



**Sunways Aktiengesellschaft, Constance**  
**ISIN DE0007332207,**  
**WKN (German Stock Index No.) 733220**

Invitation to the  
Annual General Meeting  
on Thursday, 22 March 2003, 11:00 a.m.,  
Konzil, Hafenstrasse 2,  
D-78462 Konstanz

***sunways***  
Photovoltaic Technology

## I. Agenda

**1. Presentation of the adopted financial statements and consolidated financial statements as of 31 December 2002, of the summarised management report of Sunways Aktiengesellschaft and of the Group, together with the report of the Supervisory Board relating to the fiscal year 2002.**

**2. Resolution on the appropriation of the result**

The Management Board and Supervisory Board propose to carry forward the accumulated loss for the year 2002 in the amount of € 14,445,840.08.

**3. Resolution on the formal approval of the actions of the members of the Management Board**

The Management Board and Supervisory

Board propose to grant formal approval of the actions of the members of the Management Board for the fiscal year 2002.

**4. Resolution on the formal approval of the actions of the members of the Supervisory Board**

The Management Board and Supervisory Board propose to grant formal approval of the actions of the members of the Supervisory Board for the fiscal year 2002.

**5. Resolution on the approval of the conclusion of a control and profit transfer agreement with MHH Solartechnik GmbH, Tübingen**

The Management Board and Supervisory Board propose to approve of the conclusion of a control and profit transfer agreement with MHH Solartechnik GmbH, Tübingen.

## **6. Resolution on the modification of the share option scheme decided on the Annual Meeting on 20 December 2000**

The Management Board and Supervisory Board propose to replace the NEMAX-All-Share-Index previously used as reference index with the Technology-All-Share-Index from the fiscal year 2003.

## **7. Resolution on the authorisation to issue convertible bonds and/or bonds with warrants**

The Management Board and Supervisory Board propose to pass the following resolutions:

### **a. Issue of convertible bonds and/or bonds with warrants**

The Management Board is authorised, with the consent of the Supervisory Board, by

21 May 2008 and on one or several occasions, to issue convertible bonds and/or bonds with warrants, either in bearer or in registered form, in a nominal amount of up to € 4,000,000.00 and with a maturity of no more than ten years and to grant to the holders thereof conversion or option rights to shares of Sunways Aktiengesellschaft with a pro-rata share capital amount of up to € 600,000.00, as provided for in detail in the conditions of conversion or conditions of warrants, as the case may be.

Generally, shareholders are entitled to pre-emptive rights. However, the Management Board is authorised, with the consent of the Supervisory Board, to exclude shareholders' pre-emptive rights with respect to the convertible bonds or bonds with warrants, to the extent that the issue price is not significantly lower than the theoretical market value

of the bonds determined in accordance with accepted methods of finance mathematics. An expert opinion of an experienced investment bank or auditing company not involved in the issue of the bonds has to be obtained to determine such market value. The holders of convertible bonds are entitled to exchange their convertible bonds for shares of Sunways Aktiengesellschaft pursuant to the conditions of issue. The pro-rata share capital amount of the shares to be issued upon conversion must not be in excess of the nominal amount of the convertible bonds. The conversion ratio is to be determined by dividing the nominal amount of one bond by the conversion price fixed for one share of Sunways Aktiengesellschaft. The conversion ratio may also be determined by dividing the issue price below the nominal amount of one bond by the fixed conver-



sion price for one share of Sunways Aktiengesellschaft. The terms of conversion may provide for a variable conversion ratio and for the conversion price to be fixed within a range to be determined in accordance with the performance of the share price during the term of the issue. The conversion ratio may be rounded up or down to an integer. Furthermore, an additional cash payment may be provided for. A combination of and/or cash compensation for fractional shares may also be stipulated. In addition, the conditions of issue may provide for a mandatory conversion at maturity (or any earlier date).

One or several warrants entitling the holder to subscribe for shares of Sunways Aktiengesellschaft, as provided for in detail in the conditions of warrants to be determined by the Management Board, will be attached to each bond with warrants. The pro-rata

share capital amount of the shares to be subscribed for per bond with warrants must not be in excess of the nominal amount of the bond with warrants. The term of the option right must not be in excess of ten years.

The conditions of issue may also provide for the issuance of treasury shares of Sunways Aktiengesellschaft upon conversion or exercise of warrants. Furthermore, it may be provided for Sunways Aktiengesellschaft not to issue shares of Sunways Aktiengesellschaft but to pay a cash compensation to the holders of conversion or option rights. As provided for in detail in the conditions of issue, such cash compensation will correspond to the average price of the Sunways share in the closing auction of the XETRA trading (or any successor system thereof) on at least two consecutive trading days during a period of ten trading days prior and ten trad-

ing days subsequent to the exercise of the option. Also the conditions of issue of the convertible bonds or bonds with warrants may provide for a variable number of shares to be subscribed for upon the exercise of conversion or option rights and/or for the conversion or exercise price to be adjusted within a range to be determined in accordance with the performance of the share price or due to anti-dilution provisions during the term of the issue.

