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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: 01868)**

## MAJOR TRANSACTIONS
## LAND USE RIGHTS GRANT CONTRACTS

### LAND USE RIGHTS GRANT CONTRACTS

The Board is pleased to announce that on 6 December 2018:

(1) Jiangmen Tonghe and Heshan Municipal Land Bureau entered into the Land Use Rights Grant Contract No. 1, Land Use Rights Grant Contract No. 2 and Land Use Rights Grant Contracts No. 3 in respect of the grant of the Land No. 1, Land No. 2 and Land No. 3 for urban residential usage and commercial service usage to Jiangmen Tonghe by Heshan Municipal Land Bureau at the aggregated consideration of RMB487,805,154.67; and

(2) Jiangmen Tongxin and Heshan Municipal Land Bureau entered into the Land Use Rights Grant Contract No. 4 in respect of the grant of the Land No. 4 for urban residential usage and commercial service usage to Jiangmen Tongxin by Heshan Municipal Land Bureau at the consideration of RMB87,104,107.67.

The Land No. 1, Land No. 2 and Land No. 3 have been held by Jiangmen Tonghe and the Land No. 4 has been held by Jiangmen Tongxin for industrial usage. The entering into of the Land Use Rights Grant Contracts are for the purpose of obtaining the grant of the Lands by Jiangmen Tonghe and Jiangmen Tongxin with the new usage of urban residential usage and commercial service usage, for the development of Tongfang Science and Technology City* (同方科技城), a science and technology zone to be operated by Heshan Tongfang.

According to the Opinion issued by Heshan Municipal People's Government dated 30 October 2018, Jiangmen Tonghe as the original holder of the Land No. 1, Land No. 2 and Land No. 3 and Jiangmen Tongxin as the original holder of the Land No. 4, who propose to demolish and reform the buildings on the respective Lands, the usage of which was changed, are entitled to payment from the Heshan Municipal People's Government of a sum in the amount of 40% of aggregate consideration for the grant of the Lands pursuant to the Land Use Rights Grant Contracts or the residue value of the buildings on the Lands as compensation for such buildings.

* *for identification purpose only*

**IMPLICATIONS UNDER THE LISTING RULES**

As of the date of this announcement, one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Land Use Rights Grant Contracts aggregated, exceed 25% but are all less than 100%, the transactions contemplated under the Land Use Rights Grant Contracts aggregated constitute major transactions for the Company under Chapter 14 of the Listing Rules and is subject to the announcement, circular and shareholders' approval requirements under the Listing Rules.

Since (i) no Shareholder is required to abstain from voting on the resolution at an EGM if it were convened to approve the Land Use Rights Grant Contracts and the transactions contemplated thereunder; and (ii) in lieu of holding an EGM, the Company, on 6 December 2018, received the Written Shareholders' Approval in respect of the Land Use Rights Grant Contracts and the transactions contemplated thereunder from THTF ES and Resuccess that together hold an aggregate of 1,357,442,690 Shares, representing approximately 64.81% of the issued capital of the Company as at the date of the Written Shareholders' Approval), no EGM is required to be convened for the approval of Land Use Rights Grant Contracts and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, (i) details of the Land Use Rights Grant Contracts and the transactions contemplated thereunder; and (ii) other general information of the Company will be despatched to Shareholders on or before 31 December 2018 in accordance with the Listing Rules.

## BACKGROUND

The Board is pleased to announce that on 6 December 2018:

(1) Jiangmen Tonghe and Heshan Municipal Land Bureau entered into the Land Use Rights Grant Contract No. 1, Land Use Rights Grant Contract No. 2 and Land Use Rights Grant Contracts No. 3 in respect of the grant of the Land No. 1, Land No. 2 and Land No. 3 for urban residential usage and commercial service usage to Jiangmen Tonghe by Heshan Municipal Land Bureau at the aggregated consideration of RMB487,805,154.67; and

(2) Jiangmen Tongxin and Heshan Municipal Land Bureau entered into the Land Use Rights Grant Contract No. 4 in respect of the grant of the Land No. 4 for urban residential usage and commercial service usage to Jiangmen Tongxin by Heshan Municipal Land Bureau at the consideration of RMB87,104,107.67.

The Land No. 1, Land No. 2 and Land No. 3 have been held by Jiangmen Tonghe and the Land No. 4 has been held by Jiangmen Tongxin for industrial usage. The entering into of the Land Use Rights Grant Contracts are for the purpose of obtaining the grant of the Lands by Jiangmen Tonghe and Jiangmen Tongxin with the new usage of urban residential usage and commercial service usage, for the development of Tongfang Science and Technology City* (同方科技城), a science and technology zone to be operated by Heshan Tongfang.

