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If you have sold or transferred all your shares in **Neo-Neon Holdings Limited**, you should at once hand this circular 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 TRANSACTION
IN RELATION TO THE DISPOSAL OF TWO SUBSIDIARIES**

A letter from the Board is set out on pages 5 to 15 of this circular.

The Equity Interest Transfer Agreement 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.

20 November 2020

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DEFINITIONS

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

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| “American Lighting” | American Lighting, Inc., a Delaware corporation and an indirectly wholly-owned subsidiary of the Company |
| “Board” | the board of Directors |
| “Business Days” | a calendar day excluding Saturday, Sunday or all statutory holidays in the PRC |
| “CNCC” | China Nuclear Corporation Capital Co., Ltd.* (中國核工業集團資本控股有限公司), a company established under the laws of the PRC |
| “CNNC” | China National Nuclear Corporation* (中國核工業集團有限公司), a company established under the laws of the PRC |
| “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) |
| “Completion Date” | the date on which the Completion Confirmation is signed |
| “connected person” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the directors of the Company |
| “Disposal” | the transfer of the entire equity interests of the Target Companies from the Vendor to the Purchaser |
| “EGM” | extraordinary general meeting of the Company |
| “Equity Interest Transfer Agreement” | the Equity Interest Transfer Agreement dated 29 October 2020 entered into between the Vendor and the Purchaser in respect of the Disposal |
| “Group” | the Company and its subsidiaries |

DEFINITIONS

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|--|---|
| “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 |
| “Lands” | pieces of land held by the Target Companies, which are located in Heshan City, the PRC |
| “Latest Practicable Date” | 17 November 2020, 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 |
| “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 |
| “Purchaser” | Zhonghe Real Estate Development Company* (中核興業控股有限公司), a company established under the laws of the PRC |

DEFINITIONS

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|-----------------------------------|--|
| “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 (representing approximately 64.38% of the Company’s issued share capital) held by THTF ES as at the date of the Written Shareholders’ Approval |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SASAC” | State-owned Assets Supervision and Administration Commission of the State Council* (國務院國有資產監督管理委員會) |
| “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 |
| “Target Companies” | Jiangmen Tonghe and Jiangmen Tongxin |
| “THTF ES” | THTF Energy Saving Holdings Limited, a wholly-owned subsidiary of Resuccess, and 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 |
| “Tongfang” | Tongfang Co., Ltd (同方股份有限公司), a company established under the laws of the PRC, the ultimate holding company of the Company |

DEFINITIONS

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|----------------------------------|---|
| “Vendor” | Guangdong Tongfang Science Park Company Limited* (廣東同方科技園有限公司), a company established under the laws of the PRC, an indirect wholly-owned subsidiary of the Company |
| “Written Shareholders’ Approval” | the written shareholders’ approval dated 29 October 2020 in respect of the Equity Interest Transfer Agreement given by THTF ES and Resuccess |
| “%” | per cent. |

* *for identification purpose only*

LETTER FROM THE BOARD



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. GAO Zhi (*Chairman*)
Mr. LIU Zhigang

Non-executive Directors:

Mr. SEAH Han Leong
Mr. ZHOU Hai Ying

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

20 November 2020

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF TWO SUBSIDIARIES

INTRODUCTION

Reference is made to the announcement of the Company dated 30 October 2020.

The purpose of this circular is to provide the Shareholders with, among other things, (i) details of the Equity Interest Transfer Agreement and the transactions contemplated thereunder; and (ii) other general information of the Company.

LETTER FROM THE BOARD

BACKGROUND

The Board is pleased to announce that on 29 October 2020 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser, an Independent Third Party, and the Target Companies entered into the Equity Interest Transfer Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the entire equity interests in the Target Companies at the consideration of RMB392,961,124.51. After the completion of the Disposal, the Target Companies will no longer be subsidiaries of the Company.

