

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Quarterly Period Ended September 30, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Transition Period From To

COMMISSION FILE NO.: 001-34098

HIGHPOWER INTERNATIONAL, INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

20-4062622

(I.R.S. Employer
Identification Number)

Building A1, 68 Xinxia Street, Pinghu, Longgang,
Shenzhen, Guangdong, 518111, People's Republic of China
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)(ZIP CODE)

(86) 755-89686238

(COMPANY'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" as defined in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The registrant had 13,978,106 shares of common stock, par value \$0.0001 per share, outstanding as of November 12, 2013.

HIGHPOWER INTERNATIONAL, INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED September 30, 2013
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Item 1. Consolidated Financial Statements

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Stated in US Dollars except Number of Shares)

	<u>September 30,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
	<i>(Unaudited)</i>	
	\$	\$
ASSETS		
Current Assets:		
Cash and cash equivalents	6,434,581	6,627,334
Restricted cash	30,626,456	27,695,569
Accounts receivable, net	33,661,422	25,323,899
Notes receivable	1,457,766	392,242
Prepayments	5,638,324	3,223,795
Other receivables	824,268	802,907
Inventories	17,155,004	16,719,807
Total Current Assets	<u>95,797,821</u>	<u>80,785,553</u>
Property, plant and equipment, net	41,368,522	33,462,369
Land use right, net	4,415,120	4,423,348
Intangible asset, net	662,500	700,000
Deferred tax assets	851,011	762,954
Foreign currency derivatives assets	139,966	255,508
TOTAL ASSETS	<u>143,234,940</u>	<u>120,389,732</u>
LIABILITIES AND EQUITY		
LIABILITIES		
Current Liabilities:		
Accounts payable	32,832,593	27,509,195
Deferred revenue	670,846	661,178
Short-term loan	35,369,536	20,478,604
Notes payable	26,996,368	26,397,200
Other payables and accrued liabilities	6,823,875	4,485,918
Income taxes payable	1,235,975	1,180,469
Current portion of long-term loan	1,953,920	1,925,762
Total Current Liabilities	<u>105,883,113</u>	<u>82,638,326</u>
Long-term loan	4,396,320	5,777,286
TOTAL LIABILITIES	<u>110,279,433</u>	<u>88,415,612</u>
COMMITMENTS AND CONTINGENCIES	-	-

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
(Stated in US Dollars except Number of Shares)

	<u>September 30,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
	<i>(Unaudited)</i>	
	\$	\$
EQUITY		
Stockholders' equity		
Preferred Stock		
(Par value: \$0.0001, Authorized: 10,000,000 shares, Issued and outstanding: none)	-	-
Common stock		
(Par value : \$0.0001, Authorized: 100,000,000 shares, 13,732,106 shares issued and outstanding at September 30, 2013 and 13,582,106 shares issued and outstanding at December 31, 2012)	1,373	1,358
Additional paid-in capital	5,765,277	6,035,230
Statutory and other reserves	2,790,484	2,790,484
Retained earnings	17,534,221	17,291,584
Accumulated other comprehensive income	<u>5,566,695</u>	<u>5,049,864</u>
Total equity for the Company's stockholders	<u>31,658,050</u>	<u>31,168,520</u>
Non-controlling interest	<u>1,297,457</u>	<u>805,600</u>
TOTAL EQUITY	<u>32,955,507</u>	<u>31,974,120</u>
TOTAL LIABILITIES AND EQUITY	<u>143,234,940</u>	<u>120,389,732</u>

See notes to consolidated financial statements

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Stated in US Dollars except Number of Shares)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>September 30,</i>		<i>September 30,</i>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$	\$	\$	\$
Net sales	38,852,978	31,868,046	94,429,966	81,848,511
Cost of sales	<u>(31,609,991)</u>	<u>(24,258,038)</u>	<u>(76,689,340)</u>	<u>(64,557,820)</u>
Gross profit	<u>7,242,987</u>	<u>7,610,008</u>	<u>17,740,626</u>	<u>17,290,691</u>
Research and development expenses	(1,531,477)	(1,147,359)	(3,984,942)	(3,265,290)
Selling and distribution expenses	(1,598,397)	(1,423,372)	(4,386,375)	(3,904,771)
General and administrative expenses, including share-based compensation	(2,957,467)	(4,035,269)	(8,375,713)	(8,313,737)
Loss on exchange rate difference	(154,453)	(200,488)	(374,410)	(78,458)
Gain on derivative instruments	45,033	207,576	267,316	240,532
Total operating expenses	<u>(6,196,761)</u>	<u>(6,598,912)</u>	<u>(16,854,124)</u>	<u>(15,321,724)</u>
Income from operations	1,046,226	1,011,096	886,502	1,968,967
Other income	479,288	176,265	976,673	404,483
Interest expenses	<u>(444,706)</u>	<u>(63,935)</u>	<u>(1,146,118)</u>	<u>(377,376)</u>
Income before taxes	<u>1,080,808</u>	<u>1,123,426</u>	<u>717,057</u>	<u>1,996,074</u>
Income taxes expenses	<u>(372,023)</u>	<u>(526,947)</u>	<u>(579,352)</u>	<u>(943,213)</u>
Net income	<u>708,785</u>	<u>596,479</u>	<u>137,705</u>	<u>1,052,861</u>
Less: net loss attributable to non-controlling interest	(33,443)	(47,883)	(104,932)	(98,400)
Net income attributable to the Company	<u>742,228</u>	<u>644,362</u>	<u>242,637</u>	<u>1,151,261</u>
Comprehensive income				
Net income	708,785	596,479	137,705	1,052,861
Foreign currency translation gain	<u>232,201</u>	<u>381,765</u>	<u>531,143</u>	<u>225,870</u>
Comprehensive income	940,986	978,244	668,848	1,278,731
Less: comprehensive loss attributable to non-controlling interest	(25,145)	(38,561)	(90,620)	(107,010)
Comprehensive income attributable to the Company	<u>966,131</u>	<u>1,016,805</u>	<u>759,468</u>	<u>1,385,741</u>
Earnings per share of common stock attributable to the Company				
- Basic and diluted	<u>0.05</u>	<u>0.05</u>	<u>0.02</u>	<u>0.08</u>
Weighted average number of common shares outstanding				
- Basic and diluted	<u>13,657,930</u>	<u>13,582,106</u>	<u>13,607,474</u>	<u>13,582,106</u>

See notes to consolidated financial statements

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in US Dollars)

	<i>Nine months ended</i>	
	<i>September 30,</i>	
	<u>2013</u>	<u>2012</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$	\$
Cash flows from operating activities		
Net income	137,705	1,052,861
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	1,832,596	1,668,979
Allowance for doubtful accounts	(3,643)	1,156,434
Loss on disposal of property, plant and equipment	108,652	55,000
Loss (income) on derivative instruments	117,966	(97,029)
Deferred income tax	(76,813)	225,862
Share based payment	159,352	145,459
Changes in operating assets and liabilities		
Accounts receivable	(7,918,758)	(3,904,228)
Notes receivable	(1,048,133)	(722,104)
Prepayments	(2,191,905)	629,689
Other receivable	(9,515)	231,388
Inventories	(188,974)	(3,385,965)
Accounts payable	7,255,970	5,412,400
Deferred revenue	-	650,951
Other payables and accrued liabilities	2,251,556	(1,602,391)
Income taxes payable	37,821	459,052
Net cash flows provided by operating activities	<u>463,877</u>	<u>1,976,358</u>
Cash flows from investing activities		
Acquisition of plant and equipment	(11,905,424)	(9,626,668)
Acquisition of land use right	-	(1,323,559)
Net cash flows used in investing activities	<u>(11,905,424)</u>	<u>(10,950,227)</u>
Cash flows from financing activities		
Proceeds from short-term bank loans	30,408,328	9,866,422
Repayment of short-term bank loans	(15,748,524)	(3,772,049)
Proceeds from long-term bank loans	-	7,899,893
Repayment of long-term bank loans	(1,449,322)	-
Proceeds from notes payable	32,308,322	33,555,477
Repayment of notes payable	(32,097,470)	(27,278,534)
Repayment of letter of credit	-	(2,880,000)
Capital contribution from non-controlling interest	-	947,987
Increase in restricted cash	(2,540,084)	(9,495,213)
Net cash flows provided by financing activities	<u>10,881,250</u>	<u>8,843,983</u>
Effect of foreign currency translation on cash and cash equivalents	367,544	455,068
Net increase (decrease) in cash and cash equivalents	(192,753)	325,182
Cash and cash equivalents - beginning of period	6,627,334	5,175,623
Cash and cash equivalents - end of period	<u>6,434,581</u>	<u>5,500,805</u>
Supplemental disclosures for cash flow information :		
Cash paid for :		
Income taxes	<u>618,344</u>	<u>258,300</u>
Interest expenses	<u>1,146,118</u>	<u>917,662</u>
Non-cash transactions		
Accounts payable for construction in progress	<u>1,408,336</u>	<u>2,285,517</u>

See notes to consolidated financial statements

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Stated in US Dollars)

1. Organization and basis of presentation

The consolidated financial statements include the financial statements of Highpower International, Inc. (“Highpower”) and its subsidiaries, Hong Kong Highpower Technology Company Limited (“HKHTC”), Shenzhen Highpower Technology Company Limited (“SZ Highpower”), Highpower Energy Technology (Huizhou) Company Limited (“HZ Highpower”), Springpower Technology (Shenzhen) Company Limited (“SZ Springpower”), Ganzhou Highpower Technology Company Limited (“GZ Highpower”), Icon Energy System Company Limited (“ICON”) and Huizhou Highpower Technology Limited (“HZ HTC”). Highpower and its subsidiaries are collectively referred to as the “Company”.

Highpower was incorporated in the State of Delaware on January 3, 2006 to locate a suitable acquisition candidate. HKHTC was incorporated in Hong Kong on July 4, 2003 and organized principally to engage in the manufacturing and trading of nickel metal hydride rechargeable batteries. All other subsidiaries are incorporated in the People’s Republic of China (“PRC”).

On February 8, 2012, GZ Highpower, which was incorporated on September 21, 2010, increased its paid-in capital to RMB15,000,000 (\$2,381,293). On May 15, 2013, GZ Highpower further increased its paid-in capital to RMB30,000,000 (\$4,807,847). SZ Highpower holds 60% of the equity interest of GZ Highpower, and four founding management members of GZ Highpower hold the remaining 40%.

On March 8, 2012, the Company invested RMB5,000,000 (\$791,377) in HZ HTC, which is a wholly-owned subsidiary of SZ Highpower.

