THIS CIRCULAR IS IMPORTANT AND REQUEST YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Neo-Neon Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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

A letter from the Board is set out on pages 5 to 12 of this circular.

The Land Use Rights Grant Contracts and the transactions contemplated thereunder have been approved by written shareholder's approval obtained from THTF Energy Saving Holdings Limited and Resuccess Investments Limited, pursuant to Rule 14.44 of the Listing Rules in lieu of holding a general meeting of the Company. This circular is being despatched to the Shareholder for information only.

25 February 2019

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

"2006 Share Option Scheme"	the share option scheme of the Company adopted by resolutions of the Shareholders on 20 November 2006
"American Lighting"	American Lighting, Inc., a Delaware corporation and an indirectly wholly-owned subsidiary of the Company
"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
"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"	Land No. 1, Land No. 2, Land No. 3 and Land No. 4
"Latest Practicable Date"	18 February 2019, being the latest practicable date for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"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 circular
"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
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
"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
"Subsidiary Share Incentive Plan"	means American Lighting's share incentive plan adopted by the Shareholders on 2 April 2015
"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.

* *for identification purpose 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: 01868)

Executive Directors:
Mr. SEAH Han Leong
Mr. Daniel P.W. LI

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:
15th Floor
Allied Kajima Building
138 Gloucester Road
Wanchai, Hong Kong

25 February 2019

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTIONS
LAND USE RIGHTS GRANT CONTRACTS

INTRODUCTION

Reference is made to the announcement of the Company dated 6 December 2018.

The purpose of this circular is to provide the Shareholders with, 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.

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 (2) Heshan Municipal Land Bureau 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 (2) Heshan Municipal Land Bureau 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:

Parties	:	(1) Jiangmen Tonghe, a wholly-owned subsidiary of the Company (2) Heshan Municipal Land Bureau 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:

Parties	:	(1) Jiangmen Tongxin, a wholly-owned subsidiary of the Company (2) Heshan Municipal Land Bureau 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. The Directors consider the aggregate consideration as fair and reasonable after making an overall assessment with due consideration to the following factors: (i) the future benefits and development potential of the

construction and development of Tongfang Science and Technology City* (同方科技城), a science and technology zone to be operated by Heshan Tongfang, in Heshan Industry City* (鶴山市工業城), on the Lands after the conversion of the usage from industrial usage to urban residential usage and commercial service usage; (ii) it is preferable to use the Lands currently owned by the Group, instead of acquiring other lands, for development of Tongfang Science and Technology City* (同方科技城) both in terms of capital expenditure and administrative work involved; and (iii) the compensation in the aggregate amount of RMB230 million (which has been fully received by the Group as at the Latest Practicable Date) to which the Group is entitled pursuant to the Opinion. 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.

As of the Latest Practicable Date, the aggregate consideration for the grant of the Lands has been fully paid, and was funded by internal resources of the Group as to approximately RMB95 million and shareholder's loan as to approximately RMB480 million, of which approximately RMB130 million has been repaid, and the rest will be due for repayment in December 2020.

THE OPINION

According to the Opinion issued by Heshan Municipal People's Government dated 30 October 2018, Jiangmen Tonghe as the original holder of Land No. 1, Land No. 2 and Land No. 3 and Jiangmen Tongxin as the original holder of 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. As of the Latest Practicable Date, the compensation in the aggregate amount of RMB230 million has been fully received by the Group.

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

Heshan Tongfang 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 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).

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.

FINANCIAL EFFECTS OF THE TRANSACTIONS CONTEMPLATED UNDER THE LAND USE RIGHTS GRANT CONTRACTS

Immediately upon completion of the transactions contemplated under the Land Use Rights Grant Contracts, given that approximately RMB480 million of the consideration for the grant of the Lands was satisfied by shareholder's loan, the financial effects upon the Group are: (i) an increase of asset from land amounting to approximately RMB575 million; (ii) a decrease in cash of RMB95 million; (iii) an increase in liabilities (representing the loan from controlling shareholders) of approximately RMB480 million (of which approximately RMB130 million has been repaid); and (iv) an insignificant effect on the earnings of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this circular, 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 share 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.

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 holding 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 government authority and the grantor of the Lands.

