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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)**

**DISCLOSEABLE TRANSACTION  
COMPLETION OF THE SECOND CLOSING OF  
THE ACQUISITION OF MEMBERSHIP INTEREST  
IN NOVELTY LIGHTS, LLC**

Reference is made to the announcement of the Company dated 1 January 2019 (the “**Announcement**”) in relation to the acquisition of membership interest in Novelty Lights, LLC. Unless otherwise stated, capitalized terms used herein shall have the same meaning as defined in the Announcement.

The Board is pleased to announce that the Second Closing in respect of the acquisition of the Minority Interests contemplated under the Membership Interest Purchase Agreement was completed on 31 December 2021 (EST). As at the date of this announcement, the Company indirectly holds 100% of the Membership Interests in Novelty Lights.

As disclosed in the Announcement:

1. the aggregate purchase price for the Minority Interests (i.e. the Minority Interest Purchase Price) shall be the product resulting from the multiplication of (i) 0.20, by (ii) the product of (A) the numerical average of the Reported EBITDA of Novelty Lights for the fiscal years ended 31 December 2019, 31 December 2020, and 31 December 2021, multiplied by (B) 6; and
2. the aggregate purchase price for the Minority Interests shall be paid by the Buyer to the Seller by wire transfer of immediately available funds at the Second Closing.

Since the audit of the financial statements of Novelty Lights for the fiscal year ended 31 December 2021 has not been completed on 31 December 2021, and therefore the Reported EBITDA of Novelty Lights for the fiscal year ended 31 December 2021 was not yet available, the Buyer and the Seller agreed that:

1. the Minority Interest Purchase Price shall be calculated in accordance with the above formula provided that the Reported EBITDA of Novelty Lights for the fiscal year ended 31 December 2021 shall be calculated based on a pro forma annualized Reported EBITDA by Novelty Lights for the fiscal year ended 31 December 2021 set forth in the Initial Second Closing Statement;
2. on 30 December 2021 (EST), the Buyer shall pay the Seller 80% of the Minority Interest Purchase Price by wire transfer of immediately available funds;
3. no later than 15 days following the date on which the audited financial statements of Novelty Lights for the fiscal year ended 31 December 2021 become available, the Buyer shall prepare and deliver to the Seller a statement reflecting any discrepancies that the Buyer identifies as part of its Post-Second Closing Confirmation;
4. to the extent the Buyer identifies a Second Closing Discrepancy, (i) assuming any discrepancy would result in the Minority Interest Purchase Price (as recalculated by the Buyer) being less than the Minority Interest Purchase Price reflected on the Initial Second Closing Statement, then the Holdback Amount shall be reduced dollar for dollar equal to the Second Closing Discrepancy; and (ii) assuming any Second Closing Discrepancy would result in the Minority Interest Purchase Price (as recalculated by the Buyer) being greater than the Minority Interest Purchase Price reflected on the Initial Second Closing Statement, then the Holdback Amount shall be increased dollar for dollar equal to the Second Closing Discrepancy; and
5. the payment of the Holdback Amount taking into account any adjustment mentioned in paragraph 4 above shall be made by the Buyer to the Seller within 5 Business Days of acceptance of the written statement prepared and delivered by the Buyer to the Seller setting forth its calculation of the Minority Interest Purchase Price or resolution of dispute on the amount of the Minority Interest Purchase Price (if any) by wire transfer of immediately available funds.

On 30 December 2021 (EST), the Buyer paid the Seller US\$2,099,184.19, being 80% of the Minority Interest Purchase Price as set forth in the Initial Second Closing Statement.

## DEFINITIONS

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

“EST”	Eastern Standard Time in Northern America
“Initial Second Closing Statement”	a statement setting forth Novelty Lights’ good faith estimate of the Minority Interest Purchase Price; provided, however, that the Reported EBIDTA for the fiscal year ended 31 December 2021 shall be calculated based on a pro forma annualized Reported EBIDTA by Novelty Lights for the fiscal year ended 31 December 2021
“Post-Second Closing Confirmation”	the review and confirmation by the Buyer that the information contained in the Initial Second Closing Statement was prepared, as applicable, in accordance with Novelty Lights’ Past Accounting Practices
“Second Closing Discrepancy”	discrepancies that the Buyer identifies as part of its Post-Second Closing Confirmation between the information provided by Novelty Lights to the Seller in the Initial Second Closing Statement and the information contemplated by the Initial Second Closing Statement as calculated by Novelty Lights utilizing Novelty Lights’ Past Accounting Practices
“Holdback Amount”	the remaining 20% of the Minority Interest Purchase Price
“Minority Interest Purchase Price”	the aggregate purchase price for the Minority Interests

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

Hong Kong, 2 January 2022

*As at the date of this announcement, the executive Directors of the Company are Mr. GAO Zhi and Mr. LIU Zhigang; non-executive Directors are Mr. LIANG Wu Quan 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.*