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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)**

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

#### ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Neo-Neon Holdings Limited (the “**Company**”) is pleased to announce the consolidated results for the year ended 31 December 2020 of the Company and its subsidiaries (collectively the “**Group**”), together with the comparative figures for year ended 31 December 2019. These results have been reviewed by the Company’s audit committee.

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*Year ended 31 December 2020*

	Notes	2020 RMB'000	2019 RMB'000
<b>REVENUE</b>	3	<b>876,738</b>	841,349
Cost of sales		(594,592)	(557,591)
<b>Gross profit</b>		<b>282,146</b>	283,758
Other income, gains and losses, net	4	23,422	87,140
Impairment losses on financial assets, net		(24,123)	(259)
Selling and distribution expenses		(168,875)	(161,396)
Administrative expenses		(154,121)	(172,979)
Finance costs	6	(25,264)	(29,335)
<b>(LOSS)/PROFIT BEFORE TAX</b>	5	<b>(66,815)</b>	6,929
Income tax credit/(expense)	7	39,377	(29,458)
<b>LOSS FOR THE YEAR</b>		<b>(27,438)</b>	(22,529)
Attributable to:			
Owners of the parent		(28,228)	(22,897)
Non-controlling interests		790	368
		<b>(27,438)</b>	(22,529)
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted	8	<b>RMB(1.35) cents</b>	RMB(1.09) cents

# **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*Year ended 31 December 2020*

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>LOSS FOR THE YEAR</b>	<b><u>(27,438)</u></b>	<b><u>(22,529)</u></b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS):</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>45,809</u>	<u>(15,437)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>45,809</u>	<u>(15,437)</u>
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<u>(404)</u>	<u>(220)</u>
Surplus on revaluation upon transfer of right-of-use assets to investment properties	<u>352</u>	<u>3,622</u>
Income tax effect	<u>(88)</u>	<u>(724)</u>
	<b>264</b>	<b>2,898</b>
Surplus on revaluation upon transfer of property, plant and equipment to investment properties	<u>2,820</u>	<u>32,447</u>
Income tax effect	<u>(705)</u>	<u>(6,489)</u>
	<b>2,115</b>	<b>25,958</b>
Exchange differences:		
Exchange differences on translation of the Company	<u>(90,922)</u>	<u>33,032</u>
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	<u>(88,947)</u>	<u>61,668</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX</b>	<b><u>(43,138)</u></b>	<b><u>46,231</u></b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>	<b><u><u>(70,576)</u></u></b>	<b><u><u>23,702</u></u></b>
Attributable to:		
Owners of the parent	<u>(71,713)</u>	<u>23,213</u>
Non-controlling interests	<u>1,137</u>	<u>489</u>
	<b><u><u>(70,576)</u></u></b>	<b><u><u>23,702</u></u></b>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

31 December 2020

	<i>Notes</i>	<b>2020</b> <b>RMB'000</b>	2019 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>48,130</b>	82,405
Investment properties		<b>74,441</b>	873,891
Right-of-use assets		<b>33,238</b>	24,597
Goodwill		<b>187,181</b>	220,978
Other intangible assets		<b>35,691</b>	44,064
Equity investments designated at fair value through other comprehensive income		–	404
Prepayments and other assets		<b>1,364</b>	5,096
Financial assets at fair value through profit or loss		<b>134,299</b>	113,458
Deferred tax assets		<b>11,980</b>	4,127
<b>Total non-current assets</b>		<b>526,324</b>	1,369,020
<b>CURRENT ASSETS</b>			
Inventories		<b>160,170</b>	156,684
Trade and bills receivables	9	<b>128,138</b>	97,409
Loan receivables	10	<b>159,579</b>	302,648
Prepayments, other receivables and other assets		<b>810,670</b>	119,555
Financial assets at fair value through profit or loss		<b>43,253</b>	156,097
Cash held on behalf of clients		<b>2,646</b>	4,322
Cash and cash equivalents		<b>408,485</b>	256,938
		<b>1,712,941</b>	1,093,653
Non-current assets classified as held for sale		–	32,076
<b>Total current assets</b>		<b>1,712,941</b>	1,125,729
<b>CURRENT LIABILITIES</b>			
Trade payables	11	<b>90,784</b>	71,484
Other payables and accruals		<b>58,970</b>	60,008
Interest-bearing bank borrowings		<b>80,518</b>	141,135
Lease liabilities		<b>7,586</b>	9,957
Tax payable		<b>20,528</b>	9,232
Provision		<b>6,259</b>	12,316
Contingent consideration payable		<b>23,516</b>	27,800
<b>Total current liabilities</b>		<b>288,161</b>	331,932

