

Ad hoc announcement pursuant to Art. 53 LR

Stock Code: 300207

Stock Abbreviation: Sunwoda



Sunwoda Electronic Co., Ltd.

**Proposal on the Spin-off and Listing of a Subsidiary
Sunwoda Mobility Energy Technology Co., Ltd. on the
ChiNext Market of the Shenzhen Stock Exchange**

Independent Financial Adviser



中信证券股份有限公司
CITIC Securities Company Limited

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Company Statement

The Company and all of its Directors, Supervisors and senior management warrant the truthfulness, accuracy and completeness of the contents of the Proposal, and accept joint and several liabilities for false representations, misleading statements or material omissions herein.

The Board of the Company states that the matters described in the Proposal do not represent any substantive judgement, confirmation or approval made by the CSRC and the SZSE on matters relating to the Spin-off and Listing. The effectiveness and completion of the matters related to the Spin-off described in the Proposal are subject to the approval of the regulatory authorities.

Upon completion of the Spin-off, the Company shall be responsible for any changes in the operation and earnings of the Company; the investment risks caused by the Spin-off shall be at the investors' own risk.

When evaluating the the Spin-off, investors should carefully consider various risk factors disclosed in the Proposal, in addition to the content of the Proposal and relevant documents disclosed in the Proposal. Investors who are in any doubt about the Proposal should consult their own stockbrokers, solicitors, professional accountants or other professional advisers.

Important Notice

The capitalised terms or abbreviation of this part shall have the same meanings as those stated in the “Definitions” of the Proposal.

I. Introduction of the Spin-off Plan

Sunwoda proposes to Spin-off and list its controlling subsidiary Sunwoda EVB on the ChiNext Market of the SZSE. Upon completion of the Spin-off, the shareholding structure of Sunwoda will remain unchanged and the Company will maintain control over Sunwoda EVB.

Through the Spin-off, Sunwoda EVB will be listed separately as a separate platform for the R&D, production and sales of power batteries for new energy vehicles of the Company. By enhancing financial strength through the listing proceeds, the Company will further enhance its profitability and comprehensive competitiveness of its power battery business for new energy vehicles.

II. Introduction of the Plan for the Spin-off and Listing

The preliminary plan for the Spin-off and Listing is as follows:

(I) Place of listing: ChiNext Market of the SZSE.

(II) Class of shares to be issued: domestic listed RMB ordinary shares (A Shares).

(III) Par value of shares: RMB1.00.

(IV) Target subscribers: price consultation parties pursuant to the relevant qualification requirements of regulatory authorities such as the CSRC, as well as natural persons, legal persons and other institutional investors who have opened securities accounts for A shares on the SZSE (except for those who are prohibited by laws, regulations, rules and regulatory documents of the PRC).

(V) Date of issuance and listing: Sunwoda EVB will choose an appropriate time for issuance upon approval from the SZSE and completion of the issuance registration procedures with the CSRC. The specific date of issuance will be determined by the Board of Sunwoda EVB under the authorisation of the general meeting of Sunwoda

EVB upon approval from the SZSE and completion of the issuance registration procedures with the CSRC.

(VI) Method of issuance: by a combination of offline placing and online capital subscription or other issuance methods as recognised by the CSRC and the SZSE.

(VII) Number of shares to be issued: the final number of the issuance will be negotiated and determined jointly by the Board of Sunwoda EVB authorised by its general meeting and the lead underwriter(s) in accordance with the requirements of relevant regulatory authorities, specific conditions of the securities market, number of share capital before the issuance and the capital demand of the fund raising project.

(VIII) Method of pricing: the issuance price of shares will be determined through price consultation with professional institutional investors such as securities company, fund management company, trust company, finance company, insurance company, qualified overseas investors and manager of private equity fund, who have registered with the Securities Association of China. The issuer and the lead underwriter(s) may determine the issuance price through preliminary price consultation or after the issue price range is determined through the preliminary price consultation, the issue price will be determined through cumulative tender price consultation.

(IX) Other matters related to the issuance: the strategic placement, use of funds raised, underwriting method and other matters involved in this issuance will be further confirmed and adjusted by Sunwoda EVB based on the implementation of the issuance and listing plan, market conditions, policy adjustment and regulatory authorities' opinions, etc.

III. Impact of the Spin-off on the Company

(I) Impact of the Spin-off on the Company's Business

The Company is a leading lithium battery solutions and products provider in China, mainly engaged in the R&D, production and sales of lithium batteries. The Company is principally engaged in the R&D, production and sales of consumer and power lithium batteries, the main products of which include consumer lithium battery modules, power lithium battery cells, modules and battery packs. In addition, the

Company's products also cover smart hardware products, precision structural parts, energy storage and other fields.

Sunwoda EVB, the Spin-off subsidiary, is principally engaged in the R&D, production and sales of power lithium batteries, the main products of which include cell, module, battery pack and BMS that are independent from other business segments of the Company. The Spin-off will not have a substantial impact on the going concern operation of other business segments of the Company.

(II) Impact of the Spin-off on the Profitability of the Company

Upon the completion of the Spin-off, the Company will still hold a controlling interest in Sunwoda EVB and the financial position and profitability of Sunwoda EVB will still be reflected in the Company's consolidated financial statements. Although the Spin-off will result in the dilution of the Company's equity interest in Sunwoda EVB, the development and innovation of Sunwoda EVB will be further accelerated and the investment and financing capability and market competitiveness will be further enhanced through the Spin-off, which will in turn enhance the overall profitability of the Company in the future.