EQUITY INTEREST TRANSFER AGREEMENT

The principal terms of the Equity Interest Transfer Agreement are summarized as follows:

- Date : 29 October 2020 (after trading hours)
- Parties : (1) Guangdong Tongfang Science Park Company Limited* (廣東同方科技園有限公司), as the Vendor
- (2) Zhonghe Real Estate Development Company* (中核興業控股有限公司), as the Purchaser
- (3) Jiangmen Tonghe, as one of the Target Companies
- (4) Jiangmen Tongxin, as one of the Target Companies

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

- Subject of Disposal : The entire equity interests of the Target Companies

LETTER FROM THE BOARD

- Consideration : RMB392,961,124.51, of which:
- (1) 30%, i.e. RMB117,888,337.35, shall be paid within five (5) Business Days after the Equity Interest Transfer Agreement becomes effective (the “**First Instalment**”); and
 - (2) 70%, i.e. RMB275,072,787.16, shall be paid within one (1) year after the Equity Interest Transfer Agreement becomes effective (the “**Remaining Instalment**”) provided that there is no breach of the terms of the Equity Interest Transfer Agreement by the Vendor.

Conditions precedent : The Equity Interest Transfer Agreement shall become effective upon the satisfaction of the following conditions precedent:

- (1) The parties having signed and stamped the Equity Interest Transfer Agreement;
- (2) CNNC having agreed the Disposal by way of nonpublic agreement and having completed the filing and announcement of the assessment report in respect of the Disposal;
- (3) The Company having obtained its directors’ and shareholders’ approval of the Disposal according to the Listing Rules;
- (4) The board of directors and shareholders (if needed) of Tongfang having approved the Disposal according to the requirement and listing rules of the Shanghai Stock Exchange and China Securities Regulatory Commission;
- (5) The Purchaser and the Vendor having completed and obtained the internal approval, state-owned assets assessment and approval in respect of the Disposal.

As at the Latest Practicable Date, conditions (1) and (3) have been satisfied.

LETTER FROM THE BOARD

Completion : Within ten (10) Business Days after the payment of the First Instalment, the Vendor transfers the entire equity interest of the Target Companies to the Purchaser.

Within ten (10) Business Days after the completion of the change in industrial and commercial registration in respect of the Disposal, the Vendor shall handover to the Purchaser stamps, certificates, books and records etc., and upon receipt of which the Purchaser and the Vendor shall sign a completion confirmation (the “**Completion Confirmation**”).

Completion Date shall be the date of the Completion Confirmation.

Repayment of loans by the Target Companies : The Purchaser shall procure the Target Companies to repay the Vendor the debt of RMB391,492,419 which the Target Companies owe the Vendor (the “**Debt**”) together with the interests accrued on the principal within thirty (30) Business Days after the completion of the change in industrial and commercial registration in respect of the Disposal.

Pledge of equity interest : Within thirty (30) Business Days after the completion of the change in industrial and commercial registration in respect of the Disposal, the Purchaser shall pledge 70% of the equity interest of each of the Target Companies to the Vendor (the “**Pledge**”).

The parties agrees that within five (5) Business Days after the full payment of the Remaining Instalment, the Vendor shall cooperate with the Purchaser in releasing the Pledge.

LETTER FROM THE BOARD

- Termination : The Purchaser may terminate the Equity Interest Transfer Agreement if its right to receive the transfer of, legally own or deal with the equity interest of the Target Companies are obstructed, or the Target Companies loses the right to use the Lands or need to pay any amount of money which the Vendor does not bear, or the development and construction on the Lands is substantially affected as a result of the abovementioned matters:
- (i) in respect of material matters related to the Target Companies and the Lands, if before the Completion Date: (i) the Vendor or the Target Companies have not carried out management, made decisions and made filings in accordance with the relevant rules on supervision and administration of state-owned assets, or (ii) the Vendor or the Target Companies have not completed all necessary decision making procedure or there are defects or deficiencies in such decision making procedure;
 - (ii) if the government requires completion of any administrative approval procedures in respect of the Lands and the Vendor fails to comply in time;
 - (iii) if there are defects in the historical sale, transfer, allocation or merger by absorption of the Lands to the Vendor; or
 - (iv) the expiry of the deadline for the planning and design of the Lands,

LETTER FROM THE BOARD

The Purchaser will also have the right to terminate the Equity Interest Transfer Agreement in the following circumstances:

- (i) if the Vendor (for its own reasons other than reasons due to policy, laws and regulations) is unable to cooperate with the Purchaser to register the change in ownership of equity interest or complete handover for over 30 days after the deadline for transfer of equity interests or handover;
- (ii) if the Vendor deals with the credit and debt of the Target Companies other than in accordance with the Equity Interest Transfer Agreement;
- (iii) if the Vendor transfers all or part of its creditor's rights over the Target Companies or its rights and obligations under the Equity Interest Transfer Agreement to a third party without the Purchaser's written consent;
- (iv) if judicial enforcement measures are imposed on the equity interest in the Target Companies or the Lands due to debt, guarantee, litigation or other encumbrance and restriction to rights not disclosed by the Vendor or the Target Companies to the Purchaser and the Vendor is unable to resolve it within 30 days after such judicial enforcement measures are imposed; or
- (v) if the Vendor commits a repudiatory breach of the Equity Interest Transfer Agreement.

Grant of rights of entrusted management to the Purchaser : After the Equity Interest Transfer Agreement becomes effective, the rights of entrusted management of the Target Companies shall be granted to the Purchaser.

The Purchaser shall be entitled to the profits and bear the losses of the Target Companies from 30 June 2020 to the Completion Date.

LETTER FROM THE BOARD

BASIS OF DETERMINATION OF THE CONSIDERATION

The consideration for the Disposal was determined after arm's length negotiation between the Vendor and the Purchaser with reference to, among others, the unaudited adjusted net assets value of the Target Companies of approximately RMB390 million as at 30 June 2020 (for more details, please refer to the section headed "FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS" below), the valuation of the Lands made by an independent qualified valuer and the amount of the Debt.

INFORMATION OF THE TARGET COMPANIES

The Target Companies were established on 22 October 2018 and are special purpose vehicles which hold the Lands.

Set forth below is certain financial information of the Target Companies for (i) the period from 22 October 2018 (date of establishment) to 31 December 2018, (ii) the year ended 31 December 2019, and (iii) the six months ended 30 June 2020:

| | From 22 October 2018 | | The year ended | | The six months ended | |
|-----------------------------------|--------------------------------|-----------------|-------------------------|-----------------|-----------------------------|-----------------|
| | (date of establishment) | | 31 December 2019 | | 30 June 2020 | |
| | to 31 December 2018 | | (unaudited) | | (unaudited) | |
| | (unaudited) | | (unaudited) | | (unaudited) | |
| | Jiangmen | Jiangmen | Jiangmen | Jiangmen | Jiangmen | Jiangmen |
| | Tonghe | Tongxin | Tonghe | Tongxin | Tonghe | Tongxin |
| | <i>(appox.</i> | <i>(appox.</i> | <i>(appox.</i> | <i>(appox.</i> | <i>(appox.</i> | <i>(appox.</i> |
| | <i>RMB'000)</i> | <i>RMB'000)</i> | <i>RMB'000)</i> | <i>RMB'000)</i> | <i>RMB'000)</i> | <i>RMB'000)</i> |
| Net profit/(loss) before taxation | (17,033) | (6,931) | 46,126 | (448) | (33,098) | (4,283) |
| Net profit/(loss) after taxation | (14,843) | (6,790) | 30,772 | (905) | (26,932) | (3,565) |

As at 30 June 2020, the unaudited total assets and net assets of the Target Companies were as follows:

| | Jiangmen | Jiangmen |
|--------------|-----------------|-----------------|
| | Tonghe | Tongxin |
| | <i>(appox.</i> | <i>(appox.</i> |
| | <i>RMB'000)</i> | <i>RMB'000)</i> |
| Total assets | 696,496 | 100,088 |
| Net assets | 358,476 | 41,617 |

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

The estimated indicative net gain arising from the Disposal is expected to be approximately RMB2.84 million, and such gain has been determined with reference to the difference between the consideration for the Disposal and the unaudited adjusted net assets value of the Target Companies of RMB390,124,774. The unaudited adjusted net assets value of the Target Companies is calculated by adjusting the unaudited net assets value of the Target Companies as at 30 June 2020 of RMB400,093,431 with a reduction of RMB9,968,657, which represented the revaluation deficit arising from the valuation of the Lands as at 31 August 2020 (i.e. RMB784,500,000) as assessed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, and the book value of the Lands as at 30 June 2020 (i.e. RMB794,468,657). Such net gain is expected to be recognized in the Group's consolidated statement of profit or loss upon completion of the Disposal.