	<i>Note</i>	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
<b>NET CURRENT ASSETS</b>		<b>1,424,780</b>	793,797
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,951,104</b>	2,162,817
<b>NON-CURRENT LIABILITIES</b>			
Government grants		<b>383</b>	2,250
Lease liabilities		<b>13,242</b>	905
Interest-bearing bank borrowings		<b>10,596</b>	–
Deferred tax liabilities		<b>10,987</b>	74,277
Loan from the ultimate holding company		<b>254,619</b>	353,706
<b>Total non-current liabilities</b>		<b>289,827</b>	431,138
<b>Net assets</b>		<b>1,661,277</b>	1,731,679
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	12	<b>185,676</b>	185,676
Reserves		<b>1,470,242</b>	1,541,781
		<b>1,655,918</b>	1,727,457
Non-controlling interests		<b>5,359</b>	4,222
<b>Total equity</b>		<b>1,661,277</b>	1,731,679

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

## 1. CORPORATE AND GROUP INFORMATION

Neo-Neon Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the Company’s head office and principal place of business is located at 15th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the “**Group**”) were engaged in the following principal activities:

- manufacture and trading of lighting products
- provision of lighting solutions
- provision of asset management services
- provision of investment advisory services
- provision of securities trading services

In the opinion of the directors of the Company, the holding company and the ultimate holding company of the Company is THTF Energy-Saving Holdings Limited and 同方股份有限公司, which are incorporated in the Cayman Islands and the People’s Republic of China (“**the PRC**”), respectively.

## 2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investments properties, equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and contingent consideration payable which have been measured at fair value. Non-current assets classified as held for sale were stated at the lower of their carrying amounts and fair values less costs to sell. The financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “**Conceptual Framework**”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“**RFR**”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any rent concessions.

- (e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

### **3. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- the PRC lighting segment consists of the research and development, manufacture of lighting products in the PRC and distribution of lighting products in the PRC and overseas;
- the USA lighting segment consists of the provision of lighting solutions and trading of lighting products in the USA; and
- the securities segment consists of asset management services, investment advisory services and securities trading.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income, non-lease-related finance costs, government grants as well as unallocated corporate income and gains and expenses are excluded from this measurement.

Segment assets exclude deferred tax assets, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, a loan from the ultimate holding company, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

**Year ended 31 December 2020**

	PRC lighting RMB'000	USA lighting RMB'000	Securities RMB'000	Total RMB'000
<b>Segment revenue:</b>				
Sales to external customers	147,886	695,609	13,945	857,440
Interest revenue	–	–	19,298	19,298
Intersegment sales	13,391	–	–	13,391
	<u>161,277</u>	<u>695,609</u>	<u>33,243</u>	<u>890,129</u>
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(13,391)</u>
Revenue				<u>876,738</u>
<b>Segment results</b>	<b>(39,982)</b>	<b>37,063</b>	<b>(23,728)</b>	<b>(26,647)</b>
<i>Reconciliation:</i>				
Interest income and unallocated income and gains				3,600
Finance costs (other than interest on lease liabilities)				(24,407)
Government grants				4,651
Unallocated expenses				<u>(24,012)</u>
Loss before tax				<u>(66,815)</u>
<b>Segment assets</b>	<b>1,185,780</b>	<b>319,812</b>	<b>392,967</b>	<b>1,898,559</b>
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(81,008)
Deferred tax assets				11,980
Cash and cash equivalents				408,485
Corporate and other unallocated assets				<u>1,249</u>
Total assets				<u>2,239,265</u>
<b>Segment liabilities</b>	<b>28,170</b>	<b>154,423</b>	<b>94,425</b>	<b>277,018</b>
<i>Reconciliation:</i>				
Elimination of intersegment payables				(81,008)
Interest-bearing bank borrowings				91,114
Loan from the ultimate holding company				254,619
Tax payable				20,528
Deferred tax liabilities				10,987
Corporate and other unallocated liabilities				<u>4,730</u>
Total liabilities				<u>577,988</u>

	PRC lighting RMB'000	USA lighting RMB'000	Securities RMB'000	Unallocated RMB'000	Total RMB'000
<b>Other segment information:</b>					
Impairment losses on financial assets	10,023	1,560	12,540	–	24,123
Provision for inventories included in cost of inventories sold	18,001	14,068	–	–	32,069
Depreciation and amortisation	21,385	11,808	6,129	1,191	40,513
Capital expenditure*	<u>18,046</u>	<u>3,379</u>	<u>485</u>	<u>–</u>	<u>21,910</u>

\* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

**Year ended 31 December 2019**

	PRC lighting RMB'000	USA lighting RMB'000	Securities RMB'000	Total RMB'000
<b>Segment revenue:</b>				
Sales to external customers	170,165	628,049	17,248	815,462
Interest revenue	–	–	25,887	25,887
Intersegment sales	<u>10,228</u>	<u>–</u>	<u>–</u>	<u>10,228</u>
	180,393	628,049	43,135	851,577
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(10,228)</u>
Revenue				<u>841,349</u>
<b>Segment results</b>	16,686	30,334	(555)	46,465
<i>Reconciliation:</i>				
Interest income and unallocated income and gains				6,185
Finance costs (other than interest on lease liabilities)				(28,198)
Government grants				4,543
Unallocated expenses				<u>(22,066)</u>
Profit before tax				<u>6,929</u>

	PRC lighting RMB'000	USA lighting RMB'000	Securities RMB'000	Total RMB'000
<b>Segment assets</b>	1,563,363	266,677	627,415	2,457,455
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(227,811)
Deferred tax assets				4,127
Cash and cash equivalents				256,938
Corporate and other unallocated assets				4,040
				<u>2,494,749</u>
<b>Segment liabilities</b>	63,886	102,985	240,258	407,129
<i>Reconciliation:</i>				
Elimination of intersegment payables				(227,811)
Interest-bearing bank loans borrowings				141,135
Loan from the ultimate holding company				353,706
Tax payable				9,232
Deferred tax liabilities				74,277
Corporate and other unallocated liabilities				5,402
				<u>763,070</u>
<b>Total assets</b>				<u>2,494,749</u>
<b>Total liabilities</b>				<u>763,070</u>

	PRC lighting RMB'000	USA lighting RMB'000	Securities RMB'000	Unallocated RMB'000	Total RMB'000
<b>Other segment information:</b>					
Impairment losses/(reversal of impairment) on financial assets	2,630	1,286	(3,657)	–	259
Provision for inventories included in cost of inventories sold	14,383	8,353	–	–	22,736
Depreciation and amortisation	16,918	14,190	7,017	1,028	39,153
Capital expenditure*	<u>10,475</u>	<u>3,382</u>	<u>842</u>	<u>–</u>	<u>14,699</u>

\* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

## Geographical information

### (a) Revenue from external customers

	2020 RMB'000	2019 RMB'000
North America	792,111	710,486
Europe	29,324	42,862
The PRC	1,917	8,097
Asia (excluding the PRC)	<u>53,386</u>	<u>79,904</u>
	<u>876,738</u>	<u>841,349</u>

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

	2020 RMB'000	2019 RMB'000
North America	116,985	123,362
The PRC	149,058	943,585
Asia (excluding the PRC)	114,002	184,084
	<u>380,045</u>	<u>1,251,031</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

*Information about major customers*

During the year ended 31 December 2020, revenue generated from customer A and customer B by the USA lighting segment amounting to approximately RMB156,016,000 (2019: RMB98,021,000) and RMB87,636,000 (2019: RMB114,941,000) accounted for over 10% of the Group's revenue.

4. **OTHER INCOME, GAINS AND LOSSES, NET**

	Note	2020 RMB'000	2019 RMB'000
<b>Other income</b>			
Bank interest income		1,777	1,522
Other interest income		1,683	1,674
Dividend income from financial assets at FVTPL		10,179	9,054
Government grants*		4,651	4,543
Gross rental income from investment property operating leases:			
Lease payments, including fixed payments		6,644	9,600
Others		17,390	5,678
		<u>42,324</u>	<u>32,071</u>
<b>Gains and losses, net</b>			
Fair value (losses)/gains on investments properties, net		(41,165)	60,021
(Losses)/gains on disposal of items of property, plant and equipment		(252)	5,179
Gains on disposal of item of non-current assets classified as held for sale		9,825	–
Fair value gains/(losses) of financial assets at FVTPL, net		43,643	(15,431)
Impairment loss on goodwill		(21,736)	–
Impairment loss on property, plant and equipment		(4,838)	–
Foreign exchange differences, net		(17,040)	5,353
Gain on disposal of subsidiaries	14	10,090	–
Change in fair value of contingent consideration payable		2,486	23
Others		85	(76)
		<u>(18,902)</u>	<u>55,069</u>
		<u>23,422</u>	<u>87,140</u>

\* There are no unfulfilled conditions or contingencies relating to the remaining grants.

