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Sinopoly Battery Limited

中聚電池有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 729)

**ANNOUNCEMENT
INSIDE INFORMATION AND DISCLOSEABLE TRANSACTION**

This announcement is made by the Company pursuant to rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

On 28 December 2012, 杭州宇龍, which is an indirect wholly-owned subsidiary of the Company, entered into an agreement with the Supplier pursuant to which 杭州宇龍 has purchased 100 electric vehicles from the Supplier at an aggregate consideration of RMB3,980,000 (equivalent to approximately HK\$4,975,000) (the “**First Agreement**”).

On 19 April 2013, Tianjin Sinopoly, which is a wholly-owned subsidiary of the Company, entered into an agreement with the Supplier pursuant to which Tianjin Sinopoly agreed to purchase additional 1,900 electric vehicles from the Supplier at an aggregate consideration of RMB75,620,000 (equivalent to approximately HK\$94,525,000) (the “**Second Agreement**”).

All the electric vehicles will be used for the electric vehicle leasing business, which is a new business segment of the Group. The batteries to be used in the electric vehicles will all be provided by the Group and thereby bringing significant battery purchase orders of no less than RMB100 million to the Group.

Pursuant to rule 14.22 of the Listing Rules, the acquisition contemplated under the Second Agreement would need to be aggregated with the acquisition contemplated under the First Agreement. As one of the percentage ratios in respect of the acquisition contemplated under the Second Agreement under rule 14.07 of the Listing Rules is more than 5% but less than 25%, the acquisition contemplated under the Second Agreement when aggregated with the acquisition under the First Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements set out in rule 14.33 of the Listing Rules.

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THE FIRST AND SECOND AGREEMENTS

Date: 28 December 2012 and 19 April 2013 respectively

Parties to the First and Second Agreements:

- (1) 杭州宇龍 and Tianjin Sinopoly, each a wholly-owned subsidiary of the Company as purchaser; and
- (2) the Supplier, a company established in the PRC which is principally engaged in the manufacture of motor vehicles. To the best knowledge of the Directors, having made all reasonable enquiries, the Supplier and its ultimate beneficial owners are independent of and not connected with the Company or any of its connected persons.

Assets involved:

Pursuant to the First Agreement and the Second Agreement, 杭州宇龍 has purchased and Tianjin Sinopoly will purchase from the Supplier a total of 2,000 new electric vehicles (without batteries) (the “EVs”) in batches.

Consideration:

The aggregate consideration for the EVs to be purchased under the First Agreement and the Second Agreement is RMB79,600,000 (equivalent to approximately HK\$99,500,000).

The Group intends to fund the consideration by internal resources and debt financing, using the EVs and/or the equity interest in the member of the Group that is engaged in the electric vehicle leasing business as collateral.

REASON FOR THE ACQUISITION

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

The Group is setting up an electric vehicle leasing business in the PRC. The Board is of the view that by entering into the electric vehicle leasing sector, it can facilitate the development and popularization of the use of electric vehicles, which would in turn, create demand for the Group’s Lithium-ion batteries and related products. It also presents an attractive opportunity for the Group to diversify its scope of business.

The EVs will be deployed in connection with the “electric vehicle private leasing” project launched by the Hangzhou government of the PRC and the Group is expected to receive a monthly payment of around RMB1,600 per electric vehicle (including subsidy). The Group has engaged a professional service provider to help in the operation of its electric vehicle leasing business and is currently finalizing the arrangement. The Hangzhou government is in strong support of the “electric vehicle private leasing” project and the Group understands that it will provide a monthly subsidy up to RMB600 per electric vehicle. Based on a market research, the Group is of the view that there will be an ample demand for the leasing of the EVs.

The EVs purchased by 杭州宇龍 and Tianjin Sinopoly and to be deployed in the Group’s electric vehicle leasing business do not include the batteries. All the batteries to be used in the EVs will be purchased by Westlake Electronics and/or its related companies from the Group. The Group has received significant battery purchase orders for the EVs of no less than RMB100 million.

The terms of the Acquisition were determined after arm's length negotiations among the parties by reference to the market prices for electric vehicles of similar specifications and performances. The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition were normal commercial terms, are fair and reasonable, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

GENERAL

Pursuant to rule 14.22 of the Listing Rules, the acquisition contemplated under the Second Agreement would need to be aggregated with the acquisition contemplated under the First Agreement. Given that one of the applicable ratios under rule 14.07 in respect of the acquisition contemplated under the Second Agreement is over 5% but less than 25%, the acquisition contemplated under the Second Agreement when aggregated with the acquisition under the First Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements set out in rule 14.33 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of a total of 2,000 electric vehicles by 杭州宇龍 and Tianjin Sinopoly as contemplated under the First Agreement and the Second Agreement;
“AH”	ampere-hour, a unit of electric charge;
“Board”	the board of directors of the Company;
“Company”	Sinopoly Battery Limited, a company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“First Agreement”	the agreement dated 28 December 2012 entered into between 杭州宇龍 and the Supplier for the purchase of 100 electric vehicles;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“NASDAQ”	the National Association of Securities Dealers Automated Quotation System;
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Agreement”	the agreement dated 19 April 2013 entered into between Tianjin Sinopoly and the Supplier for the purchase of additional 1,900 electric vehicles;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplier”	浙江康迪車業有限公司 (Zhejiang Kangdi Vehicles Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of Kandi Technologies Group, Inc. which is listed on NASDAQ;
“杭州宇龍”	杭州宇龍電動車技術有限公司, a company established in the PRC, an indirect wholly-owned subsidiary of the Company;
“Tianjin Sinopoly”	中聚（天津）新能源投資有限公司 (Sinopoly New Energy Investment Co., Ltd.), a company established in the PRC, a wholly-owned subsidiary of the Company; and
“Westlake Electronics”	西湖電子集團有限公司 (Westlake Electronics Group Co., Ltd.*), a company wholly owned by the Hangzhou government of the PRC.

Unless otherwise specified in this announcement, translations of RMB into HK\$ are made in this announcement, for illustration only, at the rate of RMB1.00 to HK\$1.25. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other rate or at all.

By order of the Board
Sinopoly Battery Limited
Miao Zhenguo
Deputy Chairman & Chief Executive Officer

Hong Kong, 21 April 2013

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 (Vice President) as executive directors; Professor Chen Guohua 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.sinopolybattery.com>

* For identification purpose only