On September 14, 2012, SZ Springpower increased its registered capital from \$1,000,000 to \$3,330,000. SZ Highpower paid the increased capital. As of September 30, 2013, SZ Highpower holds 69.97% of the equity interest of SZ Springpower, and HKHTC holds the remaining 30.03%.

The subsidiaries of the Company and their principal activities are described as follows:

Name of company	Place and date incorporation	Attributable equity interest held	Principal activities
Hong Kong Highpower Technology Co., Ltd (“HKHTC”)	Hong Kong July 4, 2003	100%	Investment holding
Shenzhen Highpower Technology Co., Ltd (“SZ Highpower”)	PRC October 8, 2002	100%	Manufacturing & marketing of batteries
Highpower Energy Technology (Huizhou) Co., Ltd (“HZ Highpower”)	PRC January 29, 2008	100%	Inactive
Springpower Technology (Shenzhen) Co., Ltd (“SZ Springpower”)	PRC June 4, 2008	100%	Research & manufacturing of batteries

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Stated in US Dollars)

1. Organization and basis of presentation (continued)

Ganzhou Highpower Technology Co., Ltd ("GZ Highpower")	PRC September 21, 2010	60%	Processing, marketing and research of battery materials
Icon Energy System Co., Ltd. ("ICON")	PRC February 23, 2011	100%	Research and production of advanced battery packs and systems
Huizhou Highpower Technology Co., Ltd ("HZ HTC")	PRC March 8, 2012	100%	Manufacturing & marketing of batteries

2. Summary of significant accounting policies

Basis of presentation

The accompanying consolidated balance sheet as of December 31, 2012, which has been derived from audited financial statements, and the unaudited interim consolidated financial statements as of September 30, 2013 and for the three and nine month periods ended September 30, 2013 and 2012 have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and disclosures, which are normally included in financial statements prepared in accordance with United States generally accepted accounting principles (U.S. GAAP), have been condensed or omitted pursuant to such rules and regulations, although we believe that the disclosures made are adequate to provide for fair presentation. The interim financial information should be read in conjunction with the Financial Statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, previously filed with the SEC.

In the opinion of management, all adjustments (which include normal recurring adjustments) necessary to present a fair statement of the Company's consolidated financial position as of September 30, 2013, its consolidated results of operations and cash flows for the nine month periods ended September 30, 2013 and 2012, as applicable, have been made. The interim results of operations are not necessarily indicative of the operating results for the full fiscal year or any future periods.

Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Stated in US Dollars)

2. Summary of significant accounting policies(continued)

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include revenues; the allowance for doubtful receivables; recoverability of the carrying amount of inventory; fair values of financial instruments; and the assessment of deferred tax assets or liabilities. These estimates are often based on complex judgments and assumptions that management believes to be reasonable but are inherently uncertain and unpredictable. Actual results could differ from these estimates.

Concentrations of credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of accounts receivable. The Company extends credit based on an evaluation of the customer's financial condition, generally without requiring collateral or other security. In order to minimize the credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Further, the Company reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Company considers that the Company's credit risk is significantly reduced.

During the nine months ended September 30, 2013 and 2012, there was one customer, Energizer Holdings, Inc., that accounted for 10% or more of total net sales. The percentages of total net sales to Energizer Holdings, Inc. in the nine months ended September 30, 2013 and 2012 were 11.3% and 16.1%, respectively.

One of the Company's third-party customers accounted for 10% or more of total accounts receivable. The top third-party customer accounted for 9.8% of the accounts receivable as of September 30, 2013 and 16% of the accounts receivable as of December 31, 2012.

Cash and cash equivalents

Cash and cash equivalents include all cash, deposits in banks and other liquid investments with initial maturities of three months or less.

Restricted cash

Certain cash balances are held as security for notes payable and are classified as restricted cash in the Company's consolidated balance sheets.

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Stated in US Dollars)

2. Summary of significant accounting policies(continued)

Accounts receivable

Accounts receivable are stated at the original amount less an allowance made for doubtful receivables, if any, based on a review of all outstanding amounts at period end. An allowance is also made when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off when identified. The Company extends unsecured credit to customers in the normal course of business and believes all accounts receivable in excess of the allowances for doubtful receivables to be fully collectible. The Company does not accrue interest on trade accounts receivable.

Inventories

Inventories are stated at lower of cost or market. Cost is determined using the weighted average method. Inventory includes raw materials, packing materials, consumables, work in progress and finished goods. The variable production overhead is allocated to each unit of production on the basis of the actual use of the production facilities. The allocation of fixed production overhead to the costs of conversion is based on the normal capacity of the production facilities.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use. Maintenance, repairs and betterments, including replacement of minor items, are charged to expense; major additions to physical properties are capitalized.

Depreciation of plant and equipment is provided using the straight-line method over their estimated useful lives at the following annual rates:

Buildings	5% - 10%
Furniture, fixtures and office equipment	20%
Leasehold improvement	33%
Machinery and equipment	10%
Motor vehicles	20%

Upon sale or disposal, the applicable amounts of asset cost and accumulated depreciation are removed from the accounts and the net amount less proceeds from disposal is charged or credited to income.

Construction in progress represents capital expenditures for direct costs of construction or acquisition and design fees incurred, and the interest expense directly related to the construction. Capitalization of these costs ceases and the construction in progress is transferred to the appropriate category of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. Construction in progress is not depreciated.

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Stated in US Dollars)

2. Summary of significant accounting policies (continued)

Land use rights, net

Land use rights represent payments for the rights to use certain parcels of land for a certain period of time in the PRC. Land use rights are carried at cost and charged to expense on a straight-line basis over the period the rights are granted.

Intangible assets

Intangible assets represent a royalty-bearing, non-exclusive license to use certain patents owned by Ovonic Battery Company, Inc. ("Ovonic"), an unrelated party, to manufacture rechargeable nickel metal hydride batteries for portable consumer applications ("Consumer Batteries") in the PRC, and a royalty-bearing, non-exclusive worldwide license to use certain patents owned by Ovonic to manufacture, sell and distribute Consumer Batteries. The value of the licenses was established based on historic acquisition costs.

An exclusive proprietary technology contributed by the four founding management members of GZ Highpower in exchange for the paid-in capital of GZ Highpower is recorded at the four management members' historical cost basis of nil.

Intangible assets are amortized over their estimated useful lives, and are reviewed annually for impairment, or more frequently, if indications of possible impairment exist.

Deferred Revenue

Deferred revenue represents the government grants received related to developing property, and will be recognized over the useful lives of the assets. The Company received a grant of \$666,613 on May 28, 2012 from the Department of Industry and Information Technology for the construction of the new factory in Ganzhou City, Jiangxi Province, PRC. The Company will apply the deferred revenue to reduce the cost basis of the assets, upon completion of construction of the warehouse, thus reducing the annual depreciation charge over the estimated useful life of the property, plant and equipment of the new factory.

Revenue recognition

The Company recognizes revenue when all of the following criteria exist: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) price to the buyer is fixed or determinable; and (4) collectability is reasonably assured.

The Company does not have arrangements for returns from customers and does not have any future obligations directly or indirectly related to product resale by customers. The Company has no incentive programs.

Research and development

Research and development expenses include expenses directly attributable to the conduct of research and development programs, including the expenses of salaries, employee benefits, materials, supplies, and maintenance of research equipment. All expenditures associated with research and development are expensed as incurred.

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Stated in US Dollars)

2. Summary of significant accounting policies(continued)

Advertising

Advertising, which generally represents the cost of promotions to create or stimulate a positive image of the Company or a desire to buy the Company's products and services, is expensed as incurred. No advertising expense was recorded for the nine months ended September 30, 2013 and 2012.

Share-Based Compensation

The Company recognizes compensation expense associated with the issuance of equity instruments to employees for their services. The fair value of each award is estimated on the date of grant using the Black-Scholes option valuation model and is expensed in the financial statements over the vesting period. The input assumptions used in determining fair value are the expected life, expected volatility, risk-free rate and the dividend yield.

Share-based compensation associated with the issuance of equity instruments to non-employees is measured with the fair value of the equity instrument issued or committed to be issued, as this is more reliable than the fair value of the services received. The fair value is measured at the date that the commitment for performance by the counterparty has been reached or the counterparty's performance is complete.

Income taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

Uncertain tax positions

The Company accounts for uncertainty in income taxes using a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. The Company classifies the liability for unrecognized tax benefits as current to the extent that the Company anticipates payment (or receipt) of cash within one year. Interest and penalties related to uncertain tax positions are recognized and recorded as necessary in the provision for income taxes. There were no uncertain tax positions as of September 30, 2013 and December 31, 2012.

Comprehensive income

Recognized revenue, expenses, gains and losses are included in net income or loss. Although certain changes in assets and liabilities are reported as separate components of the equity section of the consolidated balance sheet, such items, along with net income, are components of comprehensive income or loss. The components of other comprehensive income or loss consisted solely of foreign currency translation adjustments, net of the income tax effect.

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Stated in US Dollars)

2. Summary of significant accounting policies (continued)

Foreign currency translation and transactions

Highpower's functional currency is the United States dollar ("US\$"). HKHTC's functional currency is the Hong Kong dollar ("HK\$"). The functional currency of the Company's subsidiaries in the PRC is the Renminbi ("RMB").

At the date a foreign currency transaction is recognized, each asset, liability, revenue, expense, gain, or loss arising from the transaction is measured initially in the functional currency of the recording entity by use of the exchange rate in effect at that date. The increase or decrease in expected functional currency cash flows upon settlement of a transaction resulting from a change in exchange rates between the functional currency and the currency in which the transaction is denominated is recognized as foreign currency transaction gain or loss that is included in determining net income for the period in which the exchange rate changes. At each balance sheet date, recorded balances that are denominated in a foreign currency are adjusted to reflect the current exchange rate.

The Company's reporting currency is US\$. Assets and liabilities of HKHTC and the PRC subsidiaries are translated at the current exchange rate at the balance sheet dates, revenues and expenses are translated at the average exchange rates during the reporting periods, and equity accounts are translated at historical rates. Translation adjustments are reported in other comprehensive income.

Fair value of financial instruments

The carrying values of the Company's financial instruments, including cash and cash equivalents, restricted cash, trade and other receivables, deposits, trade and other payables, and bank borrowings, approximate their fair values due to the short-term maturity of such instruments.

The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

The Company establishes a fair value hierarchy that requires maximizing the use of observable inputs and minimizing the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The Company measures fair value using three levels of inputs that may be used to measure fair value:

-Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

-Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

-Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
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2. Summary of significant accounting policies (continued)

Derivatives

From time to time the Company may utilize foreign currency forward contracts to reduce the impact of foreign currency exchange rate risk. Management considered that the foreign currency forwards did not meet the criteria for designated hedging instruments and hedged transactions to qualify for cash flow hedge or fair value hedge accounting. The currency forwards therefore are accounted for as derivatives, with fair value changes reported as gain (loss) of derivative instruments in the income statement. The fair value balance of the foreign currency derivatives assets was \$139,966 and \$255,508 as of September 30, 2013 and December 31, 2012, respectively.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing income attributable to holders of common shares by the weighted average number of common shares outstanding during the period. Diluted earnings per common share reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares.

