

*The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). Upon the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.*

**3 February 2017**

**For immediate release**



**Haydale Graphene Industries plc**  
("Haydale", "Group" or the "Company")

### **Proposed Strategic Investment of £3.3 million into Haydale by Everpower**

Haydale (AIM:HAYD), the global nanomaterials group, is pleased to announce that Haydale and Everpower International Holdings Co. Ltd, a New York-based investment company, engaged in investing in leading edge technologies and integration of these technology into China and which has existing graphene interests in China, have agreed subject to contract, to enter into a collaboration agreement as described below and, as a first step, Everpower has conditionally agreed to make a strategic investment in Haydale of £3.26 million (the "Subscription") to acquire a 9.9 per cent. shareholding, through its subsidiary Fu Xing New Materials Development (Heze) Co., Ltd ("Everpower").

Haydale and Everpower (together the "Collaboration Partners") have entered into non-binding heads of terms as a pre-cursor to entering into an exclusive binding collaboration agreement to manufacture, supply and market existing Haydale products and develop nanomaterials and new graphene products for the Chinese market (the "Collaboration Agreement"). It is expected that the Collaboration Partners will negotiate and enter into the Collaboration Agreement following completion of the proposed investment, further details of which are set out below.

#### **Strategic investment into Haydale**

Everpower has conditionally agreed to invest approximately £3.26 million into Haydale via a subscription for such number of shares as will constitute 9.9% of the issued share capital of Haydale at the time of completion of the Subscription (expected to be 1,917,282 ordinary shares of 0.2 pence each ("Ordinary Shares")), at a price of £1.70 per Ordinary Share ("Subscription Price") ("Subscription Shares"). The Subscription Price represents a discount of approximately 2.8 per cent. of the average closing share price of Haydale over the 10 business days up to and including 2 February 2017.

Haydale has also agreed to grant Everpower certain pre-emption rights to maintain its resultant 9.9% holding in Haydale, subject to various carve-outs (such as the issue of shares to Directors and management in respect of convertible securities and the issue of new shares for non-cash consideration). Everpower has also been granted observer rights at Haydale Board meetings.

Owing to Chinese government regulations, the Subscription is expected to occur in 3 tranches as follows:

- Tranche 1: issue of 95,864 Ordinary Shares, equivalent to approximately £160,000 to be received by Haydale on or before 28 February 2017;
- Tranche 2: issue of 95,864 Ordinary Shares, equivalent to £160,000 to be received by Haydale on or before 8 March 2017;
- Tranche 3: the issue of the balance of the Subscription Shares ("Tranche 3 Shares"), which is expected to be 1,725,554 ordinary shares (equivalent to £2.9 million at the Subscription Price) or such other amount of shares as will result in Everpower owning 9.9% of the issued share capital of Haydale following issue of the Tranche 3 shares. The Tranche 3 Shares are expected to be issued on or before 31 March 2017 (the "Long Stop Date").

The Subscription Agreement will lapse in the event the Tranche 3 Shares have not been issued prior to the Long Stop Date, save that if Haydale agree to extend the Long Stop Date, Everpower must subscribe for a further 191,728 new Ordinary Shares at the Subscription Price for each month by which the date is extended.

Each tranche of the Subscription is conditional on *inter alia*, admission of the relevant tranche of Subscription Shares to trading on AIM; receipt of subscription proceeds and in the case of Tranche 3, Everpower receiving government approval and permission to remit the subscription proceeds to the Company.

There is no guarantee that the Subscription will complete on the terms or timelines anticipated above (or at all) or that a binding collaboration agreement will be entered into. The Company will update the market in due course, in particular with respect to the receipt of funds pursuant to the Subscription and applications for admission to trading on AIM of the Ordinary Shares issued pursuant to the Subscription will be made in due course.

#### **Heads of Terms relating to the Collaboration Agreement**

Subject to the terms of the Collaboration Agreement being agreed, it is anticipated that Haydale will establish a new Hong Kong based subsidiary company, which will be a subsidiary of Haydale while Everpower will establish a business in China that it will own ("Collaboration New Co"), to manufacture, market and sell Haydale's existing products and materials and new nanomaterial and graphene products to be developed in collaboration with the Haydale. Initial products targeted at the Chinese market are expected to include (but not be limited to) the development, manufacture and marketing of conductive inks (for medical devices and other electronic applications), pressure and other sensors, wind turbine radial donuts and PLA 3D Printing filaments. Subject to negotiation of final terms and licence agreements, it is expected that the Group and Everpower will share royalty-free rights to market and sell new products arising from the planned collaboration to the rest of the World.