The conversion or exercise price to be fixed for one share has to equal at least 80 per cent of the average closing auction price of the share of Sunways Aktiengesellschaft in the XETRA trading (or any successor system) on the ten trading days prior to the resolution of the Management Board on the issue of the bonds, also in case of a variable conversion ratio, conversion or exercise price.

Notwithstanding § 9, subparagraph 1, of the Stock Corporation Act (AktG), the conversion or exercise price will be reduced under an anti-dilution clause in accordance with the conditions of conversion or conditions of warrants, if Sunways Aktiengesellschaft, during the conversion or exercise period, increases its share capital or issues additional convertible bonds and bonds with warrants or grants any other option rights. Furthermore, the conditions may, in case of a reduction of share capital, provide for an adjustment of the conversion and/or option rights. The Management Board is authorised to determine the further details of the issue and terms of the bonds, in particular the interest rate, issue price, maturity and denomination, conversion and exercise price and the conversion or exercise period.



## **b. Capital increase**

The share capital is conditionally increased by up to € 600,000.00. The purpose of the conditional capital increase is to grant shares to the holders of convertible bonds and/or bonds with warrants issued pursuant the above authorisation. The new shares will be issued at the conversion or exercise price determined in accordance with item a. The conditional capital increase is only to be implemented to the extent that conversion or option rights under the bonds issued are exercised and such rights are not covered by treasury shares. The new shares will participate in profits from the beginning of the fiscal year in which they are created upon the exercise of option rights. The Management Board is authorised to determine the further details of implementation of a conditional capital increase.

## **c. Modification of the articles of incorporation**

The following provision will replace the former § 5, subparagraph 4, of the articles of incorporation:

“The share capital is conditionally increased by up to € 600,000.00 through the issuance of up to 600,000 non-par value shares to bearer (Conditional Capital 2003). The conditional capital increase will only be implemented to the extent that the holders of convertible bonds or bonds with warrants issued by Sunways Aktiengesellschaft by 21 May 2008 under the authorisation resolution of the general meeting of 22 May 2003 exercise their conversion or option rights. The new shares will participate in profits from the beginning of the fiscal year in which they are created upon the exercise of conversion or option rights. The Supervisory Board is autho-





rised to revise the articles of incorporation according to the volume of the capital increase from conditional capital.”

The former subparagraph 4 of § 5 of the articles of incorporation will be the new subparagraph 5. The former subparagraph 5 of the articles of incorporation will be the new subparagraph 6.

#### **8. Appointment of the auditors for the fiscal year 2003**

The Supervisory Board proposes to appoint WPG Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Tübingen, as auditors and Group auditors for the fiscal year 2003.

**II. Notes relating to the proposed conclusion of a control and profit transfer agreement with MHH Solartechnik GmbH, Tübingen (item 5)**

Subject to approval of the general meeting, Sunways Aktiengesellschaft has entered into a control and profit transfer agreement with its wholly-owned subsidiary, MHH Solartechnik GmbH, Tübingen, under which MHH Solartechnik GmbH is to be controlled by Sunways Aktiengesellschaft and to be integrated into its organisation. MHH Solartechnik GmbH has agreed to transfer all of its profits to Sunways Aktiengesellschaft. In turn, Sunways Aktiengesellschaft has agreed to compensate for any net losses otherwise incurred during the term of the agreement unless covered by amounts withdrawn from voluntary reserves and appropriated to such reserves during the term of the agreement. The control and profit transfer agreement, the financial statements and management reports of the contracting parties for the last three fiscal years as well as the joint report of

the Board of Management of Sunways Aktiengesellschaft and the Management of MHH Solartechnik GmbH relating to the control and profit transfer agreement are available to shareholders for inspection at the offices of Sunways Aktiengesellschaft, Macairestraße 3–5, D-78467 Konstanz, as well as at the offices of MHH Solartechnik GmbH, Welzenwilerstraße 3, D-72074 Tübingen. Upon request, each shareholder will, without delay and free of charge, be provided with a copy of these documents.



### **III. Notes relating to the proposed modification of the stock option scheme (item 6)**

Meanwhile, Deutsche Börse AG has initiated a restructuring of the share markets. As a result of this restructuring, the Neuer Markt will be discontinued as of 31 December 2003. At the beginning of January 2003, the Company was admitted to Prime Standard trading on the Frankfurt Stock Exchange. The quotation in the Neuer Markt was discontinued accordingly.