## 5. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Cost of inventories sold	562,523	534,855
Depreciation of property, plant and equipment	15,142	14,362
Depreciation of right-of-use assets	15,148	16,394
Research and development costs:		
Deferred expenditure amortised	6,742	4,833
Amortisation of other intangible assets	3,481	3,564
Lease payments not included in the measurement of lease liabilities	341	258
Auditor's remuneration	3,000	2,650
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	157,694	168,990
Equity-settled share option expenses	174	445
Pension scheme contributions	10,560	13,656
	<u>168,428</u>	<u>183,091</u>
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	164	123
Impairment losses on financial assets, net:		
Trade and bills receivables	9,991	747
Other receivables	13,972	(302)
Loan receivables	160	(186)
	24,123	259
Write-down of inventories to net realisable value*	<u>32,069</u>	<u>22,736</u>

\* Included in "Cost of sales".

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on bank loans	6,854	10,585
Interest on a loan from the ultimate holding company	17,553	17,613
Interest on lease liabilities	857	1,137
	<u>25,264</u>	<u>29,335</u>

## 7. INCOME TAX

	2020 RMB'000	2019 RMB'000
Current – Hong Kong		
Charge for the year	2,540	358
(Overprovision)/underprovision in prior years	(39)	234
Current – Elsewhere		
Charge for the year	20,523	9,835
Underprovision in prior years	–	1,132
Deferred tax	(62,401)	17,899
Total tax (credit)/charge for the year	(39,377)	29,458

## 8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,094,465,417 (2019: 2,094,493,362) in issue during the year.

The computation of diluted loss per share does not assume the exercise of a subsidiary of the Company's outstanding share options for the years ended 31 December 2020 and 2019 because the exercise price of those share options was higher than the average market price of a subsidiary of the Company's share during the year.

No adjustment had been made to the basic loss per share amount presented for the year ended 31 December 2019 in respect of a dilution as the impact of the share options outstanding of the Company had an anti-dilutive effect on the basic loss per share amount presented.

	2020 RMB'000	2019 RMB'000
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	(28,228)	(22,897)
	2020 Number of shares	2019 Number of shares
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	2,094,465,417	2,094,493,362

## 9. TRADE AND BILLS RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables	133,921	100,742
Bills receivables	642	968
Less: Impairment loss on trade receivables	(6,409)	(4,281)
Less: Impairment loss on bills receivables	(16)	(20)
	128,138	97,409

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to six months for major customers.

## PRC and USA lighting segments

Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

## Securities segment

Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. At the end of the reporting period, the Group has certain concentration of credit risk as 70% and 88% (2019: 53% and 78%) of the total gross trade receivables was due from the Group's largest customer and the five largest customers, respectively. The Group does not hold collateral over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2020			2019		
	Lighting	Securities	Total	Lighting	Securities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 month	59,023	4,763	63,786	42,509	5,825	48,334
1 to 2 months	22,699	431	23,130	21,502	38	21,540
2 to 3 months	4,698	97	4,795	10,751	288	11,039
3 to 6 months	24,832	2,082	26,914	6,356	47	6,403
Over 6 months	8,246	1,267	9,513	9,522	571	10,093
	<u>119,498</u>	<u>8,640</u>	<u>128,138</u>	<u>90,640</u>	<u>6,769</u>	<u>97,409</u>

## 10. LOAN RECEIVABLES

	2020	2019
	RMB'000	RMB'000
Loan receivables	160,206	303,115
Less: Impairment allowance	<u>(627)</u>	<u>(467)</u>
	<u>159,579</u>	<u>302,648</u>

An ageing analysis of the loan receivables as at the end of the reporting period, based on the maturity date and net of loss allowance, is as follows:

	2020	2019
	RMB'000	RMB'000
Within 1 year or on demand	<u>159,579</u>	<u>302,648</u>

## 11. TRADE PAYABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables	88,138	67,162
Accounts payables to securities clients	2,646	4,322
	<u>90,784</u>	<u>71,484</u>

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2020			2019		
	Accounts payables to securities clients <i>RMB'000</i>	Trade payables <i>RMB'000</i>	Total <i>RMB'000</i>	Accounts payables to securities clients <i>RMB'000</i>	Trade payables <i>RMB'000</i>	Total <i>RMB'000</i>
Within 1 month	2,646	68,832	71,478	4,322	37,774	42,096
1 to 2 months	–	9,347	9,347	–	6,177	6,177
2 to 3 months	–	3,014	3,014	–	2,442	2,442
3 to 6 months	–	5,144	5,144	–	68	68
6 months to 1 year	–	162	162	–	600	600
Over 1 year	–	1,639	1,639	–	20,101	20,101
	<u>2,646</u>	<u>88,138</u>	<u>90,784</u>	<u>4,322</u>	<u>67,162</u>	<u>71,484</u>

The trade payables are non-interest-bearing and are normally settled within terms of 90 days.

