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SinoPoly

Sinopoly Battery Limited

中聚電池有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 729)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Manager



Guotai Junan Securities (Hong Kong) Limited

On 29 July 2011 (after trading hours), the Company and the Placing Manager entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to appoint the Placing Manager as placing agent, and the Placing Manager has conditionally agreed to act as placing agent for the Company, on a best-effort basis to procure purchasers for a maximum of 700,000,000 Placing Shares at a price of HK\$0.52 per Placing Share. The Placing Manager will place the Placing Shares to not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties. The Placing is subject to various conditions set out below under the heading “Conditions of the Placing”.

The Placing Price of HK\$0.52 represents (i) a discount of approximately 10.34% to the closing price of HK\$0.58 per Share as quoted on the Stock Exchange on 29 July 2011, being the date of the Placing Agreement; and (ii) a discount of approximately 13.04% to the average of the closing prices per Share as quoted on the Stock Exchange for the five consecutive trading days prior to the date of the Placing Agreement of approximately HK\$0.598.

The maximum number of 700,000,000 Placing Shares represents (i) approximately 6.80% of the existing issued share capital of the Company of 10,291,532,569 Shares as at the date of this announcement; and (ii) approximately 6.37% of the issued share capital of the Company of 10,991,532,569 Shares as enlarged by all the Placing Shares.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

The Placing Shares will be allotted and issued under the General Mandate.

The maximum gross proceeds from the Placing will be approximately HK\$364 million. The maximum net proceeds, after deducting the placing commission, are estimated to be approximately HK\$358.9 million. The Company intends to apply the net proceeds from the Placing for capital expenditure in relation to the second phase expansion in the Company's battery production facilities and general working capital of the Group.

Shareholders and potential investors should note that completion of the Placing is subject to the fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

THE PLACING AGREEMENT

Date

29 July 2011 (after trading hours)

Issuer

The Company

Placing Manager

Guotai Junan Securities (Hong Kong) Limited

To be best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Manager and its ultimate beneficial owners are Independent Third Parties.

Placees

Pursuant to the Placing Agreement, the Placing Manager has agreed to place the Placing Shares, on a best-effort basis, to not less than six Placees who are Independent Third Parties.

Placing Price

The Placing Price is HK\$0.52 per Placing Share, exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee and represents:

- (i) a discount of approximately 10.34% to the closing price of HK\$0.58 per Share as quoted on the Stock Exchange on 29 July 2011, being the date of the Placing Agreement; and
- (ii) a discount of approximately 13.04% to the average of the closing prices per Share as quoted on the Stock Exchange for the five consecutive trading days prior to the date of the Placing Agreement of approximately HK\$0.598.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Manager. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

Placing Shares

As at the date of this announcement, the Company has 10,291,532,569 Shares in issue. The maximum number of 700,000,000 Placing Shares represents (i) approximately 6.80% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.37% of the issued share capital of the Company of 10,991,532,569 Shares as enlarged by all the Placing Shares.

General Mandate

The Placing Shares are to be allotted and issued under the General Mandate.

As at the date of this announcement, the General Mandate has not been utilised since it was granted at the AGM and the number of new Shares that could be issued by the Company under the General Mandate is 740,638,492 Shares.

Ranking of the Placing Shares

The Placing Shares will, when issued, rank pari passu among themselves and with Shares then in issue.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (a) the Listing Committee of the Stock Exchange agreeing to grant a listing of, and permission to deal in, the Placing Shares; and
- (b) the Company obtaining all necessary written consents and approvals (if any) from the relevant authorities in respect of the transactions contemplated under the Placing Agreement, if applicable.

Completion of the Placing will take place on the third Business Day after the fulfilment of the conditions as set out above but not later than the Long Stop Date. If the above conditions are not satisfied prior to the Long Stop Date, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties under the Placing Agreement will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches thereof and payment by the Company of reasonable costs and expenses to the Placing Manager pursuant to the Placing Agreement).

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Termination

The Placing Manager may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company if at any time before completion of the Placing:

- (i) there develops, occurs or comes into force any of the force majeure events referred to in the Placing Agreement;
- (ii) any material breach of any of the representations, warranties and undertakings by the Company set out in the Placing Agreement comes to the knowledge of the Placing Manager or there has been a breach of, or failure to perform, any other provision of the Placing Agreement on the part of the Company; or
- (iii) any change or any development involving a prospective change in the general affairs, prospects, earnings, business, properties, stockholders' equity or in the financial or trading position of the Group as a whole which in the reasonable opinion of the Placing Manager is so material and adverse as to make it impractical or inadvisable to proceed with the Placing.