There were 565,000 and 727,500 options and warrants outstanding as of September 30, 2013 and 2012, respectively, which were not included in the calculation of diluted earnings per share for the periods ended September 30, 2013 and 2012 because their exercise price would be above average market value.

Recently issued accounting pronouncements

As of November 14, 2013, the Financial Accounting Standards Board ("FASB") issued ASU No. 2012-01 through ASU 2013-11, which are not expected to have a material impact on the consolidated financial statements upon adoption.

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3. Accounts receivable, net

As of September 30, 2013 and December 31, 2012, accounts receivable consisted of the following:

	<i>September 30,</i> 2013	<i>December 31,</i> 2012
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$	\$
Accounts receivable	35,689,291	27,353,677
Less: allowance for doubtful debts	2,027,869	2,029,778
	<u>33,661,422</u>	<u>25,323,899</u>

The Company reversed bad debt expenses of \$3,643 during the nine months ended September 30, 2013 and experienced bad debt expense of \$1,156,434 during the nine months ended September 30, 2012.

The Company wrote off accounts receivable of \$1,713 and \$102,353, respectively, in the nine months ended September 30, 2013 and 2012.

The account receivable attributable to SZ Springpower, with a carrying amount of \$13,938,117, was pledged as collateral for bank loans as of September 30, 2013.

4. Prepayments

	<i>September 30,</i> 2013	<i>December 31,</i> 2012
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$	\$
Purchase deposits paid	3,150,290	1,120,911
Advance to staff	173,688	70,882
Other deposits and prepayments	1,322,394	1,261,523
Valued-added tax prepayment	991,952	770,479
	<u>5,638,324</u>	<u>3,223,795</u>

Other deposits and prepayments represent deferred expenses and prepayments to services providers.

5. Other receivables

	<i>September 30,</i> 2013	<i>December 31,</i> 2012
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$	\$
Deposit for land use right	515,014	507,592
Others	309,254	295,315
	<u>824,268</u>	<u>802,907</u>

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
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6. Inventories

	<i>September 30,</i> 2013	<i>December 31,</i> 2012
	<i>(Unaudited)</i>	
	\$	\$
Raw materials	4,419,967	4,237,094
Work in progress	1,975,098	2,678,471
Finished goods	10,403,389	9,647,671
Packing materials	20,379	12,727
Consumables	<u>336,171</u>	<u>143,844</u>
	<u>17,155,004</u>	<u>16,719,807</u>

Where there is evidence that the utility of inventories, in their disposal in the ordinary course of business, will be less than cost, whether due to physical deterioration, obsolescence, changes in price levels, or other causes, the inventories are written down to fair value. \$138,213 and \$431,470 was written down for inventories in the nine months ended September 30, 2013 and 2012, respectively.

7. Property, plant and equipment, net

	<i>September 30,</i> 2013	<i>December 31,</i> 2012
	<i>(Unaudited)</i>	
	\$	\$
Cost		
Construction in progress	26,715,438	20,769,452
Furniture, fixtures and office equipment	3,200,418	3,066,411
Leasehold improvement	850,424	99,477
Machinery and equipment	17,879,541	15,807,695
Motor vehicles	1,378,875	1,316,717
Building	<u>824,549</u>	<u>271,921</u>
	50,849,245	41,331,673
Less: accumulated depreciation	<u>9,480,723</u>	<u>7,869,304</u>
	<u>41,368,522</u>	<u>33,462,369</u>

The Company recorded depreciation expenses of \$1,722,992 and \$1,565,147 for the nine months ended September 30, 2013 and 2012, respectively, and \$621,589 and \$633,433 for the three months ended September 30, 2013 and 2012, respectively.

The capitalized interest recognized in construction in progress was \$nil and \$1,038,284 for the nine months ended September 30, 2013 and 2012, respectively.

The real estate properties comprising the HuiZhou facilities were pledged as collateral for bank loans as of September 30, 2013. The carrying amount of the real property was estimated to be \$10,812,562. No property, plant and equipment was pledged as collateral for bank loans as of December 31, 2012.

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
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8. Land use rights, net

	<i>September 30,</i> 2013	<i>December 31,</i> 2012
	<i>(Unaudited)</i>	
	\$	\$
Cost		
Land located in Huizhou	3,496,388	3,446,001
Land located in Ganzhou	1,364,010	1,344,353
	4,860,398	4,790,354
Accumulated amortization	(445,278)	(367,006)
Net	4,415,120	4,423,348

As of September 30, 2013, land use rights of the Company included certain parcels of land located in Huizhou City, Guangdong Province, PRC and Ganzhou City, Jiangxi Province, PRC. Land use rights for land in Huizhou City with an area of approximately 126,605 square meters and in Ganzhou City with an area of approximately 58,669 square meters will expire on May 23, 2057 and January 4, 2062, respectively.

Land use rights are being amortized annually using the straight-line method over a contract term of 50 years. Estimated amortization for the coming years is as follows

	\$
Remaining 2013	24,302
2014	97,208
2015	97,208
2016	97,208
2017	97,208
2018 and thereafter	4,001,986
	4,415,120

The Company recorded amortization expenses of \$72,104 and \$66,332 for the nine months ended September 30, 2013 and 2012, respectively, and \$24,214 and \$23,502 for the three months ended September 30, 2013 and 2012, respectively.

The land use right for land located in Huizhou City was pledged as collateral for bank loans as of September 30, 2013 and December 31, 2012.

9. Intangible asset

	<i>September 30,</i> 2013	<i>December 31,</i> 2012
	<i>(Unaudited)</i>	
	\$	\$
Cost		
Consumer battery license fee	1,000,000	1,000,000
Accumulated amortization	(337,500)	(300,000)
Net	662,500	700,000

The Company is amortizing the \$1,000,000 cost of the Consumer Battery License agreement with Ovonic over a period of 20 years on the straight line basis over the estimated useful life of the underlying technology, which is based on the Company's assessment of existing battery technology, current trends in the battery business, potential developments and improvements, and the Company's current business plan.

As of September 30, 2013, the Company had an exclusive proprietary technology with historical cost of zero but still in use. The exclusive proprietary technology was contributed by four founding management members of GZ Highpower in exchange for the paid-in capital of GZ Highpower. The historical cost basis was recorded at \$nil at the four management members' historical cost basis.

Amortization expenses included in selling and distribution expenses were \$37,500 for the nine months ended September 30, 2013 and 2012, and \$12,500 for the three months ended September 30, 2013 and 2012.

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
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10. Other payables and accrued liabilities

	<i>September 30,</i> 2013	<i>December 31,</i> 2012
	<i>(Unaudited)</i>	
	\$	\$
Accrued expenses	3,674,365	3,197,899
Royalty payable	578,455	570,120
Sales deposits received	1,560,732	430,503
Other payables	1,010,323	287,396
	6,823,875	4,485,918

11. Taxation

The Company and its subsidiaries file tax returns separately.

1) VAT

Pursuant to the Provisional Regulation of the PRC on VAT and the related implementing rules, all entities and individuals ("taxpayers") that are engaged in the sale of products in the PRC are generally required to pay VAT at a rate of 17% of the gross sales proceeds received, less any deductible VAT already paid or borne by the taxpayers. Further, when exporting goods, the exporter is entitled to a portion of or all the refund of VAT that it has already paid or incurred. The Company's PRC subsidiaries are subject to VAT at 17% of their revenues.

2) Income tax

United States

Highpower was incorporated in Delaware and is subject to U.S. federal income tax with a system of graduated tax rates ranging from 15% to 35%. As Highpower does not conduct any business in the U.S. or Delaware, it is not subject to U.S. or Delaware state corporate income tax. No deferred U.S. taxes are recorded since all accumulated profits in the PRC will be permanently reinvested in the PRC.

Hong Kong

HKHTC, which is incorporated in Hong Kong, is subject to a corporate income tax rate of 16.5%.

PRC

In accordance with the relevant tax laws and regulations of the PRC, a company registered in the PRC is subject to income taxes within the PRC at the applicable tax rate on the taxable income.

SZ Highpower has obtained the approval and is qualified as a New and High-Tech Enterprise ("NHTE") by the Shenzhen Tax Bureau and according to the PRC Enterprise Income Tax Law. It is eligible to enjoy a preferential tax rate of 15% for the calendar years 2013 and 2012. All the other PRC subsidiaries are not entitled to any tax holiday. They were subject to income tax at a rate of 25% for calendar years 2013 and 2012.

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Stated in US Dollars)

11. Taxation (continued)

The components of the provision for income taxes are:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>September 30,</i>		<i>September 30,</i>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$	\$	\$	\$
Current	311,110	407,729	656,165	717,351
Deferred	60,913	119,218	(76,813)	225,862
Total	<u>372,023</u>	<u>526,947</u>	<u>579,352</u>	<u>943,213</u>

The reconciliation of income taxes expenses computed at the statutory tax rate applicable to the Company to income tax expenses is as follows:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>September 30,</i>		<i>September 30,</i>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$	\$	\$	\$
Income before tax	1,080,808	1,123,426	717,057	1,996,074
Provision for income taxes at applicable income tax rate	271,265	332,408	168,845	566,510
Effect of preferential tax rate	(32,272)	(128,418)	11,698	(301,863)
Non-deductible expenses	22,092	63,798	65,791	176,575
Change in valuation allowance	110,938	259,159	333,018	501,991
Effective enterprise income tax	<u>372,023</u>	<u>526,947</u>	<u>579,352</u>	<u>943,213</u>

3) Deferred tax assets

Deferred tax assets and deferred tax liabilities reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the tax bases used for income tax purpose. The following represents the tax effect of each major type of temporary difference.

	<i>September 30,</i>	<i>December 31,</i>
	<u>2013</u>	<u>2012</u>
	<i>(Unaudited)</i>	
	\$	\$
Tax loss carry-forward	2,413,161	2,025,888
Allowance for doubtful receivables	72,366	72,124
Allowance for inventory obsolescence	147,922	111,227
Fair value change of currency forwards	(20,995)	(11,372)
Difference for sales cut-off	53,254	49,364
Deferred Revenue	167,711	165,295
Total gross deferred tax assets	2,833,419	2,412,526
Valuation allowance	(1,982,408)	(1,649,572)
Total net deferred tax assets	<u>851,011</u>	<u>762,954</u>

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
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12. Notes payable

Notes payable are presented to certain suppliers as a payment against the outstanding trade payables. These notes payable are bank guarantee promissory notes which are non-interest bearing and generally mature within six months. The outstanding bank guarantee promissory notes are secured by restricted cash deposited in banks. Outstanding notes payable were \$26,996,368 and \$26,397,200 as of September 30, 2013 and December 31, 2012, respectively.

