Land Use Rights Certificate but no commercial value to the building and structure portions of the property which have not obtained Building Ownership Certificates or construction approvals. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building and structure portions as at the valuation date would be RMB14,904,000 assuming the building ownership certificates and construction approvals had been obtained and the property could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2016 *RMB*
1.	Building No. 19 Pujiang High-Tech Park No. 188 Xin Juan Huan Road Minhang District Shanghai The PRC	The property comprises a 4-storey industrial & office building which was completed in 2007. The property has a gross floor area of approximately 5,383.87 sq.m. The land use rights of the property have been granted for a term with the expiry date on 27 February 2057 for industrial use.	The property is currently vacant.	54,540,000

Notes:

1. Pursuant to a Real Estate Title Certificate – Hu Fang Di Min Zi (2008) Di No. 050078, the property with a gross floor area of approximately 5,383.87 sq.m. is owned by Shanghai Cuineng. The land use rights of the property have been granted to Shanghai Cuineng for a term with the expiry date on 27 February 2057 for industrial use.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   (a) The property is not subject to any mortgage or third party encumbrance; and

   (b) Shanghai Cuineng legally owns the building ownership rights and the land use rights of the property and has rights to occupy, use, lease, transfer, mortgage or other dispose of the property.

3. In our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB9,800/sq.m. to RMB11,000/sq.m. for industrial & office buildings. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate of RMB10,130/sq.m. for the subject property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2016 *RMB*
2.	A parcel of land, 2 buildings and various structures located at No. 11 Zhouzhuang He Sub-Road Yangzhou City Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 101,674 sq.m. and 2 buildings erected thereon which were completed in 2011. The buildings have a total gross floor area of approximately 8,406 sq.m. The buildings include a 3-storey staff dormitory building and a 2-storey industrial & office building. The structures mainly include wastewater treatment station and water quality automatic monitoring station. The land use rights of the property have been granted for terms with the expiry dates on 20 December 2060 (for portion of the land parcel with a site area of approximately 22,404 sq.m.) and 20 August 2060 (for the remaining portion of the land parcel with a site area of approximately 79,270 sq.m.) for industrial use.	The property is currently vacant.	38,460,000 *(refer to note 3)*

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Yang Guo Yong (2015) Di No. 0132, the land use rights of a parcel of land with a site area of approximately 101,674 sq.m. have been granted to Yangzhou Tongfang for terms with the expiry dates on 20 December 2060 (for portion of the land parcel with a site area of approximately 22,404 sq.m.) and 20 August 2060 (for the remaining portion of the land parcel with a site area of approximately 79,270 sq.m.) for industrial use.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   (a) The property is not subject to any mortgage or third party encumbrance;

   (b) Yangzhou Tongfang legally owns the land use rights of the property and has rights to occupy, use, lease, transfer, mortgage or other dispose of the land of the property;

   (c) Yangzhou Tongfang will have rights to occupy, use, lease, transfer, mortgage or other dispose of the buildings of the property after obtaining the building ownership certificates; and

   (d) The structures of the property have not obtained the construction approvals. The costs of these structures are small and it will not have adverse effect if these structures were demolished.

3. In the valuation of this property, we have attributed no commercial value to 2 buildings and structures of the property which have not obtained Building Ownership Certificate or construction approvals. However, for reference purpose, we are of the opinion that the depreciated replacement cost of these buildings and structures as at the valuation date would be RMB14,904,000 assuming proper title certificates and construction approvals had been obtained and the property could be freely transferred.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2016 *RMB*
3.	A parcel of land and 3 buildings located at No. 159 Xijiu Dao Tianjin Airport Economic Area Tianjin The PRC	The property comprises a parcel of land with a site area of approximately 6,022.9 sq.m. and 3 buildings erected thereon which were completed in 2010. The buildings have a total gross floor area of approximately 8,427.87 sq.m. The buildings include a 4-storey office & exhibition building, a single-storey guard room and a single storey pump house. The land use rights of the property have been granted for a term expiring on 11 May 2059 for industrial use.	The property is currently vacant.	20,788,000

Notes:

1. Pursuant to a Real Estate Registration Certificate – Jin (2016) Bao Shui Qu Bu Dong Chan Quan No. 1004033, 3 buildings with a total gross floor area of approximately 8,427.87 sq.m. are owned by Tianjin Zhenmingli. The land use rights of a parcel of land with a site area of approximately 6,022.9 sq.m. have been granted to Tianjin Zhenmingli for a term expiring on 11 May 2059 for industrial use.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   (a) The property is not subject to any mortgage or third party encumbrance; and

