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THUNDER SKY BATTERY LIMITED

中聚雷天電池有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 729)

- (1) RULE 13.09 ANNOUNCEMENT**
(2) CHANGES TO THE BOARD
AND
(3) SUSPENSION OF TRADING

Business

The Group's production facilities in Liaoyuan have commenced commercial production and will be expanded. The Company also plans to build production facilities and a research and development centre in Tianjin. More details of these two production facilities and the research and development centre are set out in the section headed "Business" of this Announcement.

Technical Advisory Committee

To afford the Board expert advice in relation to strategic planning in the field of lithium battery and electric vehicle and enhance the Group's capability in research and development, the Company has set up a Technical Advisory Committee which is expected to start work after the conclusion of the SGM. The biographical information of the invited members is set out in the section headed "Technical Advisory Committee" in this Announcement.

Appointment of Executive Directors

Mr. Xu Donghui and Mr. Jaime Che have been appointed executive Directors and members to the Executive Committee of the Board with effect from 8 March 2011. In addition, Mr. Xu Donghui has taken over the role of Chief Operating Officer from Mr. Miao Zhenguo. The biographical information of Mr. Xu and Mr. Che is set out in the section headed "Appointment of Executive Directors" of this Announcement.

Potential Claims against Mr. Chung

The Special Board Committee has received evidence that has led it to believe that Mr. Chung and his associates have carried out activities that are in breach of the agreements made in connection with the Acquisition and his duties as a director of the Company, the particulars of which are set out in the sub-section headed “Press Reports of 21 and 22 February 2011” in this Announcement. In view of these activities and Mr. Chung’s conflict of interest, Mr. Chung was removed as the Deputy Chairman of the Board and re-designated as a non-executive Director, and his employment with the Company and his role as the Chief Technical Officer was terminated each with effect on 8 March 2011.

Profit Guarantee and Profit Warning

The PRC Operating Companies have failed to account to the Group in relation to the sales of the Electric Battery Products made since 1 October 2010. If the PRC Operating Companies continue to refuse to provide the sales data and records, the Company’s audited financial statements for the year ending 31 March 2011 will likely reflect a material and adverse decrease in the consolidated turnover and profit of the Group, and may be qualified by the auditors of the Company. In the event of any shortfall in the Guarantee Profit, the Company will offset such shortfall against Locked-Up Convertible Bonds held by Mei Li New Energy and Union Ever in equal proportions.

Proposed Change of Company Name

The Company proposes to change its name to “Sinopoly Battery Limited” and upon such name change becoming effective, its Chinese name will be changed to “中聚電池有限公司”.

Suspension of Trading in Shares

At the request of the Company, trading in Shares on the Stock Exchange will continue to be suspended pending further announcement of, among others, a possible fund-raising exercise.

Reference is made to the Acquisition Circular.

BUSINESS

Based on the Company's analysis of the market, demand for electric batteries will greatly increase due to the rapid development of the electric vehicles market in the PRC and overseas. Apart from increasing demand, the diversity of products being indicated by customers is also increasing. The Company considers that it must not only satisfy the anticipated market demand, but also have the capacity to design and manufacture a wider variety of products, in order to seize and capture market share in this promising industry.

Liaoyuan Production Facilities

The Company is pleased to announce that it has completed the construction of its own production facilities in Liaoyuan. The facilities have commenced commercial production in February 2011. In addition, the Company has made a number of strategic cooperation agreements with major market players such as FAW Bus & Coach under which batteries produced by the Group to their specifications will be used in their respective new pure electric vehicles.

In view of the anticipated demand, the Company proposes to further expand the facilities at Liaoyuan and raise its annual battery production capacity up to 120 million ampere hours. The current target is for such capacity to come on-line commercially by August this year. The expansion will enable the Group to implement a high-precision and highly automated lithium battery production line incorporating electronic monitoring systems and energy-saving elements, and new equipment for raw material and end product testing.

Tianjin Production Facilities

The Company also plans to build production facilities capable of annual battery production capacity up to 70 million ampere hours and a research and development centre in Tianjin. The current target is for such capacity to come on-line commercially by August this year. The research and development centre will focus on the study and analysis of cathode and anode materials, production processes, product application and battery design. The ultimate goal is to enhance the energy density, shorten the charging time, lower the cost of production and develop new markets for the Group's battery products.

Possible Funding Exercise

The Company is considering various funding alternatives to finance the expansion of the Liaoyuan facilities and the construction of the Tianjin facilities.

