

INVITATION

**Invitation to
the Annual General Meeting**

Sunways Aktiengesellschaft, Constance

ISIN DE0007332207

WKN (German Stock Index Number) 733220

Thursday, 29 May 2008, 10:00 a.m.

Steigenberger Inselhotel

Auf der Insel 1

D-78462 Konstanz

sunways

Photovoltaic Technology

Agenda

1. Presentation of the adopted financial statements and approved consolidated financial statements as of 31 December 2007, the Management Report and Group Management Report as well as the Supervisory Board's report on the fiscal year 2007 and the Management Board's explanatory report on the statements pursuant to §§ 289 subparagraph 4, 315 sub-paragraph 4 of the German Commercial Code (HGB) for the fiscal year ended on 31 December 2007

2. Resolution on the formal approval of the Management Board's actions for the fiscal year 2007

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 2007.

3. Resolution on the formal approval of the Supervisory Board's actions for the fiscal year 2007

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 2007.

4. Election of Supervisory Board members

Pursuant to §§ 95, 96 subparagraph 1, 101 subparagraph 1 of the German Stock Corporation Act (AktG), in conjunction with § 8 subparagraph 1 of the Articles of Incorporation, the Supervisory Board is composed of six members elected by the general meeting. In the past fiscal year, Prof. Heinz W. Bull and Mr. Ernst Haug withdrew from the Supervisory Board. Upon the Management Board's application, Mr. Andreas Görwitz and Dr. Christian Bosse were appointed members of the Supervisory Board by the court of registration (Registergericht). These appointments are to be confirmed by the general meeting.

Therefore, the Supervisory Board proposes to the general meeting to appoint

Dipl.-Betriebswirt (FH) Andreas Görwitz,
self-employed business analyst, 78467 Konstanz,

and

Dr. Christian Bosse, 70597 Stuttgart, attorney at law,
partner at the law office Schelling & Partner, Stuttgart,

as Supervisory Board members for the period up until the general meeting resolving on the formal approval for the fiscal year 2012.

The candidates' memberships of other supervisory boards to be established by law or memberships of similar controlling boards of economic enterprises in Germany and abroad are set forth below:

Dr. Christian Bosse: Digital Identification Solutions AG, Esslingen (chairman of the Supervisory Board)

Mr. Andreas Görwitz: Kliniken Schmieder Stiftung & Co. KG, Allensbach (member of the Advisory Board)

The election proposals are not binding on the general meeting.

5. Modification of § 12 subparagraph 1 of the Articles of Incorporation (remuneration of the Supervisory Board)

- a) The remuneration of the Supervisory Board is to be adjusted in line with general practice. This requires a modification of the Articles of Incorporation.
- b) Therefore, the Management Board and Supervisory Board propose to revise § 12 subparagraph 1 of the Articles of Incorporation as follows:

„(1) After the end of each fiscal year, each Supervisory Board member shall receive a remuneration of € 15,000 in addition to the reimbursement of his expenses. The Chairman shall receive twice that amount, the Deputy Chairman one and a half time that amount. In case the term of office of a member has started or ended during the fiscal year, the amount referred to in sentence 1 shall be reduced on a pro rata basis with respect to such member.“

6. Modification of the resolution of the general meeting dated 18 May 2006 on TOP 10 (Sunways Long Term Incentive Plan 2006)

- a) By resolution of the general meeting on 18 May 2006, the Company's Management Board was authorized pursuant to TOP 10, with the consent of the Supervisory Board, to grant subscription rights for up to 600,000 non-par value shares to bearer with a maturity of up to ten years under the Sunways Long Term Incentive Plan 2006 by 17 May 2010.

In this resolution, the timing of the issuance of such subscription rights („subscription periods“) was determined as follows under item a) (3.):

„(3.) Subscription periods

The subscription rights shall in each case be issued to the eligible persons within a period of four weeks beginning on the day of the Company's annual general meeting, for the first time within a period of four weeks from the day of registration in the commercial register of the capital increase to be resolved pursuant to items b) and c) below.“

Another subscription period at the beginning of the calendar year (as from 1 January of each year) shall be created for reasons of practicability.