The Board understands that the Everpower group has considerable industrial and market connections with access to manufacturing facilities in China which, together with Haydale's expertise, is expected to be used to deliver high quality graphene and other advanced materials for enhancing products. In addition to manufacturing access, Everpower will provide the necessary capital and staff in China, whilst Haydale has agreed to provide training and technical support.

#### **Ray Gibbs, CEO of Haydale, said:**

*"The envisaged agreement should provide Haydale with an excellent platform to launch our products into China. Furthermore, any future collaboration products developed from the association will be allowed to be marketed and sold to the rest of the world by Haydale."*

*China represents a fast moving and significant end market for Haydale, and we have been seeking a partner to help give us a footprint in the region for some time. China is one of the world's largest markets for advanced composites applications and the Company has taken its time to find the ideal partner to help maximise the commercial opportunities that arise from our operations there.*

*We are therefore delighted to be working closely with Everpower to introduce nanomaterials and graphene related products in the Chinese market. We look forward to forging a strong relationship with Everpower."*

**Mr Nan Lin, Chairman of Everpower said:**

*"Following a period of detailed negotiations, Everpower is delighted to be working with Haydale as we believe that their products have significant potential to add value in the Chinese market.*

*"Our mission is to identify high quality technologies from the USA and Europe and then integrate the technologies into the Chinese market. Given our extensive experience in working with international businesses, coupled with our strong knowledge of the Chinese market, Everpower sees itself as a suitable long term partner for Haydale as they expand globally and more specifically into China. We have been extremely impressed with the work and technological capabilities of Haydale and we believe our collaboration will prove to be mutually beneficial for both parties."*

**For further information:**

**Haydale Graphene Industries plc**

Ray Gibbs, Chief Executive Officer

Tel: +44 (0) 1269 842 946

Matt Wood, Finance Director

[www.haydale.com](http://www.haydale.com)

Trevor Phillips, Head of Communications

**Cairn Financial Advisers LLP (Nominated Adviser)**

Tony Rawlinson / Emma Earl

Tel: +44 (0) 20 7213 0880

**Cantor Fitzgerald Europe (Broker)**

David Foreman / Will Goode (*Corporate Finance*)

Tel: +44 (0) 20 7894 7000

David Banks / Mark Westcott (*Sales*)

**Media enquiries:**

**Buchanan**

Henry Harrison-Topham / Jamie Hooper

Tel: +44 (0) 20 7466 5000

[haydale@buchanan.uk.com](mailto:haydale@buchanan.uk.com)

[www.buchanan.uk.com](http://www.buchanan.uk.com)

## **Notes to Editors**

Haydale has developed a patented scalable plasma process to functionalise graphene and other nanomaterials. This enabling technology can provide Haydale with a rapid and highly cost-efficient method of supplying tailored solutions to enhance applications for both raw material suppliers and product manufacturers.

Crucially, the Haydale plasma process does not damage the material being processed. Instead it will clean up any impurities inherent in the raw material. The technology is a low energy user and is therefore environmentally friendly. The Haydale process is a patented enabling technology, allowing the Group to work with a raw material producer who seeks to add value to the base product and tailor the outputs to best service the target applications of the end user.

Haydale has moved from being a R&D focused business towards becoming a commercial entity and having made some transformational acquisitions and partnerships in 2016, the Company has a robust supply chain, with geographic presence not only in European but in Asian and American markets.

Haydale houses a purpose-built facility for processing and handling nanomaterials, and is facilitating the application of nanomaterials in fields such as inks, sensors, energy storage, composites, paints and coatings.

For more information please visit:

[www.haydale.com](http://www.haydale.com)

Twitter: @haydalegraphene

## **About Everpower**

Everpower International Holdings is a New York-based investment company, focused on investing in leading edge technologies in North America and Europe and seeking to integrate these technologies into China, where there is huge market and demands for such high-tech products.

Everpower also has existing graphene interests, particularly following entering an agreement in April 2016 with US based Angstrom Materials Inc. (AMI) to realise industrial production of single-layer graphene and develop applications of graphene-based technologies.

## **Caution regarding forward looking statements**

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should" "envisage", "estimate", "intend", "may", "plan", "potentially", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking

statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although any forward looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Subject to any continuing obligations under applicable law or any relevant AIM Rule requirements, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.