Having taken into account the net proceeds from the Disposal and based on the unaudited net asset value to be derecognised of the Target Companies, it is estimated that upon completion of the Disposal, the total assets of the Group will decrease by approximately RMB2.2 million (as a result of (i) the receipt of the consideration for the Disposal of RMB392,961,124.51, (ii) the reversal of the elimination of the inter-company balances in relation to the Debt of RMB391,492,419, and (iii) the deconsolidation of the total assets of the Target Companies as of 31 August 2020 of approximately RMB786,615,000 (calculated by reducing the total assets of the Target Companies of approximately RMB796,584,000 as of 30 June 2020 by the decrease in fair value of the Lands of RMB9,968,657)) and the total liabilities of the Group will decrease by approximately RMB5.0 million (as a result of the deconsolidation of the total liabilities of the Target Companies of approximately RMB396,490,000 and the reversal of the elimination of inter-company balances in relation to the Debt of RMB391,492,419). Therefore, it is estimated that the net assets of the Group will have an increase of approximately RMB2.84 million.

Shareholders should note that the financial impact set out above is for illustrative purpose only, which will have to be ascertained with reference to the carrying value of the entire equity interests of the Target Companies and the actual costs and expenses associated with the Disposal. It is intended that the proceeds from the Disposal will be used as general working capital of the Group. Specifically, about RMB40 million will be used for repaying bank borrowing and the remaining balance will be used for administrative, selling and distribution expenses in the coming 24 months.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY INTEREST TRANSFER AGREEMENT

Since 2017, the Group has been working with the Management Committee of Heshan Municipal Industry City* (鶴山市工業城管委會) 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 transforming the manufacturing base of the Group in the PRC into Tongfang Science and Technology City* (同方科技城) (“**Tongfang Science and Technology City**”), a science and technology zone.

LETTER FROM THE BOARD

As part of the transformation, it was planned that certain residential properties (“**Residential Properties**”) will be constructed on the Lands to complement the development of the Tongfang Science and Technology City, and with a view to achieving this, the Target Companies entered into contracts with Heshan Municipal Land Bureau, pursuant to which the land usage of the Lands was changed to urban residential usage and commercial service usage from industrial usage. For details, please refer to the announcement and the circular of the Company dated 6 December 2018 and 25 February 2019 respectively.

However, the Group does not intend to pursue the development of the Residential Properties itself as its ordinary course of business is not in property development. Therefore, it proposes to realise the value of the Lands by disposing the Target Companies to an independent third party developer.

The total free cash amount involved under the Equity Interest Transfer Agreement amounts to approximately RMB784.45 million (being the aggregate of the consideration for the Disposal and the Debt). As the foresaid cash amount is substantial, the Purchaser requires more time to arrange the funding.

Further, pursuant to the Equity Interest Transfer Agreement, the Purchaser shall procure the Target Companies to repay the Vendor the Debt of RMB391,492,419 together with the interests accrued on the principal within thirty (30) Business Days after the completion of the change in industrial and commercial registration in respect of the Disposal. As at the Latest Practicable Date, the Target Companies do not have sufficient cash to repay the Debt, after considering the background and financial capability of the Purchaser’s group as mentioned below, the Board believes that the Group could successfully recover the Debt by entering into the Equity Interest Transfer Agreement.

The Board has also reviewed and assessed the background and financial capability of the Purchaser, its holding company (i.e. CNNC) and ultimate beneficial owner (i.e. SASAC). CNNC is a mega size state-owned enterprise mainly engaged in research and development, construction, production and operation in the fields of nuclear power, nuclear fuel cycle, nuclear applications, environmental protection and nuclear engineering, as well as international cooperation, imports and exports. As such, the Board believes that the risk of non-performance by the Purchaser (including the settlement of the Remaining Instalment and the Debt) is low. In addition, the Vendor is secured by the Pledge against the Group’s risk exposure.