- b) Therefore, the Management Board and Supervisory Board propose to amend item a) (3.) of the resolution of the general meeting of Sunways AG dated 16 May 2006 under TOP 10 as follows:

„(3.) Subscription periods

The subscription rights shall in each case be issued to the eligible persons within a period of four weeks, beginning on 1 January of each year, or within a period of four weeks, beginning on the day of the Company's annual general meeting, for the first time within a period of four weeks from the day of registration in the commercial register of the capital increase to be resolved pursuant to items b) and c) below.“

Upon request, the agenda of the general meeting held on 16 May 2006 that includes further details of the resolution passed under TOP 10 will be sent to each shareholder free of charge.

7. Resolution on the cancellation of the existing authorization and granting of a new authorization to issue convertible bonds and/or bonds with warrants in combination with a potential exclusion of preemptive rights as well as the creation of a new authorized capital IV/2008 and modification of the articles of incorporation

The authorization granted by the general meeting of Sunways AG on 06 May 2004 to issue convertible bonds and/or bonds with warrants set forth in § 5 subparagraph 4 of the articles of incorporation (conditional capital II) will expire on 05 May 2009. This authorization was only partially used. It shall therefore be cancelled. A new authorization is to be granted.

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

- a) Cancellation of the authorization dated 06 May 2004
The authorization to issue bonds with warrants and/or convertible bonds granted by the general meeting on 06 May 2004 under item 7 of the agenda shall be cancelled.
- b) Authorization to issue convertible bonds and/or bonds with warrants and to exclude the preemptive right

- (1) Authorization period, principal amount, maturity, number of shares
The Management Board is authorized, by 28 May 2013 and with the consent of the Supervisory Board, to issue on one or more occasions bearer and/or registered convertible bonds and/or bonds with warrants (hereinafter collectively also referred to as „bonds“) in an aggregate principal amount of up to € 40,000,000 with a maturity of no more than 15 years and to grant to the bondholders or creditors under the bonds conversion or option rights with respect to new shares in Sunways AG (hereinafter also referred to as the „Company“) having a pro rata share in the nominal capital of up to € 2,000,000 as described in more detail in the conditions applicable to convertible bonds or bonds with warrants.
- (2) Granting of preemptive rights, exclusion of preemptive rights
Generally, the shareholders are entitled to statutory preemptive rights. Based on an indirect preemptive right, the bonds may be subscribed for by one or several banks or enterprises within the meaning of § 186 subparagraph 5 sentence 1 of the Stock

Corporation Act (AktG) to be determined by the Management Board with the obligation to offer them for subscription to the Company's shareholders while preserving the preemptive right. However, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the preemptive right of shareholders with respect to the bonds with conversion or option rights referring to shares in Sunways AG in the following cases:

- if the issue price of the bonds is not significantly lower than the (theoretical) market value of the bonds as determined in accordance with generally accepted computation methods in financial mathematics. However, this authorization to exclude the preemptive right only applies to bonds with convertible or option rights relating to shares having a total pro rata share in the Company's nominal capital of no more than 10 %. With respect to the calculation of this 10-percent limit, the amount of the nominal capital at the time the general meeting's resolution on this authorization is passed or – if lower – at the time this authorization is exercised shall be decisive. The authorization volume shall be reduced by the pro rata amount of the nominal

capital attributable to new or reacquired shares issued or sold during the duration of this authorization in combination with a simplified exclusion of the preemptive right pursuant to § 186 subparagraph 3 sentence 4 of the Stock Corporation Act (AktG).

- with respect to fractional amounts created as a result of the subscription ratio.
- to the extent necessary to grant subscription rights to the holders of/creditors under conversion or option rights or holders of/creditors under convertible bonds carrying conversion obligations to an extent they would have been entitled to upon the exercise of their conversion or option rights or performance of their conversion obligations.

(3) Conversion right

In case of a convertible bond issue, the holders of or creditors under such bonds will have the right to exchange their convertible bonds for new shares in the Company as set forth in more detail in the conditions of conversion. The exchange ratio will be determined by dividing the nominal amount of a convertible bond by the conversion price stipulated for a new share in the Company.

The exchange ratio may also be determined by dividing the issue price of a bond falling below the nominal amount by the conversion price stipulated for a new share in the Company.

A variable exchange ratio and determination of the conversion price within a range to be stipulated in line with the share price performance during the term to maturity may be provided for. In any case, the exchange ratio may be rounded up or down to an integral number; in addition, an additional cash payment may be stipulated. The combination of share fractions and/or a cash compensation for the same may also be provided for. The pro rata share in the nominal capital of the shares to be issued upon conversion must not exceed the nominal amount of the convertible bond or its issue price falling below the nominal amount.