TECHNICAL ADVISORY COMMITTEE

To afford the Board expert advice in relation to strategic planning in the field of lithium battery and electric vehicle and enhance the Group's capability in research and development, the Company has decided to set up a Technical Advisory Committee and invited the distinguished Professors, Xie Kai, Ma Zifeng and Wang Rongshun to sit as its members. The Committee is expected to start work after the conclusion of the SGM.

Professor Xie Kai (謝凱)

Professor Xie Kai is an expert on 能源材料 (energy resources materials*), 光電功能材料 (opto-electronic functional materials*) and 納米材料 (nano-materials*). He graduated in 1983 from Zhejiang University and obtained a master's degree in 1986 from 國防科技大學 (National University of Defense Technology*). He is currently 副院長 (deputy president*), professor and PhD student supervisor at the College of Aerospace and Materials Engineering of the National University of Defense Technology. He is also 理事 (council member*) of the Chinese Materials Research Society and of the Chinese Society of Space Research. Professor Xie has published numerous articles in academic journals, and has been the recipient of several awards by the State Council of the PRC recognising his research achievements.

Professor Ma Zifeng (馬紫峰)

Professor Ma Zifeng graduated from Zhejiang University in 1985 and obtained his master's degree from the same university in 1988, and his doctorate from the South China University of Technology in 1995. He is currently a Distinguished Professor and Chair of the Department of Chemical Engineering, vice Dean of the Energy Research Institute and the founding director of the Institute of Electrochemical & Energy Technology at Shanghai Jiao Tong University. Between 2000 and 2001, Professor Ma was visiting scientist at the United States Department of Energy's Brookhaven National Laboratory. In 2004, he was a guest professor at Bonn University with the sponsorship of the Deutsche Forschungsgemeinschaft (German Research Foundation*) a self-governing organisation for science and research in Germany. In 2007, Professor Ma was appointed Chief Scientist of the National Basic Research Programme of China (the 973 programme) for the fuel cell electric vehicles field. He is currently 理事 (council member*) of 中國可再生能源學會 (Chinese Renewable Energy Society*) and 副主任委員 (deputy director*) of its 氫能專業委員會 (specialist sub-committee on hydrogen energy*), a member on 電化學專業委員會 (specialist sub-committee on electro-chemistry*) of 中國化學會 (Chinese Chemical Society*), and a member of 中國化學會化學工程專業委員會 (specialist sub-committee on chemical engineering of the Chemical Industry and Engineering Society of China*). Professor Ma is a member of the editorial board of the Journal

of New Materials for Electrochemical Systems, 《化工學報》(Journal of Chemical Industry and Engineering*), 《高校化學工程學報》(Journal of Chemical Engineering of the Chinese Universities*) and 《上海交通大學學報》(Journal of Shanghai Jiaotong University*).

Professor Wang Rongshun (王榮順)

Professor Wang Rongshun is an expert on 應用量子化學 (applied quantum chemistry*) and 功能材料化學 (functional materials chemistry*). Professor Wang graduated from the Northeast Normal University in 1957, and has since been engaged in various teaching positions in his alma mater culminating with his recognition by 學位委員會 (Academic Degree Commission*) of the State Council as a qualified supervisor for PhD students in 1993, and by the Northeast Normal University as Principal of the University from 1992 to 1998 and as Professor Emeritus and PhD supervisor since 1998. He has previously acted as 理事 (council member*) of 中國化學會 (Chinese Chemical Society*), and as a member of the Society's 專業委員會 (specialist sub-committee*) for 物理化學 (physical chemistry*), 量子化學 (quantum chemistry*) and 有機固體 (organic solids*). Professor Wang served previously as a member of 科技委學部 (academic sub-committee of the science and technology committee*) of the Ministry of Education, as vice-chairman of 吉林省科學技術協會 (Jilin Province Science and Technology Association*), 理事長 (president of the council*) of 吉林省化學會 (Jilin Province Chemical Society*) and the vice-chairman of 吉林省專家協會 (Jilin Province Association of Experts*). He is currently vice-director of the expert committee of the Ministry of Education for the education of educators, an expert advising the national appraisal committee for the establishment of higher education institutions, academic consultant to 全國教師教育學會 (Teachers' Education Branch of the National Association of Higher Education*) and vice-chairman of 吉林省高校設置評議委員會 (Jilin Province appraisal committee for the establishment of higher education institutions"). He is the first associate editor of 《分子科學學報》(Journal of Molecular Science*), and a member of the editorial board of 《應用化學》(Chinese Journal of Applied Chemistry*) and 《功能材料》(Journal of Functional Materials*). Professor Wang has written several papers relating to lithium-ion battery technology published in various academic journals and received numerous awards by various governmental bodies and academic societies including the State Education Commission recognising his research achievements.