   (b) Tianjin Zhenmingli legally owns the building ownership rights and the land use rights of the property and has rights to occupy, use, lease, transfer, mortgage or other dispose of the property.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and the chief executives in the share capital and associated corporations of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executives in the Shares, underlying Shares and debentures of the Company and its associated corporations of the Company, within the meaning of Part XV of the SFO which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Long positions in the Shares and underlying Shares of the Company:

Name	Capacity	Number of Ordinary Shares as at the Latest Practicable Date	Percentage of total issued share capital as at the Latest Practicable Date
Mr. Wang Liang Hai[(1)]	Beneficial owner	1,500,000	0.08%
Mr. Seah Han Leong[(2)]	Beneficial owner	1,500,000	0.08%
Mr. Liu Wei Dong[(3)]	Beneficial owner	1,000,000	0.05%
Mr. Fan, Ren Da Anthony[(4)]	Beneficial owner	600,000	0.03%
Mr. Liu Tian Min[(5)]	Beneficial owner	600,000	0.03%
Ms. Li Ming Qi[(6)]	Beneficial owner	600,000	0.03%

Notes:

(1) Mr. Mr. Wang Liang Hai is deemed to be interested in 1,500,000 Shares which may be issued to him upon the exercise of the share options granted to him on 15 May 2015 under the share option scheme of the Company adopted on 20 November 2006 (the "2006 Share Option Scheme").

(2) Mr. Seah Han Leong is deemed to be interested in 1,500,000 Shares which may be issued to him upon the exercise of the share options granted to him on 15 May 2015 under the 2006 Share Option Scheme.

(3) Mr. Liu Wei Dong is deemed to be interested in 1,000,000 Shares which may be issued to him upon the exercise of the share options granted to him on 15 May 2015 under the 2006 Share Option Scheme.

(4) Mr. Fan, Ren Da Anthony is deemed to be interested in 600,000 Shares which may be issued to him upon the exercise of the share options granted to him on 15 May 2015 under the 2006 Share Option Scheme.

(5) Mr. Liu Tian Min is deemed to be interested in 600,000 Shares which may be issued to him upon the exercise of the share options granted to him on 15 May 2015 under the 2006 Share Option Scheme.

(6) Ms. Li Ming Qi is deemed to be interested in 600,000 Shares which may be issued to him upon the exercise of the share options granted to him on 15 May 2015 under the 2006 Share Option Scheme.

Long positions in the Shares and underlying Shares of the associated corporation

American Lighting

Name	Capacity	Number of ordinary shares as at the Latest Practicable Date	Percentage of total issued share capital as at the Latest Practicable Date
Mr. Seah Han Leong[(1)]	Beneficial owner	363	0.99%

Note:

(1) Mr. Seah Han Leong is deemed to be interested in 363 common stocks which may be issued to him upon the exercise of the share options granted to him on 30 June 2015 under the American Lighting's share incentive plan adopted on 2 April 2015.

Save as mentioned above, as at the Latest Practicable Date, none of the Directors and the chief executives had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations which had been entered in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, so far as the Directors are aware, the following persons (other than the Directors and the executive officers) have interests or short positions in the Shares or underlying Shares which are required to be disclosed to the provisions of Divisions 2 and 3 of Part XV of the SFO or, are directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name	Capacity	Number of ordinary shares as at the Latest Practicable Date	Percentage of total issued share capital as at the Latest Practicable Date
THTF Energy-Saving Holdings Limited[(1)]	Beneficial owner	1,348,360,690	69.52%
Resuccess Investments Limited[(1)(2)]	Interest of controlled corporation and beneficial owner	1,351,298,690	69.68%
Tsinghua Tongfang Co., Ltd.[(1)(2)]	Interest of controlled corporation	1,351,298,690	69.68%

Notes:

(1) Resuccess Investments Limited ("Resuccess") holds the entire issued share capital of THTF Energy-Saving Holdings Limited ("THTF Energy") and Tsinghua Tongfang holds the entire issued share capital of Resuccess, therefore, each of Resuccess and Tsinghua Tongfang is deemed to be interested in all 1,348,360,690 Shares held by THTF Energy.

(2) Resuccess directly holds 2,938,000 Shares in the Company. Tsinghua Tongfang holds the entire issued share capital of Resuccess. Therefore, Tsinghua Tongfang is deemed to be interested in all Shares held by Resuccess.

Save as mentioned above, as at the Latest Practicable Date, the Company had not been notified of any interests and short positions in the Shares and underlying Shares of the Company which had been entered in the register required to be kept under Section 336 of the SFO.

3. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. QUALIFICATIONS AND CONSENT OF EXPERT

The following is the qualifications of the experts or professional advisers who have given opinion or advice contained in this circular:

Name	Qualifications
Gram Capital Limited	a licensed corporation licensed under the SFO to conduct type 6 (advising on corporate finance)
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer
Beijing Zhuoxindahua Appraisal Co., Ltd.	Independent valuer

Each of Gram Capital Limited, Jones Lang LaSalle Corporate Appraisal and Advisory Limited and Beijing Zhuoxindahua Appraisal Co., Ltd. has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

The letter and recommendation given by Gram Capital Limited, Jones Lang LaSalle Corporate Appraisal and Advisory Limited and Beijing Zhuoxindahua Appraisal Co., Ltd. are given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, none of Gram Capital Limited, Jones Lang LaSalle Corporate Appraisal and Advisory Limited or Beijing Zhuoxindahua Appraisal Co., Ltd. had any shareholding in or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

As at the Latest Practicable Date, none of Gram Capital Limited, Jones Lang LaSalle Corporate Appraisal and Advisory Limited or Beijing Zhuoxindahua Appraisal Co., Ltd. had any interest, direct or indirect, in any assets since 31 December 2015, being the date to which the latest published audited accounts of the Company were made up, have been acquired or disposed of by or leased to the Company, or are proposed to be acquired or disposed of by or leased to the Company.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Company were made up.

6. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

7. INTEREST OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 December 2015, being the date to which the latest published audited accounts of the Company were made up.

As at the Latest Practicable Date, there is no other contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at Unit 806-810, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong during normal business hours from 29 November 2016 up to and including 21 December 2016:

(a) the Equity Transfer Agreements;

(b) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 18 of this circular;

(c) the letter of advice from Gram Capital, the text of which is set out on pages 19 to 34 of this circular;

(d) the written consents from Gram Capital, Jones Lang LaSalle Corporate Appraisal and Advisory Limited and Beijing Zhuoxindahua Appraisal Co., Ltd. referred in paragraph 4 of this appendix;

(e) the valuation report of each of Yangzhou Tongfang, Shanghai Cuineng and Tianjin Zhenmingli as stated in Appendices I to III; and

(f) the property valuation report as stated in Appendix IV.

9. MISCELLANEOUS

(a) The principal registrar of the Company is Royal Bank of Canada Trust Company (Cayman) Limited, 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110, Cayman Islands.

(b) The Hong Kong branch share registrar is Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(c) In case of inconsistency, the English text of this circular and the enclosed form of proxy shall prevail over its Chinese text.

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)

NOTICE OF EGM

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**EGM**") of Neo-Neon Holdings Limited (the "**Company**") will be held at Unit 806-810, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong on Wednesday, 21 December 2016, at 9:30 a.m. to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company. Unless otherwise defined, capitalised terms used herein shall have the same meaning as those in the circular of the Company dated 28 November 2016.

ORDINARY RESOLUTIONS

1. "**THAT**:

the Yangzhou Tongfang Equity Transfer Agreement dated 31 October 2016 entered into by and among Billion Choice, Yangzhou Tongfang and Tongfang Technology Park (a copy of which is produced to the EGM), the terms and conditions thereof, the transaction contemplated thereunder and the implementation thereof, be and are hereby approved, confirmed and ratified";

2. "**THAT**:

the Shanghai Cuineng Equity Transfer Agreement dated 31 October 2016 entered into by and among Neo-Neon China, Shanghai Cuineng and Tongfang Technology Park (a copy of which is produced to the EGM), the terms and conditions thereof, the transaction contemplated thereunder and the implementation thereof, be and are hereby approved, confirmed and ratified"; and

3. "**THAT**:

the Tianjin Zhenmingli Equity Transfer Agreement dated 31 October 2016 entered into by and among Neo-Neon China, Tianjin Zhenmingli and Tongfang Technology Park (a copy of which is produced to the EGM), the terms and conditions thereof, the transaction contemplated thereunder and the implementation thereof, be and are hereby approved, confirmed and ratified".

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

Hong Kong, 28 November 2016

Principal place of business in Hong Kong:
Unit 806-810
Bank of America Tower
12 Harcourt Road
Central, Hong Kong

Notes:

(a) At the EGM, the chairman of the meeting will put each of the above resolutions to be voted by way of a poll pursuant to requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong.

(b) Any member entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote in his stead. A proxy need not be a member of the Company. A Shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A form of proxy for use in connection with the EGM is enclosed with the circular to shareholders dated 28 November 2016.

(c) Where there are joint registered holders of any share in the issued share capital of the Company, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he/she/it were solely entitled thereto; but if more than one of such joint holders be present at the EGM, the vote of the senior holder who tenders a vote, whether in personal or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of such joint holding.

(d) The register of members of the Company will be closed from Monday, 19 December 2016 to Wednesday, 21 December 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrars in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 16 December 2016. The record date for the determination of the entitlement to attend and vote at the EGM will be Wednesday, 21 December 2016.

(e) To be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding of EGM or any adjourned meeting.

As at the date of this notice, 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.