(4) Option right

In case of an issue of bonds with warrants, one or several warrants will be attached to each bond entitling the holder to subscribe for new shares in the Company as set forth in more detail in the conditions of the warrants to be determined by the Management Board.

The pro rata amount of the nominal capital attributable to the shares to be subscribed for must not exceed the nominal amount of the bonds with warrants or their issue price falling below such nominal amount. The term of the warrants must not exceed 15 years.

- (5) Conversion/option price, anti-dilution clause
- Upon the issuance of convertible bonds, the conversion price to be stipulated in each case and, upon the issuance of bonds with warrants, the option price for one share, also in case of a variable exchange ratio or conversion or option price, must equal either (i) at least 80 % of the average closing auction price of the shares of Sunways AG on the Xetra trading system (or any other successor system with similar functions replacing Xetra) during the ten trading days preceding the date of the Management Board's resolution on the issuance of the convertible bonds or bonds with warrants or – if preemptive rights are granted – (ii) at least 80 % of the average closing auction price of the shares of Sunways AG on the Xetra trading system (or any other successor system with similar functions replacing Xetra) during the trading days on which the preemptive rights are traded

of the Frankfurt Stock Exchange with the exception of the last two trading days. Notwithstanding § 9 subparagraph 1 of the Stock Corporation Act (AktG), the conversion or option price will be reduced under an anti-dilution clause as set forth in more detail in the conditions applicable to the convertible bonds or bonds with warrants by paying a corresponding cash amount upon exercise of the conversion or option right or by reducing the additional payment if the Company, during the conversion or option period, increases its nominal capital granting preemptive rights to its shareholders or if the Company issues further convertible bond or bonds with warrants or any other option rights without granting the holders of convertible bonds or bonds with warrants preemptive rights to an extent they would have been entitled to upon exercise of their conversion or option rights. Instead of making a cash payment or reducing the additional payment, the exchange ratio may also be adjusted – to the extent possible – by way of division by the reduced conversion or option price. In addition, the conditions applicable to the convertible bonds or bonds with warrants may also provide for an adjustment of the conversion/option rights in the

event of a capital reduction or any other measures that may result in a dilution of the value of the conversion or option rights or of the shares issued by the Company. A conversion obligation at the end of the term (or an earlier date) may also be provided for in the conditions applicable to the convertible bonds or bonds with warrants. Finally, the conditions applicable to the convertible bonds or bonds with warrants may also provide for the Company to not grant any shares in the Company to the holders of convertible bonds or warrants upon conversion or exercise of warrants but to pay them an equivalent cash amount which, as set forth in more detail in the conditions of issue, corresponds to the average price of the shares of Sunways AG in the closing auction on the Xetra trading system (or any other successor system with similar functions replacing Xetra) on the Frankfurt Stock Exchange during the last one to ten trading days prior to the conversion notice or exercise of warrants.

- (6) Authorization to determine further details
The Management Board is authorized to determine the further details relating to the issuance and terms and conditions of

convertible bonds and/or bonds with warrants, in particular the interest rate, issue price, maturity and denomination, conversion or option price and the conversion or option period.

- c) Partial cancellation of the conditional capital II resolved by the general meeting on 06 May 2004
The conditional capital II resolved by the general meeting on 06 May 2004 pursuant to agenda item 7 shall be cancelled with the exception of a remaining portion of € 1,400,000.
- d) Conditional capital increase
The nominal capital will be conditionally increased by up to € 2,000,000 by issuing up to 2,000,000 new non-par value shares to bearer (conditional capital IV/2008). The conditional capital increase will be used to grant shares to the holders of or creditors under convertible bonds and/or bonds with warrants issued by the Company by 28 May 2013 in accordance with the general meeting's authorization dated 29 May 2008 referred to under item b) above. The new shares will be issued at the conversion or option price in each case to be determined as set forth under item b) above. The conditional capital increase shall only be implemented to the extent that conversion or option rights are exercised or the

holders or creditors obliged to convert perform their conversion obligations. The new shares shall be entitled to profit distributions as from the beginning of the fiscal year in which they are created through the exercise of conversion or option rights or performance of conversion obligations. The Management Board is authorized to determine the further details relating to the implementation of a conditional capital increase.