Accordingly, the Board considers that the terms of the Equity Interest Transfer Agreement, including the consideration for the Disposal, settlement schedule of the consideration for the Disposal and the Debt, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

Considering that (i) Jiangmen Tonghe and Jiangmen Tongxin are special purpose vehicles which were established to hold the Lands, which have never carried on any business nor have they generated any revenue; (ii) the profitable position of Jiangmen Tonghe in the year ended 31 December 2019 was due to fair value gain on the relevant pieces of Lands it held; (iii) property development is not the Group's ordinary course of business; and (iv) all applicable percentage ratios other than the "profits ratio" are well below the threshold for a very substantial disposal contemplated under Chapter 14 of the Listing Rules, pursuant to Rule 14.20 of the Listing Rules, the Company has applied to the Stock Exchange for, and the Stock Exchange has agreed to the Company disregarding the "profits ratio" under Rule 14.07(2) of the Listing Rules.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal, exceed 25% but are all less than 75%, the Disposal constitutes a major transaction 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 Equity Interest Transfer Agreement and the Disposal; and (ii) in lieu of holding an EGM, the Company, on 29 October 2020, received the Written Shareholders' Approval in respect of the Equity Interest Transfer Agreement and the Disposal 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 Equity Interest Transfer Agreement, the Disposal 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 depository receipts of which are listed on the Taiwan Stock Exchange. The Group is principally engaged in the businesses of manufacture and trading of lighting products, provision of lighting solution, provision of asset management services, provision of investment advisory services and provision of securities trading services.

LETTER FROM THE BOARD

Information on the Vendor

The Vendor is a company established under the laws of the PRC with limited liability, which is principally engaged in the business of manufacture and sale of lighting products.

Information on the Purchaser

The Purchaser is a company established under the laws of the PRC with limited liability, which is principally engaged in the business of property development. It is wholly-owned subsidiary of CNNC (as to 51% directly and 49% through a wholly-owned subsidiary). CNNC owns the entire equity interest of CNCC which in turns hold 21% of the equity interest of Tongfang. THTF ES is wholly owned by Resuccess which in turn is wholly owned by Tongfang. CNNC is owned and controlled by SASAC. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser, CNNC and their ultimate beneficial owners are Independent Third Parties.

Yours faithfully,
By order of the Board
Neo-Neon Holdings Limited
Gao Zhi
Chairman

1. CONSOLIDATED FINANCIAL STATEMENTS

Details of the financial information of the Group for each of the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 and the six months period ended 30 June 2020 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 2020 (the “**Interim Report**”) published on 3 September 2020 (pages 21 to 55) (available on:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0903/2020090300953.pdf>);
- annual report of the Group for the year ended 31 December 2019 published on 28 April 2020 (pages 70 to 188) (available on:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042801711.pdf>);
- annual report of the Group for the year ended 31 December 2018 published on 25 April 2019 (pages 78 to 188) (available on:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0425/lt20190425801.pdf>);
and
- annual report of the Group for the year ended 31 December 2017 published on 12 April 2018 (pages 62 to 146) (available on:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0412/lt20180412685.pdf>).

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2020, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had the following indebtedness:

- a) outstanding current and non-current interest-bearing bank borrowings of approximately RMB116.2 million and approximately RMB11.0 million, which were all unguaranteed but secured by property, plant and equipment, right-of-use assets, trade receivables and inventories;
- b) current and non-current lease liabilities amounting to approximately RMB10.0 million and approximately RMB16.1 million, respectively, which were all unsecured and unguaranteed; and
- c) non-current loan from the ultimate holding company of approximately RMB366.9 million, which was all unsecured and unguaranteed.

Save as aforesaid or as otherwise disclosed above, and apart from intra-group liabilities and normal trade payables, the Group did not have at the close of business on 30 September 2020 any other debt securities 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 Equity Interest Transfer Agreement and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

Reference is made to the announcement of the Company dated 24 August 2020 (the “Interim Results Announcement”) and the Interim Report, whereby it was disclosed that the loss attributable to owners of the Company for the six months ended 30 June 2020 was approximately RMB93 million compared to a profit of approximately RMB12 million attributable to owners of the Company for six months ended 30 June 2019. Such loss was primarily attributable to the adverse impact of the outbreak of the coronavirus disease globally since early 2020 which became more prominent in the second quarter of 2020. For more details, please refer to the Interim Results Announcement and the Interim Report.