APPOINTMENT OF EXECUTIVE DIRECTORS

The following two persons have been appointed executive Directors with effect from 8 March 2011.

Mr. Xu Donghui

Mr. Xu Donghui, aged 45, joined the Company in June 2010 and is the Assistant General Manager of the Company responsible for the supervision of the daily operation of the Group's factory in Liaoyuan. He holds directorships in various subsidiaries of the Company. Mr. Xu taught at 浙江大學光學儀器工程學系 (Optical Instrument Engineering Department*) of Zhejiang University from September 1986 to August 1988 and worked for Zhejiang University Software Development Centre from December 1996 to March 1999 as Assistant to Supervisor and Standing Vice General Manager. He was the Vice President of Sino Stride Technology Co Limited from April 1999 to May 2006, and Assistant to the Chief Executive Officer and Vice President of Shougang Concord Technology Holdings Limited, a company listed on the Stock Exchange, from June 2006 to May 2010. Mr. Xu graduated from Zhejiang University in 1991 with a master's degree.

Mr. Xu has been appointed as executive Director, a member of the Executive Committee of the Company and Chief Operating Officer in place of Mr. Miao Zhenguo with effect from 8 March 2011. Mr. Xu will enter into a director service agreement with the Company for a term of three years commencing on 8 March 2011 (subject to retirement at the next annual general meeting after his appointment and thereafter subject to retirement by rotation at least once every three years at the annual general meeting of the Company in accordance with the Bye-Laws). Pursuant to such service agreement, Mr. Xu will receive an annual director's remuneration of HK\$1,040,000 and an annual discretionary bonus of a sum to be determined by the Board. Mr. Xu's remuneration is determined with reference to his experience and duties as well as the prevailing market conditions and is subject to review by the remuneration committee of the Company from time to time. As at the date of this Announcement, Mr. Xu has a direct interest in 220,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed, Mr. Xu has not been a director of any listed companies in Hong Kong or overseas in the past three years and he has no relationships with any directors, senior management or substantial or controlling shareholders of the Company.

Mr. Jaime Che

Mr. Jaime Che, aged 30, joined the Company in June 2010 and is the Vice President of the Company responsible for strategic planning, investor relationship, corporate transaction and corporate finance work of the Company. Mr. Che has extensive experience in investor relations and corporate finance. Prior to joining the Company, he was the Assistant to Managing Director / Investor Relations Manager of Fushan International Energy Group Limited, a company listed on the Stock Exchange, from November 2009 to June 2010, and was the Investment & Corporate Manager of APAC

Resources Limited, another company listed on the Stock Exchange from June 2007 to October 2009. Between January 2006 and October 2007, Mr. Che was an executive director of RIMCapital Limited, a company listed on the Australia Stock Exchange. Mr. Che studied commerce at the University of New South Wales.

Mr. Che has been appointed as executive Director and a member of the Executive Committee of the Company. Mr. Che will enter into a director service agreement with the Company for a term of three years commencing on 8 March 2011 (subject to retirement at the next annual general meeting after his appointment and thereafter subject to retirement by rotation at least once every three years at the annual general meeting of the Company in accordance with the Bye-Laws). Pursuant to such service agreement, Mr. Che will receive an annual director's remuneration of HK\$1,040,000 and an annual discretionary bonus of a sum to be determined by the Board. Mr. Che's remuneration is determined with reference to his experience and duties as well as the prevailing market conditions and is subject to review by the remuneration committee of the Company from time to time. As at the date of this Announcement, Mr. Che has a direct interest in 1,000,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed, Mr. Che has not been a director of any listed companies in Hong Kong or overseas in the past three years and he has no relationships with any directors, senior management or substantial or controlling shareholders of the Company.

Save as disclosed above, there is no information that needs to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there any other matters that need to be brought to the attention of the Shareholders in relation to the appointment of Mr. Xu and Mr. Che as executive Directors.

POTENTIAL CLAIMS AGAINST MR. CHUNG

Press reports of 21 and 22 February 2011

According to certain press reports on 21 and 22 February 2011, Mr. Chung had disposed of his Shares and was engaged in activities that competed with the Group's business. The Company sought confirmation from Mr. Chung on 21 February 2011 regarding these reports and Mr. Chung verbally denied each of the allegations in them and confirmed that he did not and had no intention to dispose of Shares and Convertible Bonds owned by him.

Contrary to his confirmation, the Company has received three notices filed by Mr. Chung pursuant to the Securities and Futures Ordinance for his disposal of a total number of 31,000,000 Shares between 16 February 2011 and 18 February 2011. Given the conflicting evidence received by the Company and Mr. Chung's potential

conflict of interest with the Company, the Board has set up the Investigation Committee to consider if Mr. Chung and his associates have conducted any activities that are in breach of the agreements in connection with the Acquisition and his duties as a director of the Company.