13. Short-term loans

	<i>September 30,</i> 2013	<i>December 31,</i> 2012
	<i>(Unaudited)</i>	
	\$	\$
Short-term bank loans guaranteed and repayable within one year	35,369,536	20,478,604

As of September 30, 2013, the above bank borrowings were for working capital purposes and were secured by personal guarantees executed by certain directors of the Company, a land use right with a carrying amount of \$3,094,303, real properties with a carrying amount of \$10,812,562 and a trade receivable with a carrying amount of \$13,938,117.

The loans were primarily obtained for general working capital. Carried interest rates range from 1.3% to 7.2% per annum.

14. Lines of credit

The Company entered into various credit contracts and revolving lines of credit, which were used for short-term loans and bank acceptance bills. The following tables summarize the unused lines of credit as of September 30, 2013 and December 31, 2012:

<i>Lender</i>	<i>September 30, 2013 (Unaudited)</i>			
	<i>Starting date</i>	<i>Maturity date</i>	<i>Line of credit</i>	<i>Unused line of credit</i>
			\$	\$
Industrial and Commercial Bank of China	7/26/2012	7/25/2015	6,513,066	1,791,093
China Citic Bank	3/29/2013	3/29/2014	7,327,200	5,703,818
Ping An Bank Co., Ltd	12/7/2012	11/21/2013	22,795,734	17,992,347
Bank of China	1/25/2013	1/25/2014	3,663,600	221,444
Bank of China	1/10/2013	1/10/2014	12,619,067	79,258
China Everbright Bank	5/30/2013	5/29/2014	6,513,067	8,793
China Everbright Bank	9/4/2013	9/3/2014	1,139,787	-
Industrial Bank Co., LTD	7/24/2013	7/24/2014	8,141,334	6,513,067
Jiang Su Bank Co., LTD	6/21/2013	6/20/2014	4,884,800	-
Shanghai Commercial & Saving Bank	8/29/2013	8/29/2014	3,000,000	1,250,000
Industrial and Commercial Bank of China (MACAU) LIMITED	7/29/2013	1/29/2013	7,092,912	3,084,127
Total			83,690,567	36,643,947

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
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14. **Lines of credit (continued)**

<i>Lender</i>	<i>December 31, 2012</i>			
	<u>Starting date</u>	<u>Maturity date</u>	<u>Line of credit</u>	<u>Unused line of credit</u>
			\$	\$
Bank of China	1/13/2012	1/12/2013	8,024,008	457,047
Wing Lung Bank Ltd.	3/29/2012	3/28/2013	2,600,000	-
Wing Lung Bank Ltd.	4/20/2012	4/19/2013	2,709,398	-
Shanghai Commercial & Savings Bank	7/31/2012	6/7/2013	4,000,000	-
Shanghai Commercial & Savings Bank	8/29/2012	8/29/2013	2,600,000	850,000
Shanghai Commercial & Savings Bank	9/7/2012	9/6/2013	6,000,000	3,000,000
Industrial and Commercial Bank of China	7/26/2012	7/25/2015	6,419,206	2,321,345
Ping An Bank Co., Ltd	12/7/2012	11/21/2013	22,467,222	13,645,467
China Everbright Bank	8/1/2012	7/31/2013	8,024,008	8,024,008
China Resources Bank Of Zhuhai	4/28/2012	4/28/2013	6,419,206	6,419,206
Total			69,263,048	34,717,073

The lines of credits from Bank of China, Industrial and Commercial Bank of China, China Everbright Bank, Ping An Bank Co., Ltd and China Citic Bank are guaranteed by the Company's Chief Executive Officer, Mr. Dang Yu Pan.

Certain of the agreements governing the Company's loans include standard affirmative and negative covenants, including restrictions on granting additional pledges on the Company's property and incurring additional debt and obligations to provide advance notice of major corporate actions, and other covenants including: that the borrower may not serve as a guarantor for more than double its net assets; that the borrower is restricted in certain circumstances from using the loans in connection with related party transactions or other transactions with affiliates; that the borrower must provide monthly reports to certain lenders describing the actual use of loans; that the borrower may need to obtain approval to engage in major corporate transactions; and that the borrower may need to obtain approval to increase overseas investments, guarantee additional debt or incur additional debt by an amount which exceeds 20% of its total net assets should the lender determine that such action would have a material impact on the ability of the borrower to repay the loan. The covenants in these loan agreements could prohibit the Company from incurring any additional debt without consent from its lenders. The Company believes it would be able to obtain consents from the lenders in the event it needed to do so. The agreements governing the Company's loans may also include covenants that, in certain circumstances, may require the Company's PRC operating subsidiaries to give notice to, or obtain consent from, certain of their lenders prior to making a distribution of net profit, as well as covenants restricting the ability of the Company's PRC operating subsidiaries from extending loans. As of September 30, 2013 and December 31, 2012, the Company was in compliance with all material covenants in its loan agreements.

15. **Long-term loans**

	<i>September 30,</i>	<i>December 31,</i>
	<u>2013</u>	<u>2012</u>
	<u>(Unaudited)</u>	
	\$	\$
Long term loans from Bank of China	6,350,240	7,703,048
Less: current portion of long-term borrowings	1,953,920	1,925,762
Long- term bank loans, net of current portion	<u>4,396,320</u>	<u>5,777,286</u>

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15. Long-term loans (continued)

On January 13, 2012, the Company borrowed \$7,954,437 (RMB50 million) from the Bank of China, which is guaranteed by the Company's Chief Executive Officer, Mr. Dang Yu Pan. It is a five-year long-term loan, with an annual interest rate of 7.04%, which was equal to 110% of the benchmark-lending rate of the People's Bank of China ("PBOC") as of September 30, 2013. Interest expenses are to be paid quarterly.

The interest expenses were \$404,965 and \$318,424 for the nine months ended September 30, 2013 and 2012, respectively, and \$122,741 and \$149,637 for the three months ended September 30, 2013 and 2012, respectively.

The principal is to be repaid quarterly from September 30, 2012. 2% of the principal was repaid on each of September 30, 2012 and December 30, 2012, respectively. Thereafter 6% of the principal is to be repaid every quarter after December 31, 2012 until the maturity date. The repayment schedule of the principal is summarized as in below table:

	\$
Remaining 2013	488,480
2014	1,953,920
2015	1,953,920
2016	1,953,920
	<u>6,350,240</u>

16. Share-based compensation expenses

2008 Omnibus Incentive Plan

The 2008 Omnibus Incentive Plan (the "2008 Plan") was approved by the Company's Board of Directors on October 29, 2008 to be effective as such date, subject to approval of the Company's stockholders which occurred on December 11, 2008. The 2008 Plan has a ten year term. The 2008 Plan reserves two million shares of common stock for issuance, subject to adjustment in the event of a recapitalization in accordance with the terms of the 2008 Plan.

The 2008 Plan authorizes the issuance of awards including stock options, restricted stock units (RSUs), restricted stock, unrestricted stock, stock appreciation rights (SARs) and other equity and/or cash performance incentive awards to employees, directors, and consultants of the Company. Subject to certain restrictions, the Compensation Committee of the Board of Directors has broad discretion to establish the terms and conditions for awards under the 2008 Plan, including the number of shares, vesting conditions and the required service or performance criteria. Options and SARs may have a contractual term of up to ten years and generally vest over three to five years with an exercise price equal to the fair market value on the date of grant. Incentive stock options (ISOs) granted must have an exercise price greater to or greater than the fair market value of the Company's common stock on the date of grant. Repricing of stock options and SARs is permitted without stockholder approval. If a particular award agreement so provides, certain change in control transactions may cause such awards granted under the 2008 Plan to vest at an accelerated rate, unless the awards are continued or substituted for in connection with the transaction. As of September 30, 2013, approximately 1,268,000 shares of our common stock remained available for issuance pursuant to awards (other than outstanding awards) under the 2008 Plan.

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16. **Share-based compensation expenses (continued)**
Share-based compensation related to employees

	<i>Number of Shares</i>	<i>Weighted Average Exercise Price</i>	<i>Remaining Contractual Term in Years</i>
Outstanding, January 1, 2013	665,000	\$ 2.81	
Granted	-	\$ -	
Exercised	-	\$ -	
Forfeited	<u>100,000</u>	<u>\$ 1.15</u>	
Outstanding, September 30, 2013	<u>565,000</u>	<u>\$ 3.10</u>	<u>7.45</u>
Exercisable, September 30, 2013	275,000	\$ 3.24	7.40

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16. Share-based compensation expenses (continued)

Share-based compensation related to employees (continued)

During the nine months ended September 30, 2013, the Company did not grant any new options to employees. During the nine months ended September 30, 2013, one employee resigned and options to purchase a total of 100,000 shares were forfeited in the accordance with the terms and conditions of the 2008 Plan.

The weighted-average fair value of options granted to employees for the nine months ended September 30, 2012 was \$0.74 per share as calculated using the Black Scholes pricing model, with the following weighted-average assumptions. No options were granted during the nine months ended September 30, 2013.

	<i>Nine months ended</i>	
	<i>September 30,</i>	
	<u>2013</u>	<u>2012</u>
Expected volatility	-	71.78%
Risk-free interest rate	-	1.09%
Expected term from grant date (in years)	-	6.25
Dividend rate	-	-
Forfeiture rate	-	4.86%
Fair value	-	\$ 0.74

The estimated fair value of share-based compensation to employees is recognized as a charge against income on a ratable basis over the requisite service period, which is generally the vesting period of the award.

Expected Term

The expected term of stock options represents the weighted-average period that the stock options are expected to remain outstanding. There have been no stock option exercises to date upon which to base an estimate of the expected term. The Company determined it appropriate to estimate the expected term using the "simplified" method as prescribed by the SEC in Staff Accounting Bulletin No. 107, or SAB 107, as amended by SAB 110. The simplified method determines an expected term based on the average of the weighted average vesting term and the contractual term of the option.

Expected Volatility

The expected volatilities used for the three and nine month periods ended September 30, 2013 and 2012 are based upon the volatilities of a peer group of comparable publicly traded companies. This peer group was selected by the Company using criteria including similar industry, similar stage of development and comparable market capitalization.

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
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16. Share-based compensation expenses(continued)

Risk-Free Interest Rate

The risk-free interest rate assumption is based on U.S. Treasury instruments with a term consistent with the expected term of the Company's stock options.

