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Sinopoly Battery Limited

中聚電池有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 729)

**RULE 13.09 ANNOUNCEMENT
AND
PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that:

- (a) the Company and two of its subsidiaries are proceeding with their claims against Mr. Chung and his associates; and
- (b) the 2011 Final Results are expected to record a significant loss as compared to the loss for the corresponding year ended 31 March 2010.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by Sinopoly Battery Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Reference is made to the Acquisition Circular, the First Announcement, the Second Announcement and the Third Announcement. Terms defined in the Acquisition Circular and the First Announcement will bear the same meanings in this announcement unless the context requires otherwise.

Update on proceedings against Mr. Chung and his associates

On 9 March 2011, the Company announced that it had received evidence of breaches of the agreements in connection with the Acquisition by Mr. Chung and certain companies controlled by him and of his fiduciary duty as director of the Company against the interests of the Group. For the protection of the rights of the Group, the Company has since taken a series of actions against Mr. Chung and the relevant companies controlled by him. To prevent Mr. Chung from inflicting further harm to the Group, he was re-designated as a non-executive director and his employment as Chief Technical Officer was terminated on 8 March 2011. Despite the conflict of interest posed by the competing business conducted by the relevant companies controlled by him, Mr. Chung refused to resign from the Board. The Company had no alternative but to convene a general meeting for the removal of Mr. Chung as a director of the Company for the protection of the interests of the Group. At the general meeting held on 14 April 2011, the resolution for his removal was passed.

In addition, on 8 March 2011, the Company issued a notice to Mei Li New Energy, a company owned by Mr. Chung, for redemption of the Convertible Bonds convertible into 3,803,758,030 new Shares held by it at the face value. As of the date of this announcement, the Company has no obligation to pay the relevant redemption amount (the “**Redemption Amount**”). The effect of such redemption notice is such that the conversion rights attaching to the relevant Convertible Bonds are no longer exercisable with effect from 8 March 2011.

In parallel with these corporate actions, the Company also commenced court proceedings for the enforcement of the Group’s rights and claims on 12 March 2011. In this connection, the Board wishes to update the Shareholders and potential investors that the Company and two of its subsidiaries are going to file and serve their detailed statement of claim on Mr. Chung, Mei Li New Energy, the PRC Operating Companies and certain other companies controlled by Mr. Chung as defendants for, among other things, damages after obtaining the leave from the Court.

In the legal proceedings against Mr. Chung and his associates, the amount of damages to be claimed by the Group against the defendants is expected to exceed the Redemption Amount. The Company will seek to set off such claimed amount against the Redemption Amount for the protection of its interest. It does not expect the case to be heard by the Court (if applicable) before 2012.

Update on the Group’s business and products

The Board wishes to highlight that the Group has set up the battery production facilities in Liaoyuan and established the sales of Electric Battery Products produced by such facilities without any assistance of Mr. Chung and his associates. The Liaoyuan facilities have commenced commercial production and the research and development team of the Group has developed a new range of Electric Battery Products which is based on a new technological know-how. Such products have been tested by a testing institution recognised by 中國工業和信息化部 (the Ministry of Industry and Information Technology of the PRC*) and their respective technical specifications have surpassed those of the previous models manufactured by the PRC Operating Companies on behalf of the Group. The Liaoyuan facilities are targeted to reach an annual battery production capacity of 120 million AH by this year. In addition, the Tianjin facilities are expected to commence commercial production of Electric Battery Products this year with a designed annual battery production capacity of 70 million AH in the first phase. These two production facilities will contribute a total combined annual battery production capacity of 190 million AH to the Group by the end of 2011. With their combined capacity, the Group will become one of the largest power lithium battery producers in the PRC.

The Group will continue to increase its battery production capacity and resources for research and development with a view to improving its business performance and Shareholders’ return.

Profit warning

Reference is made to the section headed “Profit Guarantee and Profit Warning” in the First Announcement.

As mentioned in the section headed “Update on proceedings against Mr. Chung and his associates” above, the Company and two of its subsidiaries will pursue their claims for, among other things, damages against Mr. Chung and his associates for breaches of their obligations in connection with or arising from the Acquisition. The Board wishes to inform the Shareholders and potential investors that as a result of their breaches, the Group has suffered significant losses as referred to in items 1 and 2 below and the audited final results of the Group for the year ended 31 March 2011 (the “**2011 Final Results**”) are therefore expected to record a significant loss as compared to a loss for the corresponding year ended 31 March 2010. The significant loss in the 2011 Final Results has arisen from:

1. a material and adverse decrease in the consolidated turnover and profit of the Group, due to the loss of sales of the Electric Battery Products attributable to the failure on the part of the PRC Operating Companies of their obligations in connection with or arising from the Acquisition;

2. the impairment on the intangible assets of the Group in relation to the Acquisition, primarily as a result of the breaches on the part of Mr. Chung, the PRC Operating Companies and certain other companies controlled by Mr. Chung of their obligations in connection with or arising from the Acquisition;
3. the non-cash expenses in relation to the Convertible Bonds;
4. the one-off goodwill impairment; and
5. the amortisation on the intangible assets of the Group in relation to the Acquisition.

As the Company is still in the process of finalising the 2011 Final Results, the information contained in this announcement is only a preliminary assessment made by the Board based on the information currently available to the Group and has not been reviewed or audited by the Company's auditors. The 2011 Final Results announcement of the Company are expected to be published after the Board meeting by the end of June 2011.

The PRC Operating Companies have refused (i) to provide to the Group the sales data and records in relation to the sales of Electric Battery Products by them as agents for the Group (the "**Agency Sales Transactions**"), and (ii) to allow the Company's auditors to carry out their required audit procedures on the Agency Sales Transactions. Accordingly, the independent auditor's report on the 2011 Final Results may be qualified by the auditors of the Company as far as the Agency Sales Transactions are concerned.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions take the following meanings:

- "First Announcement" the announcement of the Company dated 9 March 2011;
- "PRC Operating Companies" 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*) controlled by Mr. Chung;
- "Second Announcement" the announcement of the Company dated 12 March 2011; and
- "Third Announcement" the announcement of the Company dated 16 March 2011.

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

Hong Kong, 10 June 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>

** For identification only*