The Investigation Committee has received evidence that has led it to believe that Mr. Chung and his associates are in breach of these agreements. In particular:

- (1) As disclosed in Note 13 to the 2010 Interim Report, the PRC Operating Companies act as agents to sell Electric Battery Products for the Group. To the extent that sales of Electric Battery Products were made by the PRC Operating Companies, the PRC Operating Companies have confirmed the amount payable to the Group up to 30 September 2010 of about HK\$30.5 million. The PRC Operating Companies have failed and/or refused, despite repeated requests and demands, to allow the Company's auditors to inspect the sales records in respect of such sales or to remit the proceeds of such sales to the Group.
- (2) The evidence that the Investigation Committee has received suggested that there were sales to other parties by the PRC Operating Companies of Electric Battery Products since 1 October 2010 but the PRC Operating Companies have refused to provide any sales records or accounted to the Group for any sales since 1 October 2010.
- (3) Mr. Chung and/or companies controlled by him (including, in particular, 溫斯頓電池製造有限公司 (Winston Battery Limited*) and Seven One Limited) have competed with the business of the Group or diverted business from the Group.

The Company's position

The Company firmly believes that it continues to be entitled to the exclusive use of all the patents (except patent no. ZL00339101.9 which has expired) in accordance with the contracts made in connection with the Acquisition and that such patents are all valid patents. In the event that the exclusive rights of the Group are infringed, the Group will take all necessary action including legal action to preserve and defend its rights.

The Group never, with respect to its operations and business, places significant reliance on Mr. Chung and his associates whether as regards technical know-how, technologies, customer / supplier network or otherwise. The Group considers that even in the absence of support by Mr. Chung and his associates, it will have sufficient and independent business operations. Save as disclosed in the section headed "Profit

Guarantee and Profit Warning” below, the Company considers that the Group’s operations and business will not be adversely affected in a material extent by the matters set out in paragraphs (1), (2) and (3) of the subsection headed “Press reports of 21 and 22 February 2011” above.

Measures for the protection of the Company’s interest

The Investigation Committee will consider all the options to protect the rights of the Company including the issue of legal proceedings against Mr. Chung and his associates in view of the matters set out in paragraphs (1), (2) and (3) of the subsection headed “Press reports of 21 and 22 February 2011” above. For the protection of its interest, the Company has issued a notice to Mei Li New Energy, a company owned by Mr. Chung, for redemption of the Convertible Bonds held by it at their face value other than its Locked-up Convertible Bonds pursuant to the terms of the Convertible Bonds and will seek to set off any damages suffered by the Group against such amount. The Company will defend its rights under the Licensing Agreements and take all necessary legal action regarding any infringement of the Group’s rights under these agreements.

Given Mr. Chung’s conflict of interest as a person who is personally interested in the PRC Operating Companies and in the potentially competing business mentioned above, and the fiduciary duty that he would be required to discharge as an executive officer of the Company, the following action has also been taken:

(a) *Re-designation of Mr. Chung as Non-Executive Director*

Mr. Chung was re-designated as a non-executive Director with effect from 8 March 2011.

(b) *Removal of Mr. Chung as Deputy Chairman of the Board*

On 8 March 2011, Mr. Miao Zhenguo has replaced Mr. Chung as the Deputy Chairman of the Board.

(c) *Termination of Employment*

Mr. Chung’s employment with the Company and his position as Chief Technical Officer was terminated with effect from 8 March 2011.

PROFIT GUARANTEE AND PROFIT WARNING

As disclosed in Note 13 to the 2010 Interim Report, the PRC Operating Companies act as agents to sell Electric Battery Products for the Group.

As mentioned in paragraph (2) of the subsection headed “Press reports of 21 and 22 February 2011” above, the PRC Operating Companies have failed to account to the Group in relation to the sales of Electric Battery Products made since 1 October 2010. The Group is therefore unable to ascertain the sales and profits in relation to the PRC Operating Companies from 1 October 2010 onwards. If the PRC Operating Companies continue to refuse to provide the sales data and records and remit the net sale proceeds, the Company’s audited financial statements for the year ending 31 March 2011 will likely reflect a material and adverse decrease in the consolidated turnover and profit of the Group, and may be qualified by the auditors of the Company.

As disclosed in the Acquisition Circular, Mei Li New Energy and Union Ever jointly and severally have given the Guaranteed Profit. In the event that there is any shortfall in the Guaranteed Profit, the Company will offset such shortfall against the Locked-up Convertible Bonds held by Mei Li New Energy and Union Ever in equal proportions.