- e) Modification of the articles of incorporation § 5 subparagraph 4 of the articles of incorporation is revised as follows, partially cancelling the conditional capital II:
- „(4) The nominal capital will be conditionally increased by up to € 1,400,000 by issuing up to 1,400,000 non-par value shares to bearer (conditional capital II). The conditional capital increase shall only be implemented to the extent that the holders of convertible bonds or bonds with warrants issued under the authorization of the Management Board pursuant to the resolution of the Company's general meeting dated 06 May 2004 exercise their conversion or option rights or the holders obliged to convert perform their conversion obligations. The new shares shall be entitled to profit distributions as from the beginning of

of the fiscal year in which they are created through the exercise of conversion or option rights or performance of conversion obligations. The Supervisory Board is authorized to adjust the wording of the articles of incorporation according to the amount of the conditional capital increase.”

- f) Further modification of the articles of incorporation The following new § 5 subparagraph 6 will be added to the articles of incorporation:
- „(6) The nominal capital will be conditionally increased by up to € 2,000,000 by issuing up to 2,000,000 non-par value shares to bearer (conditional capital IV/2008). The conditional capital increase shall only be implemented to the extent that
- the holders of or creditors under conversion rights or warrants attached to the convertible bonds or bonds with warrants to be issued by the Company by 28 May 2013 under the authorizing resolution passed by the general meeting on 29 May 2008 exercise their conversion or option rights, or
 - the holders of or creditors under the convertible bonds to be issued by the Company

by 28 May 2013 under the authorizing resolution passed by the general meeting on 29 May 2008, who are obliged to convert, perform their conversion obligations.

The new shares shall be entitled to profit distributions as from the beginning of the fiscal year in which they are created through the exercise of conversion or option rights or performance of conversion obligations. The Management Board is authorized to determine the further details of the rights attaching to the shares and of the implementation of the conditional capital increase.”

- g) Further modification of the articles of incorporation The former § 5 subparagraph 6 of the articles of incorporation will become § 5 subparagraph 7, the former § 5 subparagraph 7 will become § 5 subparagraph 8.
- h) Authorization to modify the wording of the articles of incorporation The Supervisory Board is authorized to adjust the wording of § 5 subparagraph 6 of the articles of incorporation in accordance with the utilization of conditional capital as well as to effect all other related changes to the wording of the articles of incorporation.

8. Appointment of the auditors and group auditors for the fiscal year 2008

The Supervisory Board proposes to appoint WPG Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Tübingen, as auditors and group auditors for the fiscal year 2008.

Report of the Management Board relating to item 7 of the agenda under §§ 221 subparagraph 4 sentence 2, 186 subparagraph 4 sentence 2 of the Stock Corporation Act (AktG)

Pursuant to § 221 subparagraph 4 sentence 2 in conjunction with § 186 subparagraph 4 sentence 2 of the Stock Corporation Act (AktG), the Management Board submits the following report with respect to agenda item 7 concerning the reasons for the exclusion of preemptive rights; as an integral part of this invitation, this report will also be available at the general meeting and at the Company's offices as from the date of publication of the general meeting's convocation and will be mailed to each shareholder upon request:

The authorization granted by the general meeting on 06 May 2004 pursuant to agenda item 7 to issue bonds with warrants and convertible bonds will expire on 05 May 2009. Convertible bonds in the aggregate principal amount of € 10,000,000 were issued on the basis of this authorization. A total of 100,000 bonds in a nominal amount of € 100 each were issued. Under these convertible bonds, conversion rights (subscription rights) for up to 2,061,856 shares of Sunways AG may be exercised. To date, conversion rights for 713,537 shares of Sunways AG were exercised under the convertible bonds issued. There is no intention to make any further use of this authorization so that it is to be cancelled. The conditional capital II also is to be cancelled with the exception of the remaining nominal amount of € 1,400,000 still required. A new authorization is to be granted to assure the Company's financing options.

Therefore, we propose to the general meeting to cancel the authorization dated 06 Mai 2004 and to grant a new authorization as well as to create a new conditional capital for the issuance of bonds with warrants and/or convertible bonds in compliance with the requirements of the Stock Corporation Act. An adequate capitalization is a major foundation stone for the Company's development. Bonds with warrants and convertible bonds are key financing instruments

(hereinafter also referred to as "bonds") that initially enable the enterprise to raise external capital at low interest rates which is subsequently retained in the form of shareholders' equity. In addition, the enterprise benefits from the conversion and option premiums achieved. The envisaged conversion obligation with respect to convertible bonds increases the scope of discretion relating to the terms and conditions of such financing instruments.