Under the stock option scheme of Sunways AG, options may only be exercised if certain performance targets have been reached. Thus stock options may only be exercised if the price of the shares of Sunways AG, during a relevant comparative period, has increased, in percentage terms, to a greater degree than a reference index. So far, the reference index has been the NEMAX-All-Share-Index. As a result of the changeover to the Prime Standard and the discontinuation of the

Neuer Markt, a new reference index has to be determined. The Company proposes to replace the NEMAX-All-Share-Index previously used as reference index with the Technology-All-Share-Index from the fiscal year 2003. This index was developed by Deutsche Börse AG as successor of the NEMAX-All-Share-Index and, in the opinion of the Company, is the best possible reference benchmark for an assessment of the share price development as a performance target criterion.

**IV. Report on the exclusion of shareholders' pre-emptive rights with respect to the issue of convertible bonds and/or bonds with warrants pursuant to item 7**

Pursuant to § 221, subparagraph 4, of the Stock Corporation Act (AktG), shareholders have a pre-emptive right with respect to convertible bonds or bonds with warrants. However, no more than 600,000 shares will be issued upon exercise of conversion or option rights, i.e. significantly less than ten per cent of the share capital of Sunways Aktiengesellschaft. Therefore, the Management Board is to be authorised, with the consent of the Supervisory Board, to exclude the pre-emptive rights of shareholders in accordance with § 186, subparagraph 3, sentence 4, of the Stock Corporation Act (AktG). Under this provision, the exclusion of shareholders' pre-emptive rights is permissible, in particular, if the capital increase against cash contributions is not in excess of ten per cent of the share capital and the issue price is not significantly less than the market price.

Due to the exclusion of the pre-emptive rights, Sunways Aktiengesellschaft will be able to flexibly respond to developments in the capital market and to issue bonds at short notice. Sunways Aktiengesellschaft will benefit from any premiums incurred. If the pre-emptive rights of shareholders are excluded, the expert opinion of an experienced investment bank or auditing company not involved in the issue has to be obtained to furnish evidence that the issue price is not significantly less than the market value of the bond. In that case, no disadvantage to shareholders resulting from a dilution of their shareholdings is to be anticipated. In addition, shareholders will be able to maintain their interest in the share capital by way of purchases via the stock exchange at approximately the same terms.





## V. Participation in the general meeting

Shareholders who have deposited their shares until the end of the general meeting with a collective securities deposit bank, Landesbank Baden-Württemberg, Stuttgart, or a notary on the seventh day before the general meeting, at the latest, are entitled to attend and vote at the general meeting. The deposit will also be duly made if the shares, with the consent of a depositary agent, are kept in their names in blocked accounts with other credit institutions until the end of the general meeting.

Thus the shares have to be deposited by 15 May 2003, at the latest.

A certification of such deposit has to be submitted to the Company on the first working day after the expiration of the deposit period, at the latest.

Please note that the voting right in general meeting may be exercised by proxy or by an

association of shareholders (§ 125, subparagraph 1, of the Stock Corporation Act (AktG)). The proxy has to be given in writing and to be submitted to the Company in the original. Counter-motions of shareholders should be mailed in due time to the following address:  
Sunways Aktiengesellschaft  
Mrs. Astrid Forst  
Macairestraße 3–5  
D-78467 Konstanz  
Fax +49 7531 99677-548

In addition, shareholders who are unable to attend the general meeting in person are given the opportunity to have their voting rights exercised in accordance with their instructions by a proxy appointed by the Company. Such proxy has to be authorised by means of the proxy form provided for this purpose and to be given instructions for

the exercise of the voting right. The relevant form is obtainable on the Internet under [www.sunways.de](http://www.sunways.de) or from Mr. Kühnle under fax number +49 7531 99677-548 or via E-mail [info@sunways.de](mailto:info@sunways.de). Proxies and instructions have to be received by the Company on 20 May 2003, at the latest. Any proxies or instructions submitted cannot be modified after that date.

Furthermore, shareholders who attend the general meeting and have to leave before voting may also authorise and give instructions to the proxy appointed by the Company by means of another form provided by the Company for this purpose when leaving the general meeting.

In case of an authorisation of the proxy appointed by the Company, the shares also have to be deposited in due time and form in accordance with the above provisions.

The financial statements and consolidated financial statements as of 31 December 2002 as well as the summarised management report of Sunways Aktiengesellschaft and of the Group, together with the report of the Supervisory Board and the proposed appropriation of the result, will be available to shareholders for inspection at the Company's offices from the day of announcement. Upon request, each shareholder will receive a copy of these documents without delay.

Constance, March 2003

The Board of Management

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Investor Relations

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Konzil is in the immediate vicinity of the Constance railway station. As the parking space available at nearby parking facilities is limited, we kindly ask you to use public means of transport, if possible.