Without prejudice to any other provisions of the Placing Agreement, the Placing Manager will have the right (but not obligation) exercisable at any time by notice in writing to the Company to terminate the Placing Agreement if any of the Placing Shares are not delivered by or on behalf of the Company in accordance with the Placing Agreement.

In the event that the Placing Manager terminates the Placing Agreement pursuant to the above, all obligations of each of the parties under the Placing Agreement will cease and determine and no party will have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breaches thereof and payment by the Company of reasonable costs and expenses to the Placing Manager pursuant to the Placing Agreement.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the business of production, distribution and sale of Lithium-ion batteries and related products.

The Directors consider that the Placing represents an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Assuming all the Placing Shares are successfully placed by the Placing Manager, the gross proceeds from the Placing will be approximately HK\$364 million. The maximum net proceeds, after deducting the placing commission, will be approximately HK\$358.9 million, representing a net issue price of approximately HK\$0.51 per Placing Share. The Company intends to apply the net proceeds from the Placing for capital expenditure in relation to the second phase expansion in the Company's battery production facilities and general working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Group has not conducted any equity fund raising activities involving the issue of its securities in the past 12 months from the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE

	(i) As at the date of this announcement		(ii) Upon completion of the Placing in full	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Union Ever Holdings Limited (Note 1)	1,713,380,143	16.65	1,713,380,143	15.59
Glorious China Investments Limited	1,098,099,998	10.67	1,098,099,998	9.99
Silver Ride Group Limited (Note 2)	1,055,000,001	10.25	1,055,000,001	9.60
Placees	-	-	700,000,000	6.37
Other public shareholders	<u>6,425,052,427</u>	<u>62.43</u>	<u>6,425,052,427</u>	<u>58.45</u>
Total	<u>10,291,532,569</u>	<u>100.00</u>	<u>10,991,532,569</u>	<u>100.00</u>

Notes:

- (1) Union Ever Holdings Limited is wholly-owned by Mr. Miao Zhenguo, an executive Director, Deputy Chairman and Chief Executive Officer of the Company.
- (2) Silver Ride Group Limited is wholly-owned by Mr. Chen Jian, a director of certain subsidiaries of the Company.

GENERAL

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate.

Shareholders and potential investors should note that completion of the Placing is subject to the fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

“AGM”	the annual general meeting of the Company held on 10 September 2010
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, a Sunday or a public holiday) on which banks are generally open for business in Hong Kong
“Company”	Sinopoly Battery Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	Director(s) of the Board
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 740,638,492 new Shares, representing approximately 20% of the then issued share capital of the Company at the time when the AGM was held
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who is(are) independent of and not connected with the Company or any member of the Group, their respective directors, chief executives or substantial shareholders, or any of their respective associates, and otherwise not connected persons of the Company
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	1 September 2011, or such later date as may be agreed by the Placing Manager and the Company
“Placee(s)”	any professional or institutional investor(s) whom the Placing Manager has procured to purchase any of the Placing Shares pursuant to its obligations under the Placing Agreement
“Placing”	the placing of the Placing Shares by the Placing Manager, on a best-effort basis, pursuant to the terms of the Placing Agreement

“Placing Agreement”	the conditional placing agreement dated 29 July 2011 entered into between the Company and the Placing Manager in relation to the Placing
“Placing Manager”	Guotai Junan Securities (Hong Kong) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Placing Price”	HK\$0.52 per Placing Share
“Placing Share(s)”	a maximum of 700,000,000 Shares to be placed under the Placing
“PRC”	The People’s Republic of China which, for the purposes of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFC”	Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board of
Sinopoly Battery Limited
Jaime Che
Executive Director

Hong Kong, 29 July 2011

As of the date of this announcement, the Board comprises Mr. Miao Zhenguo (Deputy Chairman and Chief Executive Officer), Mr. Lo Wing Yat, Mr. Xu Donghui (Chief Operating Officer) and Mr. Jaime Che as executive directors; and Mr. Chan Yuk Tong, Mr. Fei Tai Hung and Mr. Tse Kam Fow as independent non-executive directors.

Website: <http://www.sinopolybattery.com>