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## **WINFOONG INTERNATIONAL LIMITED**

**( 榮豐國際有限公司 ) \***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 63)**

### **VOLUNTARY ANNOUNCEMENT**

#### **MEMORANDUM OF UNDERSTANDING IN RELATION TO POTENTIAL FORMATION OF JOINT VENTURE**

The Board is pleased to announce that on 26 August 2016 (after trading hours), the Company entered into a non-legally binding Memorandum of Understanding with Graphene Platform, pursuant to which the Company and Graphene Platform proposed to form a joint venture company in Japan to engage in the production and sales of graphene related products.

This announcement is made by the Company on a voluntary basis for the purpose of keeping the Shareholders and potential investors informed of the latest business development of the Group.

The Board is pleased to announce that on 26 August 2016 (after trading hours), the Company entered into a non-legally binding Memorandum of Understanding with Graphene Platform, pursuant to which the Company and Graphene Platform proposed to use their best endeavors to establish a joint venture company in Japan, the JV Company, to engage in the production and sales of graphene related products.

#### **MAJOR TERMS OF THE MEMORANDUM OF UNDERSTANDING**

Under the Memorandum of Understanding, the Parties agreed that, the JV Company shall be established and shall be held as to 80% by the Group and 20% by Graphene Platform. The registered capital of the JV Company shall be contributed by the Group in the amount of no more than 0.8 billion Yen in cash (equivalent to approximately HK\$61,800,000) and by Graphene Platform in the form of continuous grant of the right to the JV Company to use the patent licenses of the Patent from time to time, related technology and intellectual property necessary for the production of graphene.

Subsequent to the signing of the Memorandum of Understanding, Graphene Platform will provide the Company with the information relating to the Patent licenses, related technology and intellectual property for production of graphene by the JV Company.

For the period from the date of the Memorandum of Understanding to the date on which the JV Company has been duly established (or such later date as the Parties may otherwise agree in writing), neither Parties shall, directly or indirectly, enter into or be involved in any discussion or negotiation or agreement relating to the Proposed JV Formation with third party.

The Parties agree that if no formal agreement is entered into on or before 15 September 2016 or such later date as the Parties agree, the Memorandum of Understanding will be cancelled automatically.

## **REASONS FOR ENTERING INTO THE MEMORANDUM OF UNDERSTANDING**

The Group is principally engaged in property related business and provision of horticultural services.

To diversify the business of the Group and create new income stream, the Company has been seeking and exploring various new business opportunities with growth potential. The Board is of the view that the proposed Formation of the JV Company under the Memorandum of Understanding will pave way for great opportunities for the Group to enter into a new and promising business area and to expand the Group's business territory as the Board believes that there is enormous business potential in the graphene production and sales of graphene related products.

Graphene is made of a single layer of carbon atoms that are bonded together in a repeating pattern of hexagons. Graphene is one million times thinner than paper, so thin that it is actually considered two dimensional but it is 200 times tougher than steel. It is considered to be the strongest and thinnest material known to exist in nature. It has five unique properties: super strength, ultra-thinness, extremely high conductivity, versatility, and low cost. Superior mechanical, electrical, magnetic and thermal properties promise wide prospects for graphene.

The global graphene market is expected to witness a significant growth rate, driven by promising applications in the electronics, healthcare, transport, energy storage, composites and textile industries. According to Graphene Platform, the global market size might reach USD100 billion in the coming decades. Thus the breakthroughs in the technology for mass production would be the key to boom the global demand and various applications.

Therefore, the Directors consider that the Memorandum of Understanding and the Proposed JV Formation would enable the Group to extend a footprint into the emerging graphene industry and to capture the growth of demand for graphene products in the global market.

The Board expects that the potential new business of production and sales of graphene products will enhance the Group's financial performance and thus help to gain attractive investment return for the Shareholders.

## **INFORMATION OF GRAPHENE PLATFORM**

According to the information provided by Graphene Platform, it is currently the only specialized enterprise to perform graphene fundamental research. Graphene Platform, a Tokyo-based producer of graphenes, was the first to discover and has patented a fundamental feature for production of graphene through a graphite exfoliation. It defined a graphene precursor material having a cause of structural disorder for a crystalline of graphite using XRD index. A mechanical treatment, e.g. dry ball milling, enhanced by plasma or magnetic field, applied for graphite to produce this graphene precursor material, which brings much higher ability to manufacture graphene at an industrial scale, compared to that of ordinary graphite using methodology. The Graphene precursor material has versatile applications, graphene composite, as well as thermal/electrical conductivity, reinforcement, and lubrication applications as patented by the company.

Over several years, Graphene Platform has established a proven track record within the research and development community for producing and distributing high quality CVD and epitaxial graphene to its customers. The company has a network of its affiliates in Cambridge, UK and Singapore.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Graphene Platform and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## **GENERAL**

The Board wishes to emphasize that the Memorandum of Understanding has merely set out the strategic cooperation framework between the Parties and may or may not lead to the entering into a formal and legally binding joint venture agreement. The transactions contemplated under the Memorandum of Understanding are subject to, among others, approvals of the board of directors of each of the Company and Graphene Platform. As such, the transactions contemplated under the Memorandum of Understanding may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

Further announcement(s) will be made in accordance with the Listing Rules to provide updates on transactions contemplated under the Memorandum of Understanding as and when appropriate.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	:	the board of Directors
“Company”	:	Winfoong International Limited (stock code: 63), a company incorporated in Bermuda with limited liability, and the issued Shares of which are listed on the Stock Exchange
“Directors”	:	the directors of the Company
“Graphene Platform”	:	Graphene Platform Corporation
“Group”	:	the Company and its subsidiaries
“Hong Kong”	:	The Hong Kong Special Administrative Region of the PRC
“JV Company”	:	a limited liability joint venture company to be established by the Parties in and under the laws of Japan
“Listing Rules”	:	The Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Understanding”	:	the non-legally binding memorandum of understanding entered into between the Parties on 26 August 2016 (after trading hours) in relation to the possible Formation of the JV Company
“Party or Parties”	:	the Company and Graphene Platform, together the Parties and each, a Party
“Patent”	:	two patents registered in Japan and possessed by Graphene Platform
“Proposed JV Formation”	:	the proposed formation of the JV Company under the formal legally binding joint venture agreement to be entered into by the Parties for the purpose of establishing the JV Company
“Shares”	:	the ordinary shares of HK\$0.05 each in the issued share capital of the Company
“Shareholders”	:	the holders of the Shares
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited

“HK\$” : Hong Kong dollars, the lawful currency of Hong Kong  
“USD” : United States dollars, the lawful currency of United States  
“Yen” : Japan dollars, the lawful currency of Japan

By order of the Board of  
**Winfoong International Limited**  
**Mak Tin Sang**  
*Executive Director*

Hong Kong, 26 August 2016

*As at the date of this announcement, the Board comprises Mr. Chen Meng, Mr. Mak Tin Sang and Mr. Yuan Li Min as executive Directors; Mr. Li Feng Mao as non-executive Director and (Mr. Leung Po Hon, Mr. Li Jing Bo and Mr. Shigeki Tanaka as independent non-executive Directors.*

*\* For identification purposes only*