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

1. CONSOLIDATED FINANCIAL STATEMENTS

Details of the financial information of the Group for each of the financial years ended 31 December 2015, 31 December 2016 and 31 December 2017 and the six months period ended 30 June 2018 are disclosed in the following documents which have been published on both the website of the Stock Exchange (http://www.hkex.com.hk) and the website of the Company (http://www.neo-neon.com):

- interim report of the Group for the six months period ended 30 June 2018 published on 31 August 2018 (pages 27 to 59) (available on: http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0831/LTN20180831473.pdf);

- annual report of the Group for the year ended 31 December 2017 published on 12 April 2018 (pages 62 to 146) (available on: http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0412/LTN20180412685.pdf);

- annual report of the Group for the year ended 31 December 2016 published on 27 April 2017 (pages 53 to 126) (available on: http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0427/LTN201704271068.pdf); and

- annual report of the Group for the year ended 31 December 2015 published on 12 April 2016 (pages 42 to 120) (available on: http://www3.hkexnews.hk/listedco/listconews/SEHK/2016/0412/LTN20160412377.pdf).

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 December 2018, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group has unaudited total outstanding interest-bearing bank borrowings of approximately RMB227,323,400, including secured bank borrowings of approximately RMB128,396,600, bank borrowings guaranteed by controlling shareholder of approximately RMB88,632,000 and unsecured bank borrowings of approximately RMB10,294,800.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have at the close of business on 31 December 2018 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are satisfied after due and careful consideration and taking into account the present internal financial resources available to the Group, the banking facilities presently available, the effect of the transactions contemplated under the Land Use Rights Grant Contracts and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for at least twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited consolidated accounts of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

During 2018, lighting segment of the Group seized the opportunity to explore the overseas market without slack, increased the gross margins, improved the management level, and revitalized idle assets, which lead to the improvement in its operating performance.

Heshan Tongfang entered into the Investment Framework Agreement with the 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.

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.

On 1 March 2018, the Company received an approval letter from Heshan Government, pursuant to which Heshan Government has approved the construction and development plan of Tongfang Science and Technology City* (同方科技城), a science and technology zone to be operated by Heshan Tongfang, in Heshan Industry City* (鶴山市工業城) as contemplated under the Investment Framework Agreement.

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.

On the other hand, the Company has started to cultivate the following into new pillar businesses, fund management, investment banking, financial management and technology based financial business investments from emerging industries. During 2017, the Company completed the acquisition of Buttonwood Finance Limited, which is currently named as Tongfang Securities Limited and has become a wholly-owned subsidiary of the Company.

Tongfang Securities Limited is a company incorporated in Hong Kong with limited liability and is principally engaged in provision of asset management services, investment advisory services and securities trading, and is licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities. Tongfang Securities Limited also incorporated Tongfang Capital Limited which is a licensed corporation to carry on Type 6 (Advising on Corporate Finance) regulated activity under the SFO. Tongfang Finance Limited, an entity under common control with Tongfang Securities, is a corporation to carry on money lending business under Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong). The deployment and development of such national strategic emerging industries would facilitate the Group to continue to innovate and develop.

American Lighting acquired 80% of the shareholders' equity of Novelty Lights in January 2019. The integration of the e-commerce channels of the newly acquired Novelty Lights with the brand advantages and traditional channels of American Lighting and the factories and project channels of Tivoli, LLC, will be of mutual benefit to the parties and further enhance the growth rate of the North American businesses. In the future, the synergy effect among the North American businesses will continue to expand through enhancing bargaining power by sharing sales channels and linking supply chains, and leveraging the same city effect between American Lighting and Novelty Lights to adjust the Company's profit structure by increasing the proportion of high-margin products and e-commerce channels. Through in-deep optimization and integration, establishing a horizontal and vertical two-way channel platform and continuously expanding the sales of luminaires and lighting fittings in North America, the Company strives to become a channel leader. American Lighting will continue to build new sales channels, develop new lighting businesses and usher in more business opportunities. The current management team of American Lighting will take all these as a basis to enhance the market competitiveness and high-tech image of the Company's brands and strengthen the management and growth of its subsidiaries in North America.

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 INTEREST BY DIRECTORS

As at the Latest Practicable Date, the Directors and the chief executive of the Company and their respective associates had the following interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded 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:

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

Name	Capacity	Number of Ordinary Share as at the Latest Practicable Date	Percentage of total issued share capital at the Latest Practicable Date
Mr. Seah Han Leong[(1)]	Beneficial owner	1,500,000	0.07%
Mr. Wang Liang Hai[(2)]	Beneficial owner	1,500,000	0.07%
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%
Mr. Daniel P.W. Li[(7)]	Interest of controlled corporation	177,227,723	8.46%

Notes:

(1) 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.