Dividend Yield

The Company has never declared or paid any cash dividends and does not plan to pay cash dividends in the foreseeable future, and therefore, used an expected dividend yield of zero in the valuation model.

Forfeitures

The Company estimates forfeitures at the time of grant and revises the estimates in subsequent periods if actual forfeitures differ from what was estimated. The Company uses historical data to estimate pre-vesting option forfeitures and records share-based compensation expense only for those awards that are expected to vest. All share-based payment awards are amortized on a ratable basis over the requisite service periods of the awards, which are generally the vesting periods. The Company records share-based compensation expense only for those awards that are expected to vest.

Share-based compensation related to non-employees

On July 15, 2013, the Company entered into an agreement with a consulting firm. In return for the consulting firm's financial advisory service in the coming two years, the Company issued an aggregate of 150,000 shares of the Company's common stock to the consulting firm on August 15, 2013. The shares were fully vested upon issuance. The fair value of the shares was \$171,000 which was based on the closing market price of the Company's common stock on August 15, 2013. The share-based compensation would be amortized during a two year period.

Pursuant to the above agreement, the Company would also issue another 150,000 shares of the Company's common stock to the consulting firm after a specific financing target is completed. Neither were the shares issued nor was the consulting firm's performance completed as of September 30, 2013. However, the consulting firm was considered to have a performance commitment as of July 15, 2013 because of sufficiently large disincentives for nonperformance. Hence, July 15, 2013 was considered to be the measurement date of the shares. The fair value of the shares was zero which was the lowest aggregate amount in the case of failure to accomplish the specific financing target.

Pursuant to the above agreement, the Company would issue to the consulting firm five year warrants to purchase 200,000 shares of the Company's common stock within 180 days upon execution of the agreement in return for the financial advisory service in the coming two years. Neither were the warrants issued nor was the consulting firm's performance completed as of September 30, 2013. Besides, the consulting firm was considered to have no performance commitment because no specific target is the prerequisite of the warrants. Hence, no share-based compensation for the warrants was recognized as of September 30, 2013.

Total share-based payment expenses

As of September 30, 2013 the gross amount of unrecognized share-based compensation expense relating to unvested share-based awards held by employees was approximately \$0.3 million, which the Company anticipates recognizing as a charge against income over a weighted average period of 1.01 years.

In connection with the grant of stock options to employees and nonemployees, and the issuance of fully vested shares to nonemployees, the Company recorded share-based compensation charges of \$46,830, \$nil, and \$17,813 respectively, for the three-month period ended September 30, 2013 and share-based compensation charges of \$52,030,\$266 and nil, respectively, for the three-month period ended September 30, 2012. The Company recorded share-based compensation charges of \$141,037, \$502 and \$17,813, respectively, for the nine-month period ended September 30, 2013 and share-based compensation charges of \$144,661, \$798 and \$nil, respectively, for the nine-month period ended September 30, 2012.

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Stated in US Dollars)

17. Earnings per share

Basic earnings per common share is computed by dividing income available to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per common share is computed by dividing income available to common stockholders by the weighted-average number of shares of common stock outstanding during the period increased to include the number of additional shares of common stock outstanding that would have been outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include outstanding stock options, warrants. The dilutive effect of potential dilutive securities is reflected in diluted earnings per common share by application of the treasury stock method. Under the treasury stock method, an increase in the fair market value of the Company's common stock can result in a greater dilutive effect from potentially dilutive securities. The Company excludes potential shares of common stock in the diluted EPS computation in periods of losses from continuing operations, as their effect would be anti-dilutive.

The following table sets forth the computation of basic and diluted earnings per common share for the nine months ended September 30, 2013 and 2012, and the three months ended September 30, 2013 and 2012.

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>September 30,</i>		<i>September 30,</i>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$	\$	\$	\$
Numerator:				
Net income attributable to the Company	<u>742,228</u>	<u>644,362</u>	<u>242,637</u>	<u>1,151,261</u>
Denominator:				
Weighted-average shares outstanding				
- Basic and diluted	<u>13,657,930</u>	<u>13,582,106</u>	<u>13,607,474</u>	<u>13,582,106</u>
Earnings per common share				
- Basic and diluted	<u>0.05</u>	<u>0.05</u>	<u>0.02</u>	<u>0.08</u>

Diluted earnings per share takes into account the potential dilution that could occur if securities or other contracts to issue common stock were exercised and converted into common stock. 565,000 shares of common stock underlying stock options were not included in the fully diluted computation for the periods ended September 30, 2013 because their exercise price would be above average market value.

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Stated in US Dollars)

18. Defined contribution plan

Full-time employees of the Company in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to employees. Chinese labor regulations require that the PRC operating subsidiaries of the Company make contributions to the government for these benefits based on certain percentages of the employees' salaries. Except for pension benefits, medical care, employee housing fund and other welfare benefits mentioned above, the Company has no legal obligation for the benefits beyond the contributions made.

The total amounts for such employee benefits, which were expensed as incurred, were \$1,257,546 and \$784,845 for the nine months ended September 30, 2013 and 2012, respectively, and \$434,486 and \$277,448 for the three months ended September 30, 2013 and 2012, respectively.

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Stated in US Dollars)

19. Commitments and contingencies

Operating leases commitments

The Company leases factory and office premises under various non-cancelable operating lease agreements that expire at various dates through years 2013 to 2016, with options to renew the leases. All leases are on a fixed repayment basis. None of the leases includes contingent rentals. Minimum future commitments under these agreements payable as of September 30, 2013 are as follows:

Remaining 2013	\$ 364,416
2014	1,431,466
2015	1,364,058
2016	<u>1,308,448</u>
	<u>\$ 4,468,388</u>

Rent expenses for the nine months ended September 30, 2013 and 2012 were \$992,054 and \$928,351 respectively, for the three months ended September 30, 2013 and 2012, rent expenses were \$361,672 and \$309,502, respectively.

Capital commitments and contingency

The Company had contracted capital commitments of \$Nil and \$791,934, for the construction of the Ganzhou plant as of September 30, 2013 and December 31, 2012, respectively.

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Stated in US Dollars)

20. Segment information

The Company uses the "management approach" in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Company's chief operating decision maker for making operating decisions and assessing performance as the source for determining the Company's reportable segments. Management, including the chief operating decision maker, reviews operating results solely by monthly revenue (but not by sub-product type or geographic area) and operating results of the Company and, as such, the Company has determined that the Company has one operating segment.

All long-lived assets of the Company are located in the PRC. Geographic information about the revenues and accounts based on the location of the Company's customers is set out as follows:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>September 30,</i>		<i>September 30,</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$	\$	\$	\$
<i>Net revenue</i>				
China (including Hong Kong)	25,308,214	15,898,377	52,936,205	43,490,979
Asia, others	3,975,389	4,814,794	11,084,009	8,279,740
Europe	6,999,347	6,975,938	22,466,996	18,782,316
North America	2,406,305	3,830,007	7,181,805	10,846,247
South America	90,849	106,759	382,215	106,759
Africa	28,877	104,409	248,275	152,599
Others	43,997	137,762	130,461	189,871
	<u>38,852,978</u>	<u>31,868,046</u>	<u>94,429,966</u>	<u>81,848,511</u>
	<i>September 30,</i>	<i>December 31,</i>		
	<i>2013</i>	<i>2012</i>		
	<i>(Unaudited)</i>			
	\$	\$		
<i>Accounts receivable</i>				
China (including Hong Kong)	20,584,987	15,575,555		
Asia, others	2,507,877	2,435,129		
Europe	10,255,488	5,537,976		
North America	270,327	1,632,644		
South America	7,272	97,097		
Africa	5,624	35,164		
Others	29,847	10,334		
	<u>33,661,422</u>	<u>25,323,899</u>		

21. Subsequent events

On October 8, 2013, the Company granted a total of 246,000 shares of restricted stocks to five board members under the 2008 Plan.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion relates to the financial condition and results of operations of Highpower International, Inc. (the "Company") and its wholly-owned subsidiary, Hong Kong Highpower Technology Company Limited ("HKHTC"), HKHTC's wholly-owned subsidiaries Shenzhen Highpower Technology Company Limited ("SZ Highpower"), Icon Energy System Company Limited ("ICON") and Huizhou Energy Technology (Huizhou) Co. ("HZ Highpower"), which has not yet commenced operations; SZ Highpower's wholly-owned subsidiary, Huizhou Highpower Technology Company Limited ("HZ HTC") and its 60%-owned subsidiary Ganzhou Highpower Technology Company Limited ("GZ Highpower"); and SZ Highpower's and HKHTC's jointly owned subsidiary, Springpower Technology (Shenzhen) Company Limited ("SZ Springpower").

Forward-Looking Statements

This management's discussion and analysis of financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and the related notes that are included in this Quarterly Report and the audited consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our Annual Report on Form 10-K for the year ended December 31, 2012 (the "Annual Report").

This report contains forward-looking statements that involve substantial risks and uncertainties. All statements other than historical facts contained in this report, including statements regarding our future financial position, results of operations, cash flows, business strategy and plans and objectives of management for future operations, are forward-looking statements. The words "anticipates," "believes," "expects," "plans," "intends," "seeks," "estimates," "projects," "predicts," "could," "should," "would," "will," "may," "might," and similar expressions, or the negative of such expressions, are intended to identify forward-looking statements. Such statements reflect management's current views with respect to future events and financial performance and involve risks and uncertainties, including, without limitation, the current economic downturn and uncertainty in the European economy adversely affecting demand for our products; fluctuations in the cost of raw materials; our dependence on, or inability to attract additional, major customers for a significant portion of our net sales; our ability to increase manufacturing capabilities to satisfy orders from new customers; our ability to maintain increased margins; changes in the laws of the PRC that affect our operations; our ability to complete construction of and to begin manufacturing operations at our new manufacturing facilities on time; our ability to control operating expenses and costs related to the construction of our new manufacturing facilities; the devaluation of the U.S. Dollar relative to the Renminbi; our dependence on the growth in demand for portable electronic devices and the success of manufacturers of the end applications that use our battery products; our responsiveness to competitive market conditions; our ability to successfully manufacture our products in the time frame and amounts expected; the market acceptance of our battery products, including our lithium products; our ability to successfully develop products for and penetrate the electric transportation market; our ability to continue R&D development to keep up with technological changes; our exposure to product liability, safety, and defect claims; rising labor costs, volatile metal prices, and inflation; changes in foreign, political, social, business and economic conditions that affect our production capabilities or demand for our products; and various other matters, many of which are beyond our control. Actual results may vary materially and adversely from those anticipated, believed, estimated or otherwise indicated should one or more of these risks or uncertainties occur or if any of the risks or uncertainties described elsewhere in this report or in the "Risk Factors" section of our Annual Report occur. Consequently, all of the forward-looking statements made in this filing are qualified by these cautionary statements and there can be no assurance of the actual results or developments.

