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WINFOONG INTERNATIONAL LIMITED

榮豐國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 63)

DISCLOSEABLE TRANSACTION

FORMATION OF JOINT VENTURE

The Company is pleased to announce that on 15 September 2016 (after trading hours), WI Capital, an indirect wholly-owned subsidiary of the Company, entered into the Shareholders' Agreement with Graphene Platform in relation to the formation of the Joint Venture. The Joint Venture will be engaged in the manufacturing of Graphene and production and sales of Graphene related products.

Pursuant to the Shareholders' Agreement, the Parties agreed that, the Joint Venture shall be established and shall be held as to 80% by WI Capital and 20% by Graphene Platform. It is further agreed that, upon incorporation of the Joint Venture, Graphene Platform as licensor and the Joint Venture as licensee shall sign the Licence Agreement as soon as practicable pursuant to which Graphene Platform will grant the Joint Venture the Right to exploit and use the invention, patents, know-how and intellectual property rights necessary for the production of Graphene and Graphene related products as consideration for 20% of Graphene Platform's shareholding interest in the Joint Venture.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Shareholders' Agreement in aggregate exceeds 5% but is less than 25%, the formation of the Joint Venture constitutes a discloseable transaction of the Company on an aggregated basis under Chapter 14 of the Listing Rules and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

* For identification purposes only

INTRODUCTION

The Company refers to the announcement dated 26 August 2016 regarding the memorandum of understanding in relation to potential formation of the Joint Venture.

On 15 September 2016 (after trading hours), WI Capital, an indirect wholly-owned subsidiary of the Company, entered into the Shareholders' Agreement with Graphene Platform in relation to the formation of the Joint Venture.

MAJOR TERMS OF THE SHAREHOLDERS' AGREEMENT

Date

15 September 2016 (after trading hours)

Parties

- (i) WI Capital; and
- (ii) Graphene Platform

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Graphene Platform and its ultimate beneficial owner(s) are Independent Third Parties.

Shareholding Structure and Capital Contribution

Pursuant to the Shareholders' Agreement, the Parties agreed that, the Joint Venture shall be established and shall be held as to 80% by WI Capital and 20% by Graphene Platform.

Graphene Platform will continuously grant the Joint Venture the Right to exploit and use the invention, patents, know-how and intellectual property rights necessary for the production of Graphene and Graphene related products as consideration for 20% of its shareholding interest in the Joint Venture. According a valuation report dated 5 September 2016 prepared by an independent valuer, the estimated value of the Right is approximately HK\$15,354,000. WI Capital will make monetary contribution in the amount of 700,000,000 Japanese Yen (equivalent to approximately HK\$52,500,000) in the share capital of the Joint Venture, whereby WI Capital will hold 80% of shareholding interest in the Joint Venture.

The Joint Venture will be an indirect non wholly-owned subsidiary of the Company.

License Agreement

Upon incorporation of the Joint Venture, Graphene Platform as licensor and the Joint Venture as licensee will enter into the Licence Agreement in the form to be agreed by Graphene Platform and the Joint Venture, pursuant to which Graphene Platform will grant the Right to the Joint Venture as its capital contribution in the Joint Venture.

Purpose of the Joint Venture

The Joint Venture will be engaged in the manufacturing of Graphene and production and sales of Graphene related products.

Use of Capital

The capital of the Joint Venture in the amount of 700,000,000 Japanese Yen (equivalent to approximately HK\$52,500,000) will mainly be used for purchasing Graphene Production Equipment that can produce 100 tons of Graphene per year.

Board composition

The board of directors of the Joint Venture will consist of five directors, four of whom will be nominated by WI Capital, and the remaining one director will be appointed by Graphene Platform. The chairman and the chief executive officer of the Joint Venture will be appointed by WI Capital among the directors of the Joint Venture and shall be appointed by the Board in accordance with such nomination.

Restrictions on equity transfers and encumbrances

A Party may not transfer, sell or pledge equity interest in the Joint Venture in or shareholder's loan to the Joint Venture to any third party.

In the event that a Party proposes to transfer its equity interest in the Joint Venture, the other Party shall have a right of first refusal to such equity interest.

Dividends Rights

Any dividends available for distribution will be distributed to the Parties pro rata to their respective shareholding in the Joint Venture.

Finance

The cash-flow required by the Joint Venture will be financed (i) firstly, by utilising the existing issued share capital of the Joint Venture; (ii) secondly, by borrowing from banks and/or other external financing sources; and (iii) thirdly, by shareholders' loans. Nevertheless, the shareholders of the Joint Venture shall not be obliged to provide shareholder's loan to the Joint Venture and the shareholder's loan, if any, shall be secured by the asset(s) of the Company.

REASONS FOR ENTERING INTO OF THE SHAREHOLDERS' AGREEMENT

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 formation of the Joint Venture under the Shareholders' Agreement 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 Company considers that the Shareholders' Agreement and the formation of the Joint Venture would enable the Group to extend a footprint into the emergent Graphene industry and to capture the growth of demand for Graphene products in the global market.

The Company expects that the new business of production and sale of Graphene products will enhance the Group's financial performance and thus help to gain attractive investment return for the Shareholders.

In consideration of the above, the Company is of the view that the terms of the Shareholders' Agreement are normal commercial terms, fair and reasonable and the formation of the Joint Venture is in the interests of the Company and Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Company

The Company was incorporated in Bermuda with limited liability and the shares of the Company are listed on the Stock Exchange. The Group is principally engaged in property related business and provision of horticultural services.

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.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“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, a company incorporated in Japan
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Third Parties”	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, independent of and not connected with the Company and its subsidiaries and its connected persons (as defined in the Listing Rules) and its ultimate beneficial owner(s) or their respective associate(s)
“Joint Venture”	the joint venture company to be established in Japan with limited liability in accordance with the terms of the Shareholders’ Agreement and under the laws of Japan
“Licence Agreement”	the licence agreement setting out the terms and conditions of the Patents to be entered into between Graphene Platform and the Joint Venture
“Licenced Products”	All products which are manufactured by exploiting the Patents
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	parties to the Shareholders’ Agreement, being WI Capital and Graphene Platform, and “Party” shall mean any of them
“Patent”	the two patents which were registered in Japan and are possessed by Graphene Platform for production of Graphene
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Production Equipment”	facilities and production equipment in respect of Graphene production
“Right”	the right to be granted by Graphene Platform to the Joint Venture to exploit and use the invention, patents, know-how and intellectual property rights necessary for the production of Graphene and marketing, distribution and sale of the Licensed Products
“Shareholders”	the holders of the Shares
“Shareholders’ Agreement”	the shareholders’ agreement for the Joint Venture to be executed by the Parties
“Shares”	the ordinary shares of HK\$0.05 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“WI Capital”	WI Capital Company Limited, a company incorporated in Japan and is an indirect wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Japanese Yen”	Japanese Yen, the lawful currency of Japan
“%”	per cent

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

Hong Kong, 15 September 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.