## 12. SHARE CAPITAL

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Authorised:		
5,000,000,000 ordinary shares of HK\$0.10 each	<u>500,000</u>	<u>500,000</u>
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Issued and fully paid:		
2,094,505,417 ordinary shares of HK\$0.10 each	<u>185,676</u>	<u>185,676</u>

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	<u>2,094,505,417</u>	<u>185,676</u>

*Note:* During the year ended 31 December 2019, the Company purchased 40,000 of its shares on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") at a total consideration of RMB19,000 which was paid wholly out of reserves. The Company did not purchase any shares in the current year. No purchased shares were cancelled during the year (2019: Nil).

### 13. SHARE OPTION SCHEME

#### Share option scheme of the Company

The following share options were outstanding under the scheme during the year:

	2020		2019	
	Weighted average exercise price HK\$ per share	Number of options '000	Weighted average exercise price HK\$ per share	Number of options '000
At 1 January	1.31	15,600	1.31	21,200
Forfeited during the year	1.31	<u>(15,600)</u>	1.31	<u>(5,600)</u>
<b>At 31 December</b>		<u><u>–</u></u>	1.31	<u><u>15,600</u></u>

No share option was granted or exercised during the year ended 31 December 2020 (2019: Nil).

At the date of approval of this announcement, the Company had no share options outstanding under the scheme.

#### Share option scheme of a subsidiary of the Company

The following share options were outstanding under the scheme during the year:

	2020		2019	
	Weighted average exercise price US\$ per share	Number of options '000	Weighted average exercise price US\$ per share	Number of options '000
<b>At 1 January and 31 December</b>	369	<u><u>2,435</u></u>	369	<u><u>2,435</u></u>

No share option was granted or exercised during the year ended 31 December 2020 (2019: Nil).

#### 14. DISPOSAL OF SUBSIDIARIES

On 29 December 2020, the Group disposed entire equity interests in Jiangmen Tonghe Guangyuan Technology Limited and Jiangmen Tongxin Guangyuan Technology Limited, indirect wholly-owned subsidiaries, to Zhonghe Real Estate Development Company, an independent third party, at a consideration of approximately RMB392,961,000, which was subsequently fully received.

	<i>RMB'000</i>
Net assets disposed of:	
Investment properties	784,959
Cash and cash equivalents	20
Other receivables	10,519
Other payables	(402,956)
Deferred tax liabilities	(9,671)
	<hr/>
Net assets:	382,871
Gain on disposal of subsidiaries	10,090
	<hr/>
	392,961
	<hr/> <hr/>
Satisfied by:	
Cash	392,961
	<hr/> <hr/>

#### 15. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the year:

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Interest paid to the ultimate holding company	<u><b>17,553</b></u>	<u>17,613</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

The total revenue for the year ended 31 December 2020 was approximately RMB876.7 million, representing an increase of approximately 4.2% as compared to approximately RMB841.3 million for the year ended 31 December 2019. For further details, please see below.

#### ***Lighting Segment***

The revenue attributable to the lighting segment (research and development, manufacturing, distribution and providing solutions of lighting products) for the year ended 31 December 2020 was approximately RMB843.5 million, which represents an increase of approximately RMB45.3 million as compared to approximately RMB798.2 million for the year ended 31 December 2019, due to the increased revenue of approximately RMB67.6 million from the USA lighting segment. During the year ended 31 December 2020, the USA lighting segment continued expanding sales channels and achieved good results.

#### ***Securities Segment***

During the year ended 31 December 2020, the revenue attributable to the securities segment was approximately RMB33.2 million, representing a decrease of approximately RMB9.9 million over approximately RMB43.1 million for the year ended 31 December 2019 due to the decreased interest revenue of approximately RMB6.6 million and the decreased revenue from agency, advisory and management services of approximately RMB3.3 million. Such decrease was primarily attributable to our implementation of stricter risk management measures that led to reduction of investment portfolio.

#### **Cost of sales**

For the year ended 31 December 2020, the cost of sales was approximately RMB594.6 million, representing an increase of approximately RMB37.0 million over approximately RMB557.6 million for the year ended 31 December 2019 primarily due to the increase of material costs.

#### **Gross profit and gross profit margin**

For the year ended 31 December 2020, the Group recorded a gross profit of approximately RMB282.1 million, representing an decrease of approximately RMB1.7 million over the gross profit of approximately RMB283.8 million for the year ended 31 December 2019.

#### ***Lighting Segment***

For the year ended 31 December 2020, the Group recorded a gross profit of approximately RMB248.9 million for the lighting segment, representing an increase of approximately RMB8.2 million or 3.4% over approximately RMB240.7 million for the year ended 31 December 2019 primarily due to the increase in gross profit for USA lighting segment.