Save as disclosed above, 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 2019, being the date to which the latest published audited consolidated accounts of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

During the six months ended 30 June 2020, the outbreak of COVID-19 globally since early 2020 had an adverse impact on global economy. The Company experienced a decline in revenue resulting from production delay for the lighting segment and a decrease in gain recognised from the fair value changes of equity funds for the securities segment. The Company has taken proactive measures to mitigate the operational risks including providing facial masks, implementing working from home arrangement and using online meeting system. In order to minimize the impact of the COVID-19, the Group will continue to implement measures for COVID-19 pandemic prevention and control, whilst pursuing to recoup the Group’s financial performance through various means. The lighting segment will continue to explore the online market, reduce the operation cost and dispose of bad assets.

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 August 2020 of two property interests held by the Group.



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
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Licence No.: C-030171

20 November 2020

The Board of Directors
Neo-Neon Holdings Limited
15th Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

Dear Sirs,

In accordance with your instructions to value two property interests held by Jiangmen Tonghe Guangyuan Technology Limited (“**Jiangmen Tonghe**”) and Jiangmen Tongxin Guangyuan Technology Limited (“**Jiangmen Tongxin**”), indirect wholly-owned subsidiaries of Neo-Neon Holdings Limited (hereinafter together referred to as the “**Group**”) in 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 August 2020 (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”.

We have valued the property interests by the 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 market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

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 value 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 value.

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 – Global 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 the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificate and other official plans 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 Group's PRC legal advisers – Guangdong Handuo Law Firm, 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 June 2020 by Mr. Devon Yan and Mr. Ross Tan. They have more than 3 years' experience in the valuation of properties in the PRC and possess academic background in subjects relating to real estate valuation.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group 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.

We are instructed to provide our opinion of value as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the outbreak of the Novel Coronavirus (COVID-19) since declared Global Pandemic on 11 March 2020 has caused much disruption to economic activities around the world. As of the report date, China's economy is experiencing gradual recovery and it is anticipated that disruption to business activities will steadily reduce. We also note that market activity and market sentiment in this particular market sector remains stable. However, we remain cautious due to uncertainty for the pace of global economic recovery in the midst of the outbreak which may have future impact on the real estate market. Therefore, we recommend that you keep the valuation of the properties under frequent review.

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

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,

For and on behalf of

Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Eddie T. W. Yiu

MRICS MHKIS RPS (GP)

Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 26 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 August 2020 RMB |
|---------------|--|--|
| 1. | 4 parcels of land located at the intersection of Gongjian Road and Xianghe Road Heshan City Jiangmen City Guangdong Province The PRC | 695,200,000 |
| 2. | A parcel of land located at the intersection of Pingan Avenue and Xianghe Road Heshan City Jiangmen City Guangdong Province The PRC | 89,300,000 |
| Total: | | 784,500,000 |

VALUATION CERTIFICATE

| No. | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 August 2020 RMB |
|-----|--|---|---|--|
| 1. | 4 parcels of land located at the intersection of Gongjian Road and Xianghe Road Heshan City Jiangmen City Guangdong Province The PRC | <p>The property is located the intersection of Gongjian Road and Xianghe Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>The property comprises 4 parcels of land with a total site area of approximately 223,682.66 sq.m., which will be developed into a residential and commercial development with a total planned plot ratio accountable gross floor area of approximately 606,299.60 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 4 December 2088 and 4 July 2068 for residential use and 4 December 2058 and 4 July 2038 for commercial use.</p> | As at the valuation date, the property was bare land. | 695,200,000 |

Notes:

- Pursuant to 4 State-owned Land Use Rights Certificates – Yue (2019) He Shan Shi Bu Dong Chan Quan Di No. 0001690, 0033736, 0006433 and 0007329, the land use rights of 4 parcels of land with a total site area of approximately 223,682.66 sq.m. have been granted to Jiangmen Tonghe for the terms of 70 years expiring on 4 December 2088 and 4 July 2068 for residential use and the terms of 40 years expiring on 4 December 2058 and 4 July 2038 for commercial use.
- Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The accommodation value of these comparable land sites ranges from RMB900 to RMB1,200 per sq.m. basis for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and other characteristics between the comparable properties and the property to arrive at the assumed accommodation value. The general basis of adjustment of location such as accessibility and characteristics related to development potential like site area and shape, etc. is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

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

Jiangmen Tonghe is legally and validly in possession of the land use rights of the property. Jiangmen Tonghe has the rights to occupy, use, lease and dispose of the land parcels of the property.