To assure the Company's capital raising flexibility also in the future, e.g. with respect to investments, we propose to grant a new authorization under which bonds in an aggregate principal amount of up to € 40,000,000 may be issued. Shares equal to a pro rata nominal capital amount of up to € 2,000,000, i.e. up to 2,000,000 shares, will be made available to cover the related rights.

Pursuant to legal regulations, our shareholders generally have a preemptive right enabling them to invest their funds in the Company and to simultaneously preserve their percentage shareholding. In accordance with legal regulations, the Management Board shall however continue to be authorized in certain circumstances to exclude such preemptive rights with the consent of the Supervisory Board:

Initially the Management Board shall be authorized, by analogously applying § 186 subparagraph 3 sentence 4 of the Stock Corporation Act (AktG), to exclude the preemptive right with the consent of the Supervisory Board if the issue price of the bonds is not significantly lower than their (theoretical) market value as determined in accordance with generally accepted computation methods in financial mathematics (§ 221 subparagraph 4 sentence 2 in conjunction with § 186 subparagraph 3 sentence 4 of the Stock Corporation Act (AktG)). This exclusion of preemptive rights is necessary when a bond issue must be rapidly placed, e.g., to take advantage of a favorable market environment. The interests of shareholders will be safeguarded by issuing the bonds at a price not significantly lower than the market value so that the value of the preemptive right will be reduced markedly. This option only applies to bonds carrying rights to shares equal to no more than 10 % of the nominal capital. This relates to shares issued from conditional capital during the duration of the authorization in combination with an exclusion of preemptive rights under § 186 subparagraph 3 sentence 4 of the Stock Corporation Act (AktG). This also relates to the pro rata amount of the nominal capital attributable to the sale of treasury shares insofar as such sale occurs during the duration of the authorization to issue bonds excluding the

preemptive right pursuant to § 186 subparagraph 3 sentence 4 of the Stock Corporation Act (AktG); at present, there exists no authorization of the general meeting to effect such a sale. The goal in both cases is to safeguard the shareholders' interest in minimizing the dilution of their percentage shareholdings.

The preemptive right should also be excluded to handle fractional share amounts in connection with issues involving a general preemptive right of shareholders. The exclusion of preemptive rights is adequate and customary as the cost of trading in preemptive rights relating to fractional shares bears no reasonable proportion to the benefit involved for shareholders. Due to the restriction to fractional share amounts, the potential dilution is insignificant. This exclusion of preemptive rights also helps create a practicable subscription ratio with respect to the total amount of the relevant convertible bonds and/or bonds with warrants issued. Without an exclusion of preemptive rights relating to fractional shares, the technical implementation of the issue and the exercise of subscription rights would be significantly more difficult, in particular in connection with bonds issued in round sums. The bonds for which the preemptive right is excluded due to fractional amounts are sold on behalf of the Company on the best possible terms.

Furthermore, the preemptive right should be excluded to the extent that holders of bonds issued or to be issued by the Company are granted a subscription right to subsequently issued bonds. Issues of bonds with warrants and convertible bonds typically involve such an anti-dilution clause to facilitate placement in the capital market. Thus the holders of subscription rights are treated as if they had exercised their subscription rights and already were shareholders.

The exclusion of preemptive rights of holders of convertible bonds and option rights already issued also has the advantage that the conversion or option price of already issued conversion or option rights does not have to be reduced so that a higher overall cash flow can be generated. In both cases, the exclusion of preemptive rights is in the best interest of the Company and its shareholders.

The conditional capital IV/2008 will be required to cover the conversion rights, option rights or conversion obligations relating to shares in the Company that are attached to the convertible bonds and bonds with warrants. The issue price in this context corresponds to the conversion or option price.

The Management Board shall in each individual case carefully consider whether it should take advantage

of its authorization to exclude the preemptive right. The Management Board will only exclude the preemptive right if the circumstances abstractly outlined in this report have occurred and the exclusion of the preemptive right in any concrete event is in the Company's best interest. Only if these criteria have been fulfilled, the Supervisory Board will give the necessary consent to exclude the preemptive right. The Management Board and Supervisory Board shall in each individual case consider whether it is necessary, adequate, appropriate and in the Company's best interest to exclude the preemptive right.