Overview

Highpower was incorporated in the state of Delaware on January 3, 2006 and was originally organized as a "blank check" shell company to investigate and acquire a target company or business seeking the perceived advantages of being a publicly held corporation. On November 2, 2007, we closed a share exchange transaction, pursuant to which we (i) became the 100% parent of HKHTC and its wholly-owned subsidiary, SZ Highpower, (ii) assumed the operations of HKHTC and its subsidiary and (iii) changed our name to Hong Kong Highpower Technology, Inc. We subsequently changed our name to Highpower International, Inc. in October 2010.

HKHTC was incorporated in Hong Kong in 2003 under the Companies Ordinance of Hong Kong. HKHTC formed HZ Highpower and SZ Springpower in 2008. HZ Highpower has not yet commenced business operations as of November 12, 2013. In February 2011, HKHTC formed another wholly-owned subsidiary, Icon Energy System Company Limited, a company organized under the laws of the PRC, which commenced operations in July 2011.

SZ Highpower was founded in 2001 in the PRC. SZ Highpower formed GZ Highpower in September 2010. On February 8, 2012, GZ Highpower increased its registered capital from RMB2,000,000 (\$293,574) to RMB30,000,000 (\$4,853,976). SZ Highpower holds 60% of the equity interest of GZ Highpower, and the four founding management members of GZ Highpower hold the remaining 40%. As of September 30, 2013, the paid-in capital was RMB30,000,000(\$4,853,976). SZ Highpower formed HZ HTC in March 2012, which engages in the manufacture of batteries.

Through SZ Highpower, we manufacture Nickel Metal Hydride (“Ni-MH”) batteries for both consumer and industrial applications. We have developed significant expertise in Ni-MH battery technology and large-scale manufacturing that enables us to improve the quality of our battery products, reduce costs, and keep pace with evolving industry standards. In 2008, we commenced manufacturing two lines of Lithium-Ion (“Li-ion”) and Lithium polymer rechargeable batteries through SZ Springpower for higher-end, high-performance applications, such as laptops, digital cameras and wireless communication products. Our automated machinery allows us to process key aspects of the manufacturing process to ensure high uniformity and precision, while leaving the non-key aspects of the manufacturing process to manual labor.

We employ a broad network of sales staff in China and Hong Kong, which target key customers by arranging in-person sales presentations and providing post-sale services. The sales staff works with our customers to better address customers’ needs.

Critical Accounting Policies and Estimates

The Securities and Exchange Commission (“SEC”) defines critical accounting policies as those that are, in management's view, most important to the portrayal of our financial condition and results of operations and those that require significant judgments and estimates.

The preparation of these consolidated financial statements requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities at the date of our financial statements. We base our estimates on historical experience, actuarial valuations and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Some of those judgments can be subjective and complex and, consequently, actual results may differ from these estimates under different assumptions or conditions. While for any given estimate or assumption made by our management there may be other estimates or assumptions that are reasonable, we believe that, given the current facts and circumstances, it is unlikely that applying any such other reasonable estimate or assumption would materially impact the financial statements. The accounting principles we utilized in preparing our consolidated financial statements conform in all material respects to U.S. generally accepted accounting principles.

Use of Estimates. The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include revenues; the allowance for doubtful receivables; recoverability of the carrying amount of inventory; fair values of financial instruments; and the assessment of deferred tax assets or liabilities. These estimates are often based on complex judgments and assumptions that management believes to be reasonable but are inherently uncertain and unpredictable. Actual results could differ from these estimates.

Accounts Receivable. Accounts receivable are stated at original amount less allowance made for doubtful receivables, if any, based on a review of all outstanding amounts at the period end. An allowance is also made when there is objective evidence that we will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off when identified. The Company extends unsecured credit to customers in the normal course of business and believes all accounts receivable in excess of the allowances for doubtful receivables to be fully collectible. The Company does not accrue interest on trade accounts receivable.

Revenue Recognition. The Company recognizes revenue when all of the following exist: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) price to the buyer is fixed or determinable; and (4) collectability is reasonably assured.

The Company does not have arrangements for returns from customers and does not have any future obligations directly or indirectly related to product resale by the customer. We have no incentive programs.

Inventories. Inventories are stated at the lower of cost or market value. Costs are determined on a weighted-average method. Inventory includes raw materials, packing materials, work-in-process, consumables and finished goods. The variable production overhead is allocated to each unit of production on the basis of the actual use of the production facilities. The allocation of fixed production overhead to the costs of conversion is based on the normal capacity of the production facilities.

Income Taxes. The Company recognizes deferred asset and liability for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

Foreign Currency Translation and Transactions. Highpower International's functional currency is the United States dollar ("US\$"). HKHTC's functional currency is the Hong Kong dollar ("HK\$"). The functional currency of the Company's subsidiaries in the PRC is the Renminbi ("RMB").

At the date a foreign currency transaction is recognized, each asset, liability, revenue, expense, gain, or loss arising from the transaction is measured initially in the functional currency of the recording entity by use of the exchange rate in effect at that date. The increase or decrease in expected functional currency cash flows upon settlement of a transaction resulting from a change in exchange rates between the functional currency and the currency in which the transaction is denominated is recognized as foreign currency transaction gain or loss that is included in determining net income for the period in which the exchange rate changes. At each balance sheet date, recorded balances that are denominated in a foreign currency are adjusted to reflect the current exchange rate.

The Company's reporting currency is the US\$. Assets and liabilities of HKHTC and the PRC subsidiaries are translated at the current exchange rate at the balance sheet dates, revenues and expenses are translated at the average exchange rates during the reporting periods, and equity accounts are translated at historical rates. Translation adjustments are reported in other comprehensive income.

Results of Operations

Three Months Ended September 30, 2013 and 2012

Net sales for the three months ended September 30, 2013 were \$38.9 million compared to \$31.9 million for the three months ended September 30, 2012, an increase of \$7.0 million, or 21.9%. The increase was due to a \$3.6 million increase in net sales of our lithium batteries (resulting from a 39.0% increase in the volume of batteries sold, which was partly offset a 5.2% decrease in the average selling price of such batteries) and a \$3.4 million increase in net sales of our Ni-MH batteries (resulting from a 29.2% increase in the number of Ni-MH battery units sold which was partly offset a 9.3% decrease in the average selling price of such batteries), which was partly offset by a \$28,129 decrease in revenue from our new material business. The increase in the number of Ni-MH battery units sold in the three months ended September 30, 2013 was primarily attributable to increased orders from our new customers and the increase in the volume of lithium batteries sold in the three months ended September 30, 2013 was primarily attributable increased orders from existing customers due to the growth in global demand for lithium batteries.

Cost of sales mainly consists of nickel, cobalt, lithium derived materials, labor, and overhead. Costs of sales were \$31.6 million for the three months ended September 30, 2013, as compared to \$24.3 million for the comparable period in 2012. As a percentage of net sales, cost of sales increased to 81.4% for the three months ended September 30, 2013 compared to 76.1% for the comparable period in 2012. This increase was attributable to increases in labor cost.

Gross profit for the three months ended September 30, 2013 was \$7.2 million, or 18.6% of net sales, compared to \$7.6 million, or 23.9% of net sales for the comparable period in 2012. Management considers gross profit margin a key performance indicator in managing our business. Gross profit margins are usually a factor of cost of sales, product mix and demand for product. This decrease was attributable to decreases in the average selling price of batteries and increases in labor cost.

To cope with pressure on our gross margins we control production costs by preparing budgets for each department and comparing actual costs with our budgeted figures monthly and quarterly. Additionally, we have reorganized the Company's production structure and have focused more attention on employee training to enhance efficiency. We also intend to expand our market share by investing in greater promotion of our products in regions such as the U.S., Russia, Europe and India, and by expanding our sales team with more experienced sales personnel. We have also begun production capacity expansion for our lithium batteries business to take advantage of the strong demand for such products globally.

Research and development expenses were approximately \$1.5 million, or 3.9% of net sales, for the three months ended September 30, 2013 as compared to approximately \$1.1 million, or 3.6% of net sales, for the comparable period in 2012, an increase of 33.5%. The increase was due to the expansion of our workforce to expand our research and development and management functions.

Selling and distribution expenses were \$1.6 million, or 4.1% of net sales, for the three months ended September 30, 2013 compared to \$1.4 million, or 4.5% of net sales, for the comparable period in 2012, an increase of 12.3%. Selling and distribution expenses increased due to the expansion of our sales force and marketing activities, including participation in industry trade shows and international travel to promote and sell our products abroad.

General and administrative expenses were \$3.0 million, or 7.6% of net sales, for the three months ended September 30, 2013, compared to \$4.0 million, or 12.7% of net sales, for the comparable period in 2012. The primary reason for the decrease was due to decreased bad debt expenses for the three months ended September 30, 2013.

We experienced a loss of \$154,453 and \$200,488 on the exchange rate difference between the U.S. Dollar and the RMB, for the three months ended September 30, 2013 and 2012, respectively. The loss in exchange rate difference was due to the appreciation of the RMB relative to the U.S. Dollar over the respective periods.

We experienced a gain on derivative instruments of \$45,033 in the three months ended September 30, 2013, which included a gain of \$39,025 on settled currency forwards and a gain of \$6,008 on unsettled currency forwards, as compared to a gain of \$207,576 for the comparable period in 2012, which included a gain of \$77,752 on settled currency forwards and a gain of \$129,824 on unsettled currency forwards.

Interest expenses were \$444,706 for the three months ended September 30, 2013, as compared to approximately \$63,935 for the comparable period in 2012. The fluctuation was due to a \$91,620 increase in interest expense related to an increase in bank borrowing, and a \$289,151 decrease in capitalized interest expenses. The decrease in capitalized interest expenses was due to completion of the construction of the Huizhou facilities. Further increases in borrowing rates would further increase our interest expense, which would have a negative effect on our results of operations.

Other income, which consists of bank interest income, government grants and sundry income, was approximately \$479,288 for the three months ended September 30, 2013, as compared to approximately \$176,265 for the comparable period in 2012, an increase of \$303,023. The increase was due to an increase in government grants and bank interest income.

During the three months ended September 30, 2013, we recorded a provision for income tax expense of \$372,023 as compared to income tax expense of \$526,947 for the comparable period in 2012. The decrease was due to the decrease in net income during the three months ended September 30, 2013.

Net income attributable to the Company (excluding net loss attributable to non-controlling interest) for the three months ended September 30, 2013 was \$742,228, compared to net income attributable to the Company (excluding net loss attributable to non-controlling interest) of \$644,362 for the comparable period in 2012.

