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Neo-Neon Holdings Limited
同方友友控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1868)

BUSINESS UPDATE

INVESTMENT FRAMEWORK AGREEMENT

This announcement is made by Neo-Neon Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") to keep the shareholders and potential investors of the Company informed of the latest business development of the Group.

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce that on 29 June 2017 (after trading hours), Heshan Tongfang Lighting Technology Co., Ltd.* (鶴山同方照明科技有限公司) ("**Heshan Tongfang**"), a wholly-owned subsidiary of the Group, entered into an investment framework agreement (the "**Investment Framework Agreement**") with the Management Committee of Heshan Municipal Industry City* (鶴山市工業城管委會) ("**Management Committee of Heshan Industry City**") in relation to the development and expansion of electronic information industry and LED lighting industry in Heshan Industry City* (鶴山市工業城) by planning and constructing Tongfang Science and Technology City* (同方科技城), a science and technology zone to be operated by Heshan Tongfang.

THE INVESTMENT FRAMEWORK AGREEMENT

Date

29 June 2017 (after trading hours)

Parties to the Investment Framework Agreement

(1) Heshan Tongfang; and

(2) Management Committee of Heshan Industry City

Material terms of the Investment Framework Agreement

Pursuant to the Investment Framework Agreement, Heshan Tongfang and Management Committee of Heshan Industry City intend to cooperate with each other in relation to the investment and construction of a science and technology zone for the development and expansion of the electronic information industry and LED lighting industry in Heshan Industry City. It is planned that the zone will be comprised of four bases according to different functions, namely Lighting Technology Town* (照明科技小鎮) for LED lighting products marketing and exhibition, New Lighting Source Manufacturing Base* (新光源生產基地) for LED lighting products manufacturing, Lighting Industry Incubator Base* (照明產業孵化基地) for LED lighting products research and development and LED Lighting Headquarter* (照明總部) for overall management. Both parties will cooperate in the following manners:

– Heshan Tongfang shall, by leveraging its globally-leading research and development advantages, innovative LED products and powerful manufacturing capacities, re-plan its land use right located in Gonghe Town, Heshan (鶴山市共和鎮) to invest and construct a science and technology zone which can provide a comprehensive network of industries and life services and include a science and technology office building, light development museum and lighting exhibition area. The science and technology zone will cover a total construction area of approximately 560,000 square meters.

– Heshan Tongfang will transfer the land use right of a land with approximately 40 mu (畝) together with the buildings thereof to Management Committee of Heshan Industry City to accommodate its overall re-planning of Heshan Industry City*. As the exchange, Management Committee of Heshan Industry City will transfer the land use right of a land with approximately 90 mu (畝) to Heshan Tongfang for it to construct new buildings as its new office and manufacturing factories. The parties will appoint an independent third party valuer to value the aforementioned properties and the difference between the valuations will be made up by the relevant party by cash. Heshan Tongfang will streamline its internal resources and construct and develop a new lighting manufacturing base for its LED decorative lighting and LED general lighting businesses on the new land.

– Heshan Tongfang will reform and construct certain parts of its current factory to an incubator base for research and development, pilot manufacturing and business operation. The incubator base will also provide other consulting and supporting services, such as corporate governance, legal consultancy, finance, marketing, staff training, logistics support, etc.

– Heshan Tongfang will use the science and technology office building to be constructed in the science and technology zone in Heshan Industry City as its headquarters for LED lighting business to promote the development and expansion of LED lighting business in Heshan.

– Management Committee of Heshan Industry City will actively assist Heshan Tongfang to go through governmental approval procedures and obtain certain preferential treatments for the above-mentioned re-planning.

REASONS FOR AND BENEFITS OF THE INVESTMENT FRAMEWORK AGREEMENT

The Investment Framework Agreement marks the Group's continuous efforts to expand its current businesses of research & development, sales and manufacturing of LED decorative lighting, LED general lighting, LED professional lighting and engineering projects. The cooperation with Management Committee of Heshan Industry City also demonstrates the local government authority's commitment and faith in the Group's business and operation.

Accordingly, the Directors (including the independent non-executive Directors) are of the view that the Investment Framework Agreement is in the best interest of the Company and the shareholders of the Company as a whole.

INFORMATION ON THE COMPANY

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. Heshan Tongfang is a wholly owned subsidiary of the Group.

INFORMATION ON MANAGEMENT COMMITTEE OF HESHAN INDUSTRY CITY

Management Committee of Heshan Industry City is a government authority responsible for the management and development of Heshan Industry City.

Shareholders and investors of the Company should note that the transactions contemplated under the Investment Framework Agreement remain subject to the entering into of definitive agreements and may or may not materialise as described or at all. In the event any definitive agreement is entered into, further announcement(s) will be made as appropriate in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Shareholders and investors of the Company should exercise caution when dealing in the shares of the Company.

* *for identification purpose only*

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

Hong Kong, 30 June 2017

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