## ***Securities Segment***

For the year ended 31 December 2020, the Group recorded a gross profit of approximately RMB33.2 million for the securities segment, representing a decrease of approximately RMB9.9 million over approximately RMB43.1 million for the year ended 31 December 2019. The reason for such decrease is same as the reason for revenue decrease.

## **Other income, gains and losses, net**

For the year ended 31 December 2020, the Group recorded other gains, net of approximately RMB23.4 million, representing a decrease of approximately RMB63.7 million over approximately RMB87.1 million for the year ended 31 December 2019, mainly due to fair value losses on investments properties of approximately RMB41.2 million and impairment loss on goodwill of approximately RMB21.7 million in 2020.

## **Impairment loss of goodwill**

For the year ended 31 December 2020, the amount of impairment loss recognised in respect of goodwill was approximately RMB21.7 million mainly due to the impairment loss of goodwill from securities cash-generating unit (2019: Nil).

## **Operating expenses**

The selling and distribution expenses mainly comprised of staff costs for the lighting segment, promotion and advertising, freight and transportation, agency and custom costs, and rent and rates.

For the year ended 31 December 2020, the selling and distribution expenses of the Group were approximately RMB168.9 million, representing an increase of approximately RMB7.5 million over approximately RMB161.4 million for the year ended 31 December 2019, mainly attributable to the increase in selling expenses for expanding the sales channels of the USA lighting segment.

The administrative expenses mainly comprised of staff costs for the securities segment, directors remuneration, depreciation charge and professional and legal fees. The administrative expenses for the year ended 31 December 2020 were approximately RMB154.1 million, representing a decrease of approximately RMB18.9 million over approximately RMB173.0 million for the year ended 31 December 2019, mainly due to the decrease in staff costs due to downsizing of the Group.

## **Finance costs**

The finance costs for the year ended 31 December 2020 were approximately RMB25.3 million, representing a decrease of approximately RMB4.1 million over approximately RMB29.3 million for the year ended 31 December 2019, mainly due to the decrease of interest-bearing bank borrowings of approximately RMB50.0 million.

## **Taxation**

For the year ended 31 December 2020, the Group's tax credit of approximately RMB39.4 million (2019: tax expense of approximately RMB29.5 million) mainly included current tax charge for the year of approximately RMB23.0 million and deferred tax credit of approximately RMB62.4 million.

## **Profit attributable to owners of the parent**

For year ended 31 December 2020, the Group recorded a loss attributable to owners of the parent of approximately RMB28.2 million, representing an increase of approximately RMB5.3 million over approximately a loss of RMB22.9 million for the year ended 31 December 2019. Such increase in loss was mainly due to impairment loss of goodwill.

## **Net Loss**

For year ended 31 December 2020, the Group recorded a net loss of approximately RMB27.4 million, as compared to a net loss of approximately RMB22.5 million for the year ended 31 December 2019.

## **Financial Resources and Liquidity and Gearing Ratio**

The Group maintained a stable financial position. As at 31 December 2020, the Group had bank balances of approximately RMB408.5 million and short-term bank loans of approximately RMB80.5 million. The gearing ratio representing the ratio of total debt to total equity of the Group was 22.1% as at 31 December 2020 (31 December 2019: 29.2%). Such decrease was mainly caused by the decrease in bank loans by approximately RMB50.5 million.

## **Assets and liabilities**

As at 31 December 2020, the Group recorded the total assets of approximately RMB2,239.3 million (31 December 2019: approximately RMB2,494.7 million) and total liabilities of approximately RMB578.0 million (31 December 2019: approximately RMB763.1 million).

As at 31 December 2020, the Group's current assets and non-current assets were approximately RMB1,712.9 million (31 December 2019: approximately RMB1,125.7 million) and approximately RMB526.3 million (31 December 2019: approximately RMB1,369.0 million), respectively. The increase in current assets was mainly attributable to the increase in prepayments, other receivables and other assets of approximately RMB691.1 million resulting from receivables from disposal of two subsidiaries of the Company. The decrease in non-current assets was mainly attributable to the decrease in investment properties of approximately RMB799.5 million resulting from the aforesaid disposal of two subsidiaries which have land use rights of parcels of land.

As at 31 December 2020, the Group's current liabilities and long-term liabilities were approximately RMB288.2 million (31 December 2019: RMB331.9 million) and approximately RMB289.8 million (31 December 2019: RMB431.1 million), respectively. The decrease in current liabilities was mainly attributable to the decrease in interest-bearing bank borrowings of approximately RMB60.6 million. The decrease in long-term liabilities was mainly attributable to the repayment in loan from the ultimate holding company of approximately RMB110 million.