Nine Months Ended September 30, 2013 and 2012

Net sales for the nine months ended September 30, 2013 were \$94.4 million compared to \$81.8 million for the nine months ended September 30, 2012, an increase \$12.6 million, or 15.4%. The increase was due to a \$10.5 million increase in net sales of our lithium batteries (resulting from a 47.2% increase in the volume of batteries sold, which was partly offset a 4.6% decrease in the average selling price of such batteries) and a \$1.7 million increase in net sales of our Ni-MH batteries (resulting from a 10.5% increase in the number of Ni-MH battery units sold which was partly offset a 6.6% decrease in the average selling price of such batteries) and a \$318,018 increase in revenue from our new material business. The increase in the number of Ni-MH battery units sold in the nine months ended September 30, 2013 was primarily attributable to increased orders from our new customers and the increase in the volume of lithium batteries sold in the nine months ended September 30, 2013 was primarily attributable increased orders from existing customers due to the growth in global demand for lithium batteries

Cost of sales mainly consists of nickel, cobalt, lithium derived materials, labor, and overhead. Costs of sales were \$76.7 million for the nine months ended September 30, 2013, as compared to \$64.6 million for the comparable period in 2012. As a percentage of net sales, cost of sales increased to 81.2% for the nine months ended September 30, 2013 compared to 78.9% for the comparable period in 2012. This increase was attributable to increases in labor cost.

Gross profit for the nine months ended September 30, 2013 was \$17.7 million, or 18.8% of net sales, compared to \$17.3 million, or 21.1% of net sales, for the comparable period in 2012. Management considers gross profit margin a key performance indicator in managing our business. Gross profit margins are usually a factor of cost of sales, product mix and demand for product. This decrease was attributable to increases in decreases in the average selling price of batteries and increases in labor cost.

Research and development expenses were approximately \$4.0 million, or 4.2% of net sales, for the nine months ended September 30, 2013 as compared to approximately \$3.3 million, or 4.0% of net sales, for the comparable period in 2012, an increase of 22.0%. The increase was due to the expansion of our workforce to expand our research and development and management functions.

Selling and distribution expenses were \$4.4 million, or 4.6% of net sales, for the nine months ended September 30, 2013 compared to \$3.9 million, or 4.8% of net sales, for the comparable period in 2012, an increase of 12.3%. Selling and distribution expenses increased due to the expansion of our sales force and marketing activities, including participation in industry trade shows and international travel to promote and sell our products abroad.

General and administrative expenses were \$8.4 million, or 8.9% of net sales, for the nine months ended September 30, 2013, compared to \$8.3 million, or 10.2% of net sales, for the comparable period in 2012. The increase was mainly due to the increase of staff cost and offset by decreased bad debt expense.

We experienced loss of \$374,410 and \$78,458 on the exchange rate difference between the U.S. Dollar and the RMB for the nine months ended September 30, 2013 and 2012, respectively. The loss in exchange rate difference was due to the appreciation of the RMB relative to the U.S. Dollar over the respective periods.

We experienced a gain on derivative instruments of approximately \$267,316 in the nine months ended September 30, 2013, which included a gain of \$384,508 on settled currency forwards and a loss of \$117,192 on unsettled currency forwards, as compared to a gain of \$240,532 for the comparable period in 2012, which included a gain of \$141,987 on settled currency forwards and a gain of \$98,545 on unsettled currency forwards.

Interest expenses were \$1,146,118 for the nine months ended September 30, 2013, as compared to approximately \$377,376 for the comparable period in 2012. The fluctuation was due to a \$228,456 increase in interest expense related to an increase in bank borrowing, and a \$540,286 decrease in capitalized interest expenses. The decrease in capitalized interest expenses was due to completion of the construction of the Huizhou facilities. Further increases in borrowing rates would further increase our interest expense, which would have a negative effect on our results of operations.

Other income, which consists of bank interest income, government grants and sundry income, was approximately \$976,673 for the nine months ended September 30, 2013, as compared to approximately \$404,483 for the comparable period in 2012, an increase of \$572,190. The increase was mainly due to an increase of \$ 263,595 in bank interest income and of \$ 283,187 in government grants.

During the nine months ended September 30, 2013, we recorded a provision for income tax expense of \$579,352 as compared to income tax expense of \$943,213 for the comparable period in 2012. The decrease was due to the net income during the nine months ended September 30, 2013.

Net income attributable to the Company (excluding net loss attributable to non-controlling interest) for the nine months ended September 30, 2013 was \$242,637 compared to net income attributable to the Company (excluding net loss attributable to non-controlling interest) of \$1,151,261 for the comparable period in 2012.

Foreign Currency and Exchange Risk

Though the reporting currency is the US\$, the Company maintains its financial records in the functional currency of Renminbi (“RMB”). Substantially all of our operations are conducted in the PRC and we pay the majority of our expenses in RMB. Approximately 70% of our sales are made in U.S. Dollars. During the nine months ended September 30, 2013, the exchange rate of the RMB to the U.S. Dollar appreciated 1.5% from the level at the end of December 31, 2012. Future appreciation of the RMB against the U.S. Dollar would increase our costs when translated into U.S. Dollars and could adversely affect our margins unless we make sufficient offsetting sales. Conversion of RMB into foreign currencies is regulated by the People’s Bank of China through a unified floating exchange rate system. There can be no assurance that such exchange rate will not continue to appreciate significantly against the U.S. Dollar. Exchange rate fluctuations may also affect the value, in U.S. Dollar terms, of our net assets. In addition, the RMB is not freely convertible into foreign currency and all foreign exchange transactions must take place through authorized institutions. Due to the volatility of the US Dollar to our functional currency the Company put into place in 2008 a hedging program to attempt to protect it from significant changes to the US Dollar which affects the value of its US dollar receivables and sales. As of September 30, 2013, the Company had a series of currency forwards totaling a notional amount of \$7.0 million expiring from October 2013 to September 2014. The terms of these derivative contracts are generally for 24 months or less. Changes in the fair value of these derivative contracts are recorded in earnings to offset the impact of loss on derivative instruments. The net gains of \$267,316 and \$240,532 attributable to these activities are included in “gain of derivative instruments” for the nine months ended September 30, 2013 and 2012, respectively.

Liquidity and Capital Resources

We had cash and cash equivalents of approximately \$6.4 million as of September 30, 2013, as compared to \$6.6 million as of December 31, 2012. Our funds are kept in financial institutions located in the PRC, which do not provide insurance for amounts on deposit. Moreover, we are subject to the regulations of the PRC which restrict the transfer of cash from the PRC, except under certain specific circumstances. Accordingly, such funds may not be readily available to us to satisfy obligations incurred outside the PRC.

To provide liquidity and flexibility in funding our operations, we borrow amounts under bank facilities and other external sources of financing. As of September 30, 2013, we had in place general banking facilities with eleven financial institutions aggregating \$83.7 million. The maturity of these facilities is generally less than one year. The facilities are subject to regular review and approval. Certain of these banking facilities are guaranteed by our Chief Executive Officer, Mr. Dang Yu Pan, and contain customary affirmative and negative covenants for secured credit facilities of this type. Interest rates are generally based on the banks’ reference lending rates. No significant commitment fees are required to be paid for the banking facilities. As of September 30, 2013, we had utilized approximately \$47.1 million under such general credit facilities and had available unused credit facilities of \$36.6 million.

For the nine months ended September 30, 2013, net cash provided by operating activities was approximately \$463,877, as compared to \$2.0 million for the comparable period in 2012. The net cash decrease of \$1.5 million provided by operating activities is primarily attributable to, among other items, a decrease of \$915,156 in net income, an increase of \$2.8 million in cash outflow from prepayment and a decrease of \$4.0 million in cash inflow from accounts receivable, which was significantly offset by a decrease of \$1.8 million in cash outflow from accounts payable, a decrease of \$3.2 million in cash outflow from inventories, a decrease of \$3.9 million in cash outflow from other payables and accrued liabilities.

Net cash used in investing activities was \$11.9 million for the nine months ended September 30, 2013 compared to \$11.0 million for the comparable period in 2012. The net increase of \$0.9 million of cash used in investing activities was primarily attributable to an increase in cash outflow from acquisition of plant and equipment and offset by decrease in cash outflow from acquisition of land.

Net cash provided by financing activities was \$10.9 million during the nine months ended September 30, 2013, as compared to \$8.8 million for the comparable period in 2012. The net increase of \$2.1 million in net cash provided by financing activities was primarily attributable to an increase of \$20.5 million in proceeds from short-term bank loans, a decrease of \$2.9 million in repayment of letter of credit and a decrease of \$7.0 million in restricted cash, which was partly offset by an increase of \$12.0 million in repayment of short-term bank loans, an increase of \$4.8 million in repayment of notes payable, a decrease of \$7.9 million in proceeds of long-term bank loans, an increase of \$1.4 million in repayment of long-term bank loans and a decrease of \$947,987 in proceeds from non-controlling interest.

For the nine months ended September 30, 2013 and 2012, our inventory turnover was 6.0 times and 4.2 times, respectively. The average days outstanding of our accounts receivable at September 30, 2013 was 84 days, as compared to 74 days at September 30, 2012. Inventory turnover and average days outstanding are key operating measures that management relies on to monitor our business. In the next 12 months, we expect to expand our research, development and manufacturing of lithium-based batteries and anticipate additional capital expenditures.

We are required to contribute a portion of our employees' total salaries to the Chinese government's social insurance funds, including medical insurance, unemployment insurance and job injuries insurance, and a housing assistance fund, in accordance with relevant regulations. Total contributions to the funds were approximately \$434,486 and \$277,448 in the three months ended September 30, 2013 and 2012, respectively, and \$1,257,546 and \$784,845 in the nine months ended September 30, 2013 and 2012, respectively. We expect the amount of our contribution to the government's social insurance funds to increase in the future as we expand our workforce and operations.

Based upon our present plans, we believe that cash on hand, cash flow from operations and funds available under our bank facilities will be sufficient to meet our capital needs for the next 12 months. However, our ability to maintain sufficient liquidity depends partially on our ability to achieve anticipated levels of revenue, while continuing to control costs. If we did not have sufficient available cash, we would have to seek additional debt or equity financing through other external sources, which may not be available on acceptable terms, or at all. Failure to maintain financing arrangements on acceptable terms would have a material adverse effect on our business, results of operations and financial condition.

The use of working capital is primarily for the maintenance of our accounts receivable and inventory. We provide our major customers with payment terms ranging from 10 to 90 days. Additionally, our production lead time is approximately 30 to 40 days, from the inspection of incoming materials, to production, testing and packaging. We need to keep a large supply of raw materials, work-in-process and finished goods inventory on hand to ensure timely delivery of our products to customers. We use two methods to support our working capital needs: (i) paying our suppliers under payment terms ranging from 30 to 120 days; and (ii) using short-term bank loans. Upon receiving payment for our accounts receivable, we pay our short-term loans. Our working capital management practices are designed to ensure that we maintain sufficient working capital.