**LAND USE RIGHTS GRANT CONTRACT NO. 1**

The principal terms of the Land Use Rights Grant Contract No. 1 are as follows:

| | | |
|---|---|---|
| Parties | : | (1) Jiangmen Tonghe, a wholly-owned subsidiary of the Company<br><br>(2) Heshan Municipal Land Bureau<br><br>To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Heshan Municipal Land Bureau and its ultimate beneficial owners are third parties independent of the Group and its connected persons. |
| Code of the land granted | : | 440784007008GB02099 |
| Location of the land granted | : | South of Gongxinglu and east of Xianghelu, Gonghe Zhen, Heshan Shi (鶴山市共和鎮共興路以南、祥和路以東) |
| Total site area of the land granted | : | 35,867.98 square meters |
| Planned gross floor area of the land granted | : | 95,112.99 square meters |
| Nature of the land use rights of the land granted | : | Urban residential usage and commercial service usage |
| Term of the land use rights of the land granted | : | Urban residential usage for 70 years and commercial service usage for 40 years |
| Consideration for the land granted and terms of payment | : | RMB98,004,312.33, payable within 30 days |

**LAND USE RIGHTS GRANT CONTRACT NO. 2**

The principal terms of the Land Use Rights Grant Contract No. 2 are as follows:

| | | |
|---|---|---|
| Parties | : | (1) Jiangmen Tonghe, a wholly-owned subsidiary of the Company<br><br>(2) Heshan Municipal Land Bureau<br><br>To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Heshan Municipal Land Bureau and its ultimate beneficial owners are third parties independent of the Group and its connected persons. |
| Code of the land granted | : | 440784007008GB02100 |
| Location of the land granted | : | South of Gongxinglu and east of Xianghelu, Gonghe Zhen, Heshan Shi (鶴山市共和鎮共興路以南、祥和路以東) |
| Total site area of the land granted | : | 79,517.29 square meters |
| Planned gross floor area of the land granted | : | 206,061.02 square meters |
| Nature of the land use rights of the land granted | : | Urban residential usage and commercial service usage |
| Term of the land use rights of the land granted | : | Urban residential usage for 70 years and commercial service usage for 40 years |
| Consideration for the land granted and terms of payment | : | RMB208,449,449.67, payable within 30 days |

**LAND USE RIGHTS GRANT CONTRACT NO. 3**

The principal terms of the Land Use Rights Grant Contract No. 3 are as follows:

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|---|---|---|
| Parties | : | (1) Jiangmen Tonghe, a wholly-owned subsidiary of the Company<br><br>(2) Heshan Municipal Land Bureau<br><br>To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Heshan Municipal Land Bureau and its ultimate beneficial owners are third parties independent of the Group and its connected persons. |
| Code of the land granted | : | 440784007008GB02105 |
| Location of the land granted | : | North of Pingandadao and west of Gonghedadao, Gonghe Zhen, Heshan Shi (鶴山市共和鎮平安大道以北、共和大道以西) |
| Total site area of the land granted | : | 64,333.19 square meters |
| Planned gross floor area of the land granted | : | 173,232.81 square meters |
| Nature of the land use rights of the land granted | : | Urban residential usage and commercial service usage |
| Term of the land use rights of the land granted | : | Urban residential usage for 70 years and commercial service usage for 40 years |
| Consideration for the land granted and terms of payment | : | RMB181,351,392.67, payable within 30 days |

**LAND USE RIGHTS GRANT CONTRACT NO. 4**

The principal terms of the Land Use Rights Grant Contract No. 4 are as follows:

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|---|---|---|
| Parties | : | (1) Jiangmen Tongxin, a wholly-owned subsidiary of the Company<br><br>(2) Heshan Municipal Land Bureau<br><br>To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Heshan Municipal Land Bureau and their ultimate beneficial owners are third parties independent of the Group and its connected persons. |
| Code of the land granted | : | 440784007008GB02106 |
| Location of the land granted | : | South of Pingandadao, west of Xianghelu, Gonghe Zhen, Heshan Shi (鶴山市共和鎮平安大道以南、祥和路以西) |
| Total site area of the land granted | : | 26,366.64 square meters |
| Planned gross floor area of the land granted | : | 79,099.92 square meters |
| Nature of the land use rights of the land granted | : | Urban residential usage and commercial service usage |
| Term of the land use rights of the land granted | : | Urban residential usage for 70 years and commercial service usage for 40 years |
| Consideration for the land granted and terms of payment | : | RMB87,104,107.67, payable within 30 days |

## BASIS OF DETERMINATION AND FUNDING OF THE CONSIDERATION

The aggregate consideration of RMB574,909,262.34 for the grant of the Lands pursuant to the Land Use Rights Grant Contracts were arrived at based on the difference in value of the Lands between (i) industrial usage and (ii) urban residential usage and commercial service usage as determined by Heshan Municipal Land Bureau, which the Directors consider fair and reasonable. The current book value of the Lands is approximately RMB91.28 million and will become approximately RMB666.19 million upon the change in land usage.