The Management Board of Sunways AG

Right to attend the general meeting

Only those shareholders who (1.) have filed an attendance notification in narrative form with the Company prior to the general meeting and (2.) have provided evidence to the Company of their entitlement to attend the general meeting and exercise the voting right by submitting to the Company a certification of their shareholding drawn up in narrative form in the German or English language by the depositary bank (credentials) are entitled to attend the general meeting and to exercise the voting right. Such credentials must refer to the beginning of the twenty-first day prior to the general meeting, i.e. the **beginning of 8 May 2008**.

The credentials and attendance notification must be received by the Company **by 21 May 2008, 24 h** at the latest, at the following address:

Sunways Aktiengesellschaft
c/o Landesbank Baden-Württemberg
OE 4027/H Hauptversammlungen
Am Hauptbahnhof 2
D-70173 Stuttgart
HV-Anmeldung@LBBW.de
Telefax +49 711 12779256

Granting of proxies, voting by proxy

A shareholder may also exercise his/her voting right or right to attend the general meeting via an authorized agent, e.g. the depositary bank, an association of shareholders or another person of his/her choice.

As a special service, our shareholders are offered an opportunity to be represented by employees of the Company (proxy voting agents) in accordance with shareholders' instructions. For further details reference is made to the documents mailed to our shareholders.

Counter-motions and nominations for election

Counter-motions and election proposals from shareholders have to be delivered exclusively to the following address no later than two weeks before the date of the general meeting:

Sunways Aktiengesellschaft
Ms Astrid Forst
Macairestraße 3 - 5
D - 78467 Konstanz
Telefax +49 7531 99677548

Any counter-motions or election proposals from shareholders required to be disclosed will be published on the internet at www.sunways.de without delay upon receipt. Any comments of the management will also be published at the internet address referred to above.

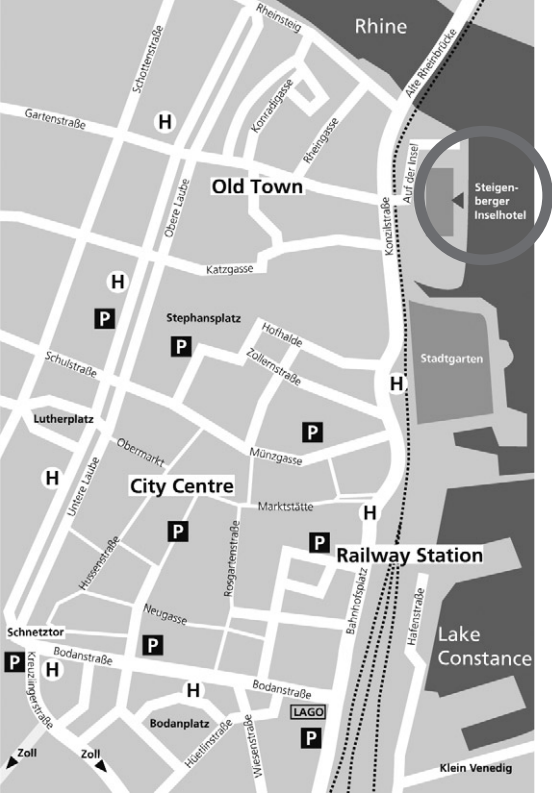
Additional information under the Securities Trading Act (Wertpapierhandelsgesetz)

Pursuant to § 30 b, subparagraph 1, no. 1 of the Securities Trading Act (Wertpapierhandelsgesetz), we hereby inform you as follows: At the time of convocation of the general meeting, a total of 11,374,913 non-par value shares of the Company (German Stock Index No. (WKN) 733220, ISIN: DE0007332207) are outstanding.

Each non-par value share of the Company carries one vote (§ 16 of the Articles of Incorporation). At the time of convocation of the general meeting, there are a total of 11,374,913 voting rights.

At the time of convocation of the general meeting, the Company holds no treasury shares.

Constance, April 2008
Sunways Aktiengesellschaft
The Management Board



Location map

The Steigenberger Inselhotel is located near the Constance railway station. **No parking space is available at the hotel.** Therefore, we kindly ask you to use public means of transport.

Sunways AG
Investor Relations
Macairestraße 3 - 5
D-78467 Konstanz
Telephone +49 7531 996770
Telefax +49 7531 99677548
ir@sunways.de
www.sunways.de