(2) 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 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.

(7) Mr. Daniel P.W. Li holds the entire issued share capital of Vast Stone Limited and is therefore deemed to be interested in all 177,227,723 Shares held by Vast Stone Limited.

Long Positions in the Shares and underlying Shares of the associated corporation:

American Lighting

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

Notes:

(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 under the Subsidiary Share Incentive Plan on 30 June 2015.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short position in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, no Directors had any existing or proposed service contracts with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation other than statutory compensation.

As at the Latest Practicable Date, none of the Directors had direct or indirect material interest in any assets which have been, since 31 December 2017 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or by or proposed to be acquired or disposed of by or leased to or by any member of the Group.

There is no contract or arrangement subsisting at the date of this circular in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS

So far as it is known to the Directors, as at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, 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 other member of the Group:

Name	Capacity	Number of Ordinary Shares as at the Latest Practicable Date	Percentage of total issued share capital as at 30 June 2018
THTF ES[(1)]	Beneficial owner	1,348,360,690	64.38%
Resuccess Investments Limited[(1)(2)]	Interest of controlled corporation and beneficial owner	1,357,442,690	64.81%
Tsinghua Tongfang[(1)(2)]	Interest of controlled corporation	1,357,442,690	64.81%
Vast Stone Limited[(3)]	Beneficial owner	177,227,723	8.46%
Daniel P.W. Li[(3)]	Interest of controlled corporation	177,227,723	8.46%

Notes:

(1) Resuccess holds the entire issued share capital of THTF ES 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 ES.

(2) Resuccess directly holds 9,082,000 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.

(3) Daniel P.W. Li holds the entire issued share capital of Vast Stone Limited and is therefore deemed to be interested in all 177,227,723 Shares held by Vast Stone Limited.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short position in the Shares and underlying Shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

4. MATERIAL CONTRACTS

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this circular which is or may be material:

(1) the Land Use Rights Grant Contracts;

(2) American Lighting (as the purchaser), Lighten Up Holdings, Inc. (as the seller) and Henry Coors and Kenneth Coors (as the owner) entered into a shareholders' equity purchase agreement on 1 January 2019 (Mountain Standard Time), pursuant to which, American Lighting shall purchase and Lighten Up Holdings, Inc. shall sell 100% of the issued and outstanding foreign shareholder's equity of Novelty Lights, which shall be delivered in two phases;

(3) the supplemental contract to the overseas asset management plan contract dated 29 October 2014 entered into among Heshan Tongfang Lighting Technology Co., Ltd. (鶴山同方照明科技有限公司) (as principal), China Asset Management Co., Ltd. (華夏基金管理有限公司) (as asset manager) and China Construction Bank Corporation (as asset custodian) dated 16 October 2017; and

(4) the discretionary client agreement entered into between Hai Tong Asset Management (HK) Limited and Tongfang Securities Limited on 5 June 2017, pursuant to which Tongfang Securities Limited has agreed to appoint Hai Tong Asset Management (HK) Limited, and Hai Tong Asset Management (HK) Limited has agreed to act as the discretionary investment manager to provide discretionary management services in respect of the portfolio of Tongfang Securities Limited.

5. LITIGATION AND CLAIMS

At as the Latest Practicable Date, the Group was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Group.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any personal interests in companies engaged in businesses, which compete or may compete with the Group.

7. GENERAL

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

The company secretary of the Company is Mr. Leung Lok Wai, who is a member of Hong Kong Institute of Certified Public Accountants and a member of the Institute of Internal Auditors.

The registered office of the Company is at Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands and its principal place of business in Hong Kong is at 15th Floor Allied Kajima Building 138 Gloucester Road Wanchai, Hong Kong. The transfer office of the Company is Tricor Investor Services Limited, Level 22, Hopewell Centre 183 Queen's Road East, Hong Kong.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the place of business of the Company in Hong Kong unless (i) a tropic cyclone warning signal number 8 or above is hoisted, or (ii) a black rainstorm warning signal is issued, except public holidays, for a period of 14 days from the date of this circular:

(i) the memorandum and articles of association of the Company;

(ii) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" in the circular;

(iii) the annual reports of the Company for the two years ended 31 December 2016 and 31 December 2017;

(iv) the interim report of the Company for the six months ended 30 June 2018;

(v) a copy of each of the material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and

(vi) this circular.