The aggregate consideration for the grant of the Lands will be funded by internal resources of the Group.

## THE OPINION

According to the Opinion issued by Heshan Municipal People's Government dated 30 October 2018, Jiangmen Tonghe as the original holder of the Land No. 1, Land No. 2 and Land No. 3 and Jiangmen Tongxin as the original holder of the Land No. 4, who propose to demolish and reform the buildings on the respective Lands, the usage of which was changed, are entitled to payment from the Heshan Municipal People's Government of a sum in the amount of 40% of aggregate consideration for the grant of the Lands pursuant to the Land Use Rights Grant Contracts or the residue value of the buildings on the Lands as compensation for such buildings.

Further announcement(s) will be made by the Company in compliance with the Listing Rules as and when appropriate.

## REASONS FOR AND BENEFITS OF ENTERING INTO THE LAND USE RIGHTS GRANT CONTRACTS

Heshan Tongfang entered into an 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 on 29 June 2017.

On 1 March 2018, the Company received an approval letter from Heshan Municipal People's Government, who had approved the construction and development plan of Tongfang Science and Technology City* (同方科技城). Further, on 7 August 2018, Heshan Municipal Land Bureau determined the site map of each planned plot.

On 9 November 2018, entered into a framework agreement with the Management Committee of Heshan Industry City, pursuant to which Heshan Tongfang and the Management Committee of Heshan Industry City have agreed on the action steps to be taken by the parties with a view to push forward the construction and development of Tongfang Science and Technology City* (同方科技城). The change of the usage of the Lands is part of the action steps to be taken by the parties with a view to push forward the construction and development of Tongfang Science and Technology City* (同方科技城) as contemplated under the framework agreement.

The development of Tongfang Science and Technology City* (同方科技城) 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.

The Directors consider that the terms of the Land Use Rights Grant Contracts are normal commercial terms, fair and reasonable and are in the interests of the Company and its shareholders as a whole.

## IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Land Use Rights Grant Contracts aggregated, exceed 25% but are all less than 100%, the transactions contemplated under the Land Use Rights Grant Contracts aggregated constitute major transactions for the Company under Chapter 14 of the Listing Rules and is subject to the announcement, circular and shareholders' approval requirements under the Listing Rules.

Since (i) no Shareholder is required to abstain from voting on the resolution at an EGM if it were convened to approve the Land Use Rights Grant Contracts and the transactions contemplated thereunder; and (ii) in lieu of holding an EGM, the Company, on 6 December 2018, received the Written Shareholders' Approval in respect of the Land Use Rights Grant Contracts and the transactions contemplated thereunder from THTF ES and Resuccess that together hold an aggregate of 1,357,442,690 Shares, representing approximately 64.81% of the issued capital of the Company as at the date of the Written Shareholders' Approval), no EGM is required to be convened for the approval of Land Use Rights Grant Contracts and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, (i) details of the Land Use Rights Grant Contracts and the transactions contemplated thereunder; and (ii) other general information of the Company will be despatched to Shareholders on or before 31 December 2018 in accordance with the Listing Rules.

## GENERAL

### Information on the Group

The Company is 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 the Taiwan depositary receipts of which are listed on the Taiwan Stock Exchange. 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, provision of asset management services, investment advisory services and securities trading.

Tongfang Securities is a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Company. It is licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO and is principally engaged in the provision of asset management services, investment advisory services and securities trading.

Jiangmen Tonghe and Jiangmen Tongxin were both established under the laws of the PRC on 22 October 2018 as a holding company for the purpose of hodling and developing the respective Lands. Jiangmen Tonghe and Jiangmen Tongxin are wholly-owned by Heshan Tongfang and are indirect wholly-owned subsidiaries of the Company.

**Heshan Municipal Land Bureau**

Heshan Municipal Land Bureau is a PRC governmental authority and the grantor of the Lands.