VALUATION CERTIFICATE

| No. | Property | Description and tenure | Particulars of occupancy | Market value in existing state as at 31 August 2020 RMB |
|-----|---|--|---|--|
| 2. | A parcel of land located at the intersection of Pingan Avenue and Xianghe Road Heshan City Jiangmen City Guangdong Province The PRC | <p>The property is located the intersection of Pingan Avenue and Xianghe Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development.</p> <p>The property comprises a parcel of land with a site area of approximately 26,366.64 sq.m., which will be developed into a residential and commercial development with a total planned plot ratio accountable gross floor area of approximately 79,099.92 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date.</p> <p>The land use rights of the property have been granted for the terms expiring on 4 December 2088 for residential use and 4 December 2058 for commercial use.</p> | As at the valuation date, the property was bare land. | 89,300,000 |

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Yue (2019) He Shan Shi Bu Dong Chan Quan Di No. 0006437, the land use rights of a parcel of land with a site area of approximately 26,366.64 sq.m. have been granted to Jiangmen Tongxin for a term of 70 years expiring on 4 December 2088 for residential use and a term of 40 years expiring on 4 December 2058 for commercial use.
2. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, size, layout and accessibility of the property. The accommodation value of these comparable land sites ranges from RMB900 to RMB1,200 per sq.m. basis for composite residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and other characteristics between the comparable properties and the property to arrive at the assumed accommodation value. The general basis of adjustment of location such as accessibility and characteristics related to development potential like site area and shape, etc. is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Regarding to time adjustment, the market condition between the transaction date and valuation date is considered.

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

Jiangmen Tongxin is legally and validly in possession of the land use rights of the property. Jiangmen Tongxin has the rights to occupy, use, lease and dispose of the land parcel 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 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 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% |

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 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, Mr. Gao Zhi is a director of THTF ES and Mr. Zhou Hai Ying is a director of THTF ES and Resuccess Investments Limited. Save as disclosed above, no Director or proposed Director was a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

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 2019 (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 as 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.

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 Share as at the Latest Practicable Date | Percentage of total issued share capital as at 30 June 2020 |
|---|---|--|---|
| 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% |
| 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 Tongfang holds the entire issued share capital of Resuccess. Therefore, each of Resuccess and 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. Tongfang holds the entire issued share capital of Resuccess. Therefore, 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 Equity Interest Transfer Agreement;
- (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. 1 entered into between Jiangmen Tonghe and Heshan Municipal Land Bureau on 6 December 2018;
- (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. 2 entered into between Jiangmen Tonghe and Heshan Municipal Land Bureau on 6 December 2018;
- (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. 3 entered into between Jiangmen Tonghe and Heshan Municipal Land Bureau on 6 December 2018;
- (5) 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; and
- (6) 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.

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. Chow Hiu Tung, who is a member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

8. EXPERT AND CONSENT

The following are the qualifications of the experts who have been named in this circular or have given opinion or letter contained in this circular:

| Name | Qualifications |
|--|------------------------------|
| Jones Lang LaSalle Corporate Appraisal and Advisory Limited (" JLL ") | Independent property valuer |
| Guangdong Handuo Law Firm (" Handuo ") | Legal adviser as to PRC laws |

As at the Latest Practicable Date, JLL and Handuo have given and have not withdrawn its written consent to the issue of this circular with the inclusion therein of their letters and references to their names, in the form and context in which they are included.

As at the Latest Practicable date, JLL and Handuo did not have any shareholding in any member of the Group and did not have the right to subscribe for or to nominate persons to subscribe for shares in any members of the Group.

As at the Latest Practicable Date, JLL and Handuo did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Company were made up.

9. 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 2018 and 31 December 2019;
- (iv) the interim report of the Company for the six months ended 30 June 2020;
- (v) the property valuation report of the Lands held by the Target Companies, the text of which is set out in Appendix II to this circular;
- (vi) a copy of each of the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (vii) the written consent of the expert as referred to in the section headed “Expert and Consent” of this appendix; and
- (viii) this circular.