As at 31 December 2020, the Group had a contingent consideration payable of approximately RMB23.5 million, arising from the acquisition of the remaining 20% membership interests of Novelty Lights, LLC by American Lighting, Inc, which is expected to complete no later than two business days after the third anniversary of 1 January 2019 (MST) subject to certain conditions having been satisfied. For details, please refer to the Company's announcement dated 1 January 2019. The fair value of the contingent consideration payable was estimated by applying income approach and the probability-weighted average of payouts associated with the earnings before interest, taxes, depreciation, and amortisation of Novelty Lights, LLC.

### **Foreign Currency Risk**

Several subsidiaries of the Company have sales and purchases denominated in currencies other than the functional currency of respective entities, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise.

### **Charges on Assets**

As at 31 December 2020, the Group pledged certain of its property, plant and equipment totaling approximately RMB7.4 million (31 December 2019: RMB8.1 million), certain of its trade receivables and inventories with an aggregate carrying value of approximately RMB142.0 million (31 December 2019: RMB118.8 million), and also certain of the Group's right-to-use assets with an aggregate carrying value of approximately RMB8.1 million (31 December 2019: RMB8.3 million and certain of its non-current assets held for sale with an aggregate carrying value of approximately RMB28.1 million) to secure bank credit facilities granted to the Group.

### **Capital Commitments**

As at 31 December 2020, the Group had no capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of property, plant and equipment (31 December 2019: approximately RMB9.9 million).

### **Contingent Liabilities**

During the year ended 31 December 2020, certain subsidiaries are parties to various legal claims in their ordinary course of business. In the opinion of the Directors, these claims would not have a significant impact on the Group's results and financial position.

## Capital Structure

As at 31 December 2020, the issued share capital of the Company was approximately RMB185,675,677 (equivalent to approximately HK\$209,450,542) (31 December 2019: approximately RMB185,675,677 (equivalent to approximately HK\$209,450,542), divided into 2,094,505,417 ordinary shares of HK\$0.10 each.

## Material Acquisition, Disposal and Significant Investment

On 29 October 2020, Guangdong Tongfang Science Park Company Limited\* (廣東同方科技園有限公司), an indirect wholly-owned subsidiary of the Company, as the vendor, and Zhonghe Real Estate Development Company\* (中核興業控股有限公司), an independent third party, as the purchaser, among others, entered into the Equity Interest Transfer Agreement in relation to disposal of two subsidiaries of the Company. Pursuant to the Equity Interest Transfer Agreement, the vendor agreed to sell and the purchaser agreed to purchase the entire equity interests in two wholly-owned subsidiaries of the Company Jiangmen Tonghe Guangyuan Technology Limited\* (江門市同鶴光源科技有限公司) and Jiangmen Tongxin Guangyuan Technology Limited\* (江門市同欣光源科技有限公司) (collectively, “**Target Companies**”), at the consideration of RMB392,961,124.51. Please refer to the Company’s announcement dated 30 October 2020 and the shareholders’ circular dated 20 November 2020 for details of the disposal. The Company wishes to update the Shareholders that the disposal completed on 29 December 2020, upon which the Target Companies ceased to be subsidiaries of the Company. As at the date of this announcement, the total amount of the consideration has been received.

On 1 December 2020, Tongfang Finance Limited, a wholly-owned subsidiary of the Company, redeemed part of its investment in the Mount Everest Fund pursuant to the subscription agreement dated 25 April 2018. The principal amount of such investment being redeemed was US\$4,000,000 and the amount received for the redemption was approximately US\$12,012,402.03. The Company recognized an estimated gain of US\$8,012,402.03 from the redemption. Please refer to the Company’s announcement dated 1 December 2020 for details of the redemption.

Save for those disclosed in this announcement, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year under review.

## FINAL DIVIDEND

The Board resolved not to declare any dividend for the year ended 31 December 2020 (31 December 2019: Nil).

## **BUSINESS REVIEW**

During the year under review, the outbreak of COVID-19 globally since early 2020 has brought some uncertainties to the global business environment as well as to the Group. In order to minimize the impact of the COVID-19, The Company has put in place various contingency measures including but not limited to providing facial masks, implementing working from home arrangement and using online meeting system. Via continuing efforts, the Group increased its revenue slightly. In the future, the Group will continue to implement measures for COVID-19 pandemic prevention and control and strive to continue to increase its revenue.

Affected by the COVID-19, challenging economic environment and exchange rate fluctuations, the revenue and profits of the lighting industry in North America in general had been declining in 2020. The three subsidiaries under the USA lighting segment had formulated stringent implementation plans for COVID-19 prevention and control, and they managed to record growth in both revenue and profit. This hard-earned achievement is mainly attributable to the united efforts of the employees of the USA subsidiaries to hold on to their posts in the difficult times of the COVID-19, and complete their assignments better than planned under overwhelming pressure. The USA lighting segment has established an efficient supply chain, and developed the companies thereunder into service-oriented companies with multiple channels and business forms including large retail market, traditional lighting and electrical product distributors, commercial Christmas lighting, lighting design and e-commerce platforms.