**DEFINITIONS**

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

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| "Board" | the board of Directors |
| "Company" | Neo-Neon Holdings Limited, a company incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1868) |
| "connected person" | has the meaning ascribed to it under the Listing Rules |
| "Director(s)" | the directors of the Company |
| "EGM" | extraordinary general meeting of the Company |
| "Group" | the Company and its subsidiaries |
| "Heshan Municipal Land Bureau" | Heshan Municipal Land Bureau* (鶴山市國土資源局), a PRC governmental authority and the grantor of the Lands |
| "Heshan Municipal People's Government" | Heshan Municipal People's Government* (鶴山市人民政府) |
| "Heshan Tongfang" | Heshan Tongfang Lighting Technology Co., Ltd.* (鶴山同方照明科技有限公司), an indirect wholly-owned subsidiary of the Company |
| "HK$" | Hong Kong dollar(s), the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |
| "Independent Third Party(ies)" | third party(ies) which is/are independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company |
| "Jiangmen Tonghe" | Jiangmen Tonghe Guangyuan Technology Limited* (江門市同鶴光源科技有限公司), an indirect wholly-owned subsidiary of the Company |
| "Jiangmen Tongxin" | Jiangmen Tongxin Guangyuan Technology Limited* (江門市同欣光源科技有限公司), an indirect wholly-owned subsidiary of the Company |

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| "Land No. 1" | a piece of land located in South of Gongxinglu and east of Xianghelu, Gonghe Zhen, Heshan Shi (鶴山市共和鎮共興路以南、祥和路以東) with a total site area of 35,867.98 square meters |
| "Land No. 2" | a piece of land located in South of Gongxinglu and east of Xianghelu, Gonghe Zhen, Heshan Shi (鶴山市共和鎮共興路以南、祥和路以東) with a total site area of 79,517.29 square meters |
| "Land No. 3" | a piece of land located in North of Pingandadao and west of Gonghedadao, Gonghe Zhen, Heshan Shi (鶴山市共和鎮平安大道以北、共和大道以西) with a total site area of 64,333.19 square meters |
| "Land No. 4" | a piece of land located in South of Pingandadao, west of Xianghelu, Gonghe Zhen, Heshan Shi (鶴山市共和鎮平安大道以南、祥和路以西) with a total site area of 26,366.64 square meters |
| "Land Use Rights Grant Contract No. 1" | the state-owned construction land use rights grant contract (國有建設用地使用權出讓合同) in respect of Land No. 1 entered into between Jiangmen Tonghe and Heshan Municipal Land Bureau on 6 December 2018 |
| "Land Use Rights Grant Contract No. 2" | the state-owned construction land use rights grant contract (國有建設用地使用權出讓合同) in respect of Land No. 2 entered into between Jiangmen Tonghe and Heshan Municipal Land Bureau on 6 December 2018 |
| "Land Use Rights Grant Contract No. 3" | the state-owned construction land use rights grant contract (國有建設用地使用權出讓合同) in respect of Land No. 3 entered into between Jiangmen Tonghe and Heshan Municipal Land Bureau on 6 December 2018 |
| "Land Use Rights Grant Contract No. 4" | the state-owned construction land use rights grant contract (國有建設用地使用權出讓合同) in respect of Land No. 4 entered into between Jiangmen Tongxin and Heshan Municipal Land Bureau on 6 December 2018 |
| "Land Use Rights Grant Contracts" | the Land Use Rights Grant Contract No. 1, Land Use Rights Grant Contract No. 2, Land Use Rights Grant Contract No. 3 and Land Use Rights Grant Contract No. 4 |
| "Lands" | the Land No. 1, Land No. 2, Land No. 3 and Land No. 4 |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange |

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|---|---|
| "Opinion" | the opinion on "three old" reform work in Heshan (for trial implementation) (鶴山市"三舊"改造工作實施意見(試行)) issued by Heshan Municipal People's Government dated 30 October 2018 |
| "PRC" or "China" | the People's Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement |
| "Resuccess" | Resuccess Investments Limited, a substantial shareholder of the Company directly holding 9,082,000 Shares (representing approximately 0.43% of the Company's issued share capital) and the entire issued share capital of THTF ES and therefore deemed to be interested in all 1,348,360,690 Shares held by THTF ES as at the date of the Written Shareholders' Approval |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "Share(s)" | the ordinary share(s) of HK$0.10 each in the share capital of the Company |
| "Shareholder(s)" | the holder(s) of the Share(s) |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "subsidiary(ies)" | has the meaning ascribed to it under the Listing Rules |
| "THTF ES" | THTF Energy Saving Holdings Limited, a substantial shareholder of the Company holding 1,348,360,690 Shares (representing approximately 64.38% of the Company's issued share capital) as at the date of the Written Shareholders' Approval |
| "Written Sharholders' Approval" | the written shareholders' approval dated 6 December 2018 in respect of the Land Use Rights Grant Contracts given by THTF ES and Resuccess |
| "%" | per cent. |

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

Hong Kong, 6 December 2018

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