The information contained in this Announcement is only a preliminary assessment based on the management accounts of the Group and the latest information available. It is not based on any figures or information that has been audited or reviewed by the Company’s auditors and remains subject to finalization and necessary adjustments.

PROPOSED CHANGE OF COMPANY NAME

The Company proposes to change its English name from “Thunder Sky Battery Limited” to “Sinopoly Battery Limited” and upon the name change becoming effective, its Chinese name “中聚雷天電池有限公司” (being used for identification purposes only) will be replaced with “中聚電池有限公司” to provide the Group and its products with a fresh corporate identity and image. A special resolution will therefore also be put forward to the Shareholders at the SGM for the purpose of effecting such change of name.

Such change in name will have no effect on the rights of the holders of securities of the Company. The existing certificates of securities in issue bearing the present name of the Company will, after the proposed change of name becoming effective, continue to be evidence of title to such securities and the existing share certificates will continue to be valid for trading, settlement, registration and delivery purposes. There will not be any arrangement for exchange of the existing certificates of securities for new certificates bearing the new name of the Company. Once the change of name becomes effective, new certificates of securities will be issued only in the new name of the Company.

The Company will make further announcements as and when appropriate on the arrangement relating to the trading and dealings in the securities of the Company on the Stock Exchange under the new name of the Company and as to when the new name of the Company will become effective.

SPECIAL GENERAL MEETING TO BE CONVENED

A circular containing, among other things, information in relation to the proposed change of the name of the Company, and a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

SUSPENSION OF TRADING IN SHARES

At the request of the Company, trading in Shares on the Stock Exchange will continue to be suspended pending further announcement of, among others, a proposed fund-raising exercise.

DEFINITIONS

In this Announcement, the following expressions have the following meanings and terms defined in the Acquisition Circular will bear the same meanings in this Announcement unless the context otherwise requires.

“2010 Interim Report”	means the published unaudited consolidated interim financial statements of the Company and its subsidiaries for the six months ended 30 September 2010
“Acquisition Circular”	means the Company’s circular to Shareholders dated 3 May 2010
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	means the board of directors of the Company
“Bye-Laws”	means the bye-laws of the Company
“Company”	means Thunder Sky Battery Limited (中聚雷天電池有限公司), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Convertible Bonds”	means the zero coupon convertible bonds due 2018 issued by the Company on 25 May 2010, the major terms and conditions of which are set out in the Acquisition Circular

“Director”	means a director of the Company
“FAW Bus & Coach”	means a PRC company called 一汽客車有限公司 (FAW Bus & Coach Co., Ltd.*)
“Group”	means the Company and its subsidiaries
“Guaranteed Profit”	means the guaranteed profit of HK\$150,000,000 of the Target Group in connection with the Acquisition for the period from the Completion Date, being 25 May 2010, to the first anniversary of the Completion Date, being 25 May 2011
“Hong Kong”	means the Hong Kong Special Administrative Region
“Investigation Committee”	means a committee of the Board consisting of all the Directors (other than Mr. Chung and Mr. Miao Zhenguo)
“Liaoyuan”	means Liaoyuan, Jilin Province, the PRC
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Mei Li New Energy”	means Mei Li New Energy Limited, a company wholly owned by Mr. Chung
“Mr. Chung”	means Mr. Winston Chung (鍾馨稼)
“PRC”	means the People’s Republic of China
“PRC Operating Companies”	means 深圳市雷天電動車動力總成有限公司 (Shenzhen Thunder Sky Electric Vehicles Limited*) and 深圳市雷天電源技術有限公司 (Shenzhen Thunder Sky Battery Technology Limited*)
“SGM”	means the special general meeting of the Company to be convened for the purpose of the considering and if thought fit, passing, among others, the resolutions described in this Announcement
“Shareholders”	means holders of Shares
“Shares”	means ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited

“Tianjin” means Tianjin, the PRC

“Union Ever” means Union Ever Holdings Limited, a company wholly owned by Mr. Miao Zhenguo, an executive Director

“HK\$” means Hong Kong dollar, the lawful currency of Hong Kong

By order of the board of
Thunder Sky Battery Limited
Jaime Che
Executive Director

Hong Kong, 9 March 2011

As of the date of this Announcement, the board of directors of the Company 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. Winston Chung as non-executive director; and Mr. Chan Yuk Tong, Mr. Fei Tai Hung and Mr. Tse Kam Fow as independent non-executive directors.

Website: <http://www.thunder-sky.com.hk>

* *For identification only*