(III) Impact of the Spin-off on shareholders of all parties, especially s minority investors, creditors and other stakeholders

1. Impact on shareholders

The Spin-off will not affect the Company's controlling position in Sunwoda EVB. After the completion of this Spin-off, the Company will remain the controlling shareholder of Sunwoda EVB, the financial position and profitability of Sunwoda EVB will still be reflected in the Company's consolidated financial statements. The Company and Sunwoda EVB will focus on their respective advantageous businesses, further enhance their operational efficiency and improve their governance structure, which will have a positive impact on the shareholders' rights and interests of each party and will be conducive to the maximization of shareholders' value of each party.

2. Impact on creditors

After this Spin-off, Sunwoda EVB can make use of the new capital operation platform to give full play to the functions and advantages of direct financing, broaden the financing channels, improve the flexibility of financing and enhance the efficiency of financing, which is conducive to the further optimization of the capital structure, improve the debt-paying ability, reduce the operational risks and is conducive to safeguarding the legitimate rights and interests of creditors. At the same time, it is conducive to continuously improving the speed of development and innovation and enhancing the comprehensive competitive strength of the Company.

3. Impact on other stakeholders

In the course of this Spin-off, the Company and Sunwoda EVB will disclose information in strict accordance with requirements of relevant laws and regulations, operate the processes that may be risky in a prudent and standardized manner, and protect the rights and interests of other stakeholders.

IV. Approval Procedures the Spin-off Shall Be Subject to

As at the date of the Proposal, the matters to be voted on or approved under the Spin-off include but not limited to:

(I) The proposal regarding the Spin-off is subject to the approval at the general meeting of the Company;

(II) The proposal regarding the initial public offering and listing of the shares of Sunwoda EVB on the ChiNext Market of the SZSE is subject to the approval of the Board and the general meeting of Sunwoda EVB;

(III) The initial public offering and listing of the shares of Sunwoda EVB on the ChiNext Market of the SZSE is subject to the approval of the SZSE and completion of the issuance and registration procedures with the CSRC;

(IV) Other approvals required by relevant laws and regulations (if any).

The above procedures to be performed and approvals to be obtained are subject to uncertainties. The Company will strictly comply with the requirements of relevant laws and regulations, actively and steadily promote relevant matters, and continue to disclose relevant information.

V. Other Events Need to Be Brought to Investors' Special Attention

Specific explanation on the relevant risk factors of the Spin-off based on the current progress and the uncertainties are available in the Proposal. Investors are reminded to carefully read the risk warnings disclosed in the Proposal and pay attention to investment risks.

Investors are reminded to visit the website of the SZSE (<http://www.szse.cn/>), the website of the CNINFO(<http://www.cninfo.com.cn/>) and the on Company's official website (www.sunwoda.com) for full text of the Proposal.

Notice on Material Risks

In evaluating the Spin-off of the Company, investors shall give serious consideration to the following risk factors.

I. The Spin-off and Listing is Subject to Risks of Being Discontinued, Canceled or not Proceeded as Scheduled

Matters on which the Spin-off is forced to be discontinued, cancelled or unable to proceed as scheduled include but not limited to:

1. Considering that the Spin-off and Listing is subject to the consideration at the general meeting of the Company and internal and external approval procedures, the Spin-off may be suspended, discontinued or cancelled if the approval or review is not granted;

2. The Spin-off and Listing is subject to the review and approval procedures such as the approval from the SZSE and the registration approval from the CSRC, the Spin-off may be suspended, discontinued or cancelled if the approval or review is not granted;

3. Although the Company has developed confidentiality measures in accordance with relevant regulations and implemented them strictly, the Spin-off and Listing may be suspended, discontinued or canceled due to abnormal price fluctuation or unusual transaction of the shares of the Listed Company, which may be suspected of insider trading;

4. As the Spin-off and Listing will be affected by various factors and the implementation of the Spin-off plan is still subject to a number of conditions, the timetable of the Spin-off and Listing is uncertain to a certain extent, and there is a risk that the Spin-off and Listing cannot proceed as scheduled.

II. Risks of Discrepancies Between Relevant Financial Data and Listing Audit Data

As at the date of the Proposal, the listing audit of Sunwoda EVB has not been completed yet. The key financial data of Sunwoda EVB involved in the Proposal are

for investors' reference only. Investors are advised to pay attention to the relevant data that may vary from the final listing audit results.

III. Controlling Shareholder's Control Risks

As of the date of the announcement of this Proposal, Huizhou New Energy directly holds 39.69% of the equity interest in Sunwoda EVB, and is the controlling shareholder of Sunwoda EVB. The Company holds in total 100% equity interests in Huizhou New Energy directly and indirectly, and is the indirect controlling shareholder of Sunwoda EVB. After the completion of the issuance, the Company still has control over Sunwoda EVB. If the Company exercises improper control over Sunwoda EVB's development strategy, major operational and financial decisions and profit distribution by exercising voting rights or otherwise in the future, it may adversely impact Sunwoda EVB and its minority shareholders.

IV. Risk of Volatile Stock Market

The share price of the Company is determined not only by its operating results and development strategies, but also by various uncontrollable factors such as changes in macro-economic conditions, adjustments in national economic policies and fluctuations in stock markets. Therefore, the interpretation and analysis of the Spin-off in the Proposal cannot fully reveal all the risks that investors will face in securities trading, and the share price of Sunwoda may be subject to unusual fluctuations.

V. Risk of Force Majeure

The Company does not rule out the possibility that politics, policies, economy, natural disasters, unexpected public health events and other uncontrollable factors may bring adverse effects to the Company and the Spin-off. Investors are advised to pay attention to the relevant risks.