As disclosed above, the Group disposed two subsidiaries, which hold the land use rights , as the Group does not intend to pursue the development of the residential properties itself beyond its ordinary course of businesses. In the future, the Company will focus further resources on the lighting segment, and the industries that are in line with the innovation-driven development strategy of the Group, enjoy great market prospects and have core competitiveness.

Tongfang Securities has dedicated in accumulating and applying its experience and expertise to the financial services it provides to the Group as well as clients from home and abroad.

### **Sales and Distribution**

#### ***Lighting Segment***

During the reporting period, the Group took efforts in distribution and marketing, cultivating the new sales channels and promoting the new brand of lighting products. The Group proactively made deployment in branding establishment and sales channel in the world's fastest growing markets and brought to its customers better sales services in energy-saving technologies and solutions.

## ***Securities Segment***

Tongfang Securities Limited is a licensed corporation to carry on Type 1 (Dealing in Securities), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities and expects to further develop its financial service business.

## **Research and Development (“R&D”)**

The Group’s R&D efforts were driven towards product design, new product development and production efficiency improvement in order to reduce the overall production cost.

## **Employees and Remuneration**

As at 31 December 2020, the Group’s total number of employees was approximately 800 (31 December 2019: 1,100). The basic remunerations of the employees are determined with reference to the industry remuneration benchmark, the employees’ experience and their performance. Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. Directors’ remuneration is determined based on a variety of factors such as market conditions and responsibilities assumed by each Director. Apart from the basic remuneration and statutory benefits required by laws, the Group provides discretionary bonus based upon the Group’s results and the individual performance of the staff.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 22 June 2021 to Friday, 25 June 2021 (both days inclusive) for the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting. In order to qualify for attending and voting at the annual general meeting, all transfers accompanied by the relevant share certificate must be lodged with the Company’s share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Monday, 21 June 2021.

## **CORPORATE GOVERNANCE CODE**

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the shareholders.

Under the code provision A2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have a separate chairman and a chief executive officer and Mr. Gao Zhi holds both positions. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company as non-executive Directors and independent non-executive Directors form the majority of the Board, with five out of seven of the Directors being non-executive directors and independent non-executive Directors. The

Board believes that vesting the roles of both chairman and chief executive officer in the same person can facilitate execution of the Company's business strategies and boost effectiveness of its operation. The Board will review the current structure from time to time and shall make necessary arrangements when the Board considers appropriate.

Save as disclosed in this report throughout the year ended 31 December 2020, the Company complied with the code provisions and, where appropriate, adopted the recommended best practices as set out in the Corporate Governance Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by the Directors. Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding directors' securities transactions for the year ended 31 December 2020.

## **AUDIT COMMITTEE**

The Company established an audit committee with written terms of reference. The audit committee currently comprises of three members, being all independent non-executive Directors, Mr. Fan Ren Da Anthony, Mr. Liu Tian Min and Ms. Li Ming Qi. Ms. Li Ming Qi is the chairman of the audit committee. The primary duties of the audit committee are to make recommendation to the Board on the appointment and removal of external auditors, review the financial statements and material advice in respect of financial reporting, and oversee the internal control and risk management systems of the Company. Their composition and written terms of reference are in line with the Corporate Governance Code.

The Group's annual results for the year ended 31 December 2020 have been reviewed by the audit committee, which was of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made. The audit committee has also reviewed the accounting principles and practices adopted by the Group, and selection and appointment of the external auditors. In addition, the audit committee reviewed the internal control and risk management systems of the Group during the year of 2020.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

## **REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITORS**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

## **SUFFICIENCY OF PUBLIC FLOAT**

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of the total issued capital of an issuer must be held by the public at any time. Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules for the year ended 31 December 2020 and the subsequent period ended the date of this announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company (<http://www.neo-neon.com>). The annual report for the year ended 31 December 2020 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

\* *For identification purpose only.*

By order of the board of  
**Neo-Neon Holdings Limited**  
**Gao Zhi**  
*Chairman*

Hong Kong, 25 March 2021

*As at the date of this announcement, the executive Directors of the Company are Mr. GAO Zhi and Mr. LIU Zhigang; the non-executive Directors are Mr. SEAH Han Leong and Mr. ZHOU Hai Ying; the independent non-executive Directors are Mr. FAN, Ren Da Anthony, Mr. LIU Tian Min and Ms. LI Ming Qi.*