Recent Accounting Pronouncements

The FASB issued ASU No. 2012-01 through ASU 2013-11, which are not expected to have a material impact on the consolidated financial statements upon adoption.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not required for a smaller reporting company.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures”, which are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO, as appropriate to allow timely decisions regarding required disclosure.

Based on an evaluation carried out as of the end of the period covered by this quarterly report, under the supervision and with the participation of our management, including our CEO and CFO, who have concluded that, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were effective as of September 30, 2013.

Changes in Internal Control over Financial Reporting

Based on the evaluation of our management as required by paragraph (d) of Rule 13a-15 of the Exchange Act, there were no changes in our internal control over financial reporting that occurred during our quarter ended September 30, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

Any investment in our common stock involves a high degree of risk. Investors should carefully consider the risks described in our Annual Report on Form 10-K as filed with the SEC on April 2, 2013 and all of the information contained in our public filings before deciding whether to purchase our common stock. Other than as set forth below, there have been no material revisions to the “Risk Factors” as set forth in our Annual Report on Form 10-K as filed with the SEC on April 2, 2012.

Item 2. Unregistered Sale of Equity Securities and Use of Proceeds

None.

Item 3. Default Upon Senior Securities

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information

Loan Contract Between SZ Highpower and Bank of Jiangsu, Shenzhen Sub-branch
Loan Contract Between SZ Springpower and Bank of Jiangsu, Shenzhen Sub-branch

On June 21, 2013, each of SZ Highpower and SZ Springpower entered into comprehensive credit line contracts with the Bank of Jiangsu, Shenzhen Sub-branch. SZ Highpower's loan agreement provides for a revolving line of credit of up to RMB20,000,000(US\$3,256,533) and SZ Springpower's loan agreement provides for a revolving line of credit of up to RMB10,000,000(US\$1,628,267). Each borrower may withdraw its loan, from time to time as needed, but must make a specific drawdown application on or before June 20, 2014, after which time the bank may cancel all or part of the facilities. Each borrower must obtain the prior written consent of the bank for adjustment if needed. SZ Highpower's loan is guaranteed by our Chief Executive Officer, Dang Yu Pan and SZ Springpower and SZ Springpower's loan is guaranteed by Dang Yu Pan and ICON.

The following constitute events of default under the loan contracts: an adverse change in the borrower's business market or a significant monetary policy change in the PRC; the occurrence of significant business difficulties or adverse changes on the financial conditions of the borrower; a termination of business, liquidation, restructuring, dissolution or bankruptcy by or of the borrower; the borrower's involvement in significant litigation, arbitration or administrative penalties, or its involvement in any other significant default with other creditors; the borrower indicates directly or by its conduct that it will not perform its obligations under the contract or other contracts with the bank; the borrower's providing of false materials or withholding of important financial or operational facts; the borrower's failure to perform its obligations under the contract or the affiliated specific credit line contract executed in connection with specific drawdowns; the borrower's violation of other contracts with the bank; the borrower's transfer of assets, retrieval of capital, denial of indebtedness or other actions that may adversely affect the bank's rights; the borrower's involvement in illegal operations; the borrower's change in corporate structure, such as a separation, merger, amalgamation, acquisition, reorganization; the borrower's loss of commercial integrity; a change in the borrower's controlling shareholder, or the occurrence of a major event to the borrower's controlling shareholders, actual controllers, legal representative, or senior management staff, including, but not limited to, involvement in or the occurrence of illegal operations, litigation, arbitration, a deteriorated financial situation, bankruptcy or dissolution; the guarantor's breach of the contract, or guarantee agreement or the occurrence of other situations that may negatively affect the guarantor's ability to guaranty the loan; or any other circumstance affect or may affect the bank's ability to collect on the loan.

Upon the occurrence of an event of default, the bank may: adjust the maximum amount of the line of credit and/or cancel the comprehensive contract, terminate the unused portion of the credit line.

Working Capital Loan Contract Between SZ Highpower and Bank of Jiangsu, Shenzhen Sub-branch
Working Capital Loan Contract Between SZ Springpower and Bank of Jiangsu, Shenzhen Sub-branch

On July 25, 2013, SZ Highpower entered into a working capital loan contract with Bank of Jiangsu, Shenzhen Sub-branch providing for an aggregate loan of RMB20,000,000 (US\$3,256,533) to be used by SZ Highpower to purchase raw materials, with a term of one year. The agreement provides that if SZ Highpower did not withdraw the loan in one lump sum on July 25, 2013, the bank may cancel all or part of the facility and refuse to extend credit pursuant to the agreement thereafter. The interest rate on the loan is a floating rate equal the one-year benchmark lending rate promulgated by the People's Bank of China, plus 20%. The interest rate will adjust every month. The loan is guaranteed by our Chief Executive Officer, Dang Yu Pan and SZ Springpower.

On September 26, 2013, SZ Springpower entered into a working capital loan contract with Bank of Jiangsu, Shenzhen Sub-branch providing for an aggregate loan of RMB10,000,000 (US\$1,628,267) to be used by SZ Springpower to purchase raw materials, with a term of one year. The agreement provides that if SZ Springpower did not withdraw the loan in one lump sum on September 26, 2013, the bank may cancel all or part of the facility and refuse to extend credit pursuant to the agreement thereafter. The interest rate charged on the loan is 7.2% per annum. The loan is guaranteed by our Chief Executive Officer, Dang Yu Pan and ICON.

The following constitute events of default under each loan contract: the inaccuracy of borrower's representations and warranties under the agreement or the borrower's failure to perform any of its obligations under the contract and related documents; the borrower's failure to timely repay the principal, interest and other payables under the contract; a termination of business, liquidation, restructuring, dissolution and bankruptcy of the borrower; the borrower's providing of false materials or withholding important financial or operational facts; the borrower's experiencing a significant financial loss or a deteriorated financial situation which might affect the bank's ability to collect on the loan; the borrower's purposeful avoidance to bank debts; the borrower's cancellation of or inability to implement the loan plan; the borrower's use of false contracts signed with related parties to obtain capital or lines of credit from the bank or other banks; the borrower's involvement in illegal operational activities; a change in the borrower's corporate structure, such as a separation, merger, amalgamation, acquisition, or reorganization; the borrower's violation of other contracts with the bank or any other third parties or involvement in litigation or arbitration regarding such contracts; the transfer of shares by the borrower's controlling shareholders, or the occurrence of a major event to the borrower's controlling shareholders, actual controllers, legal representatives, or senior management staff, including, but not limited to, involvement in or the occurrence of illegal operations, litigation, arbitration, administrative penalties, a deteriorated financial situation, bankruptcy or dissolution; the guarantor's breach of the contract or the occurrence of any other situation that may negatively affect the guarantor's ability to guaranty the loan; the occurrence of an event of default under other loan contracts or the guarantee contract with the bank; or any other circumstance affect or may affect the bank's ability to collect on the loan.

Upon the occurrence of an event of default, the bank may request the borrower rectify the event of default within a specified time period; change the method of payment under the contract; stop providing the unused loan funds, terminate the unused portion of the credit line and announce the debt outstanding under the contract immediately due and payable; announce the immediate termination of all the principal and interest under other contracts with the bank, and take back the all the bank loans immediately; hold the borrower's deposit account at the bank in custody for repayment of amounts due and other related fees under the contract; agree and give the bank authority to purchase foreign exchange to repay the principal and interest of foreign exchange loans; request repayment from a guarantor or dispose of the mortgaged property; take a legal action to collect the principal and interest, fees and other losses from the borrower by judicial procedure; or apply to the people's court for forcible punishment if the contract be certified by a notary public which has legally granted the effectiveness of forcible execution.

Loan Contract Between SZ Highpower and Industrial and Commercial Bank of China Ltd, Shenzhen Henggang Branch

On August 30, 2013, SZ Highpower entered into a working capital loan contract with Industrial and Commercial Bank of China Ltd, Shenzhen Henggang Branch providing for a line of credit of up to RMB20,000,000 (US\$3,256,533) to be used funds for production and management. The use of the loan proceeds may not be changed without the prior written consent of the bank. SZ Highpower may withdraw the loan from time to time as needed. The term of the loan will be 12 months from the date of the first drawdown. The interest rate is variable up to a maximum of 15% and will adjust every 6 months from the date of the first drawdown. The loan is guaranteed by SZ Springpower, HKHTC and our Chief Executive Officer, Dang Yu Pan.

The following constitute events of default under the loan contract: SZ Highpower's failure to timely repay the principal, interest and other payables under the contract; SZ Highpower's failure to perform any obligations under the contract; the inaccuracy of any representations and warranties of SZ Highpower contained in the contract; any changes in guarantees provided in the loan that adversely affect the bank's ability to collect from the guarantors and SZ Highpower is unable to provide alternate guarantors acceptable to the bank; SZ Highpower's failure to pay off any of its other due debts or comply with its other obligations in the contract which may affect SZ Highpower's performance of its obligations under the contract; a deterioration in the financial performance, profitability, debt repayment ability, operating capacity or cash flow of SZ Highpower, that may affect its ability to comply with the obligations under the contract; a change in SZ Highpower's ownership structure or operations that are likely to affect its ability to comply with its obligations under the contract; SZ Highpower's involvement or potential involvement in significant economic disputes, litigation, arbitration or asset seizure or confiscation, or its involvement in other judicial proceedings or administrative punishment proceedings that affect or may affect its capacity to perform its obligations under the affiliated specific credit line contract; an change in any major individual investor or key management member of SZ Highpower or such a person or entity's becoming subject to investigation or restriction by the judiciary, which have or may affect SZ Highpower's performance of its obligations; SZ Highpower's use of false contracts with related parties to obtain bank funds or credit or to evade bank debt; SZ Highpower's bankruptcy, dissolution, liquidation, reorganization or cessation of business operations, or revocation, cancellation or voiding of its business permit; SZ Highpower's breach of food safety, production safety, environmental protection and other environmental and social risk management related laws and regulations, regulatory requirements or industry standards, that are likely to affect its ability to comply with its obligations under the contract; SZ Highpower's credit rating, profitability, asset-liability ratio, net cash flow of operations or other indicators do not meet the credit conditions of the bank; SZ Highpower, without the bank's written contract, pledges, guarantees or provides assurance guarantees to other parties, which is likely to affect its ability to comply with its obligations under the contract; or any other adverse situation which may affect the bank's ability to collect on the loan.

Upon the occurrence of an event of default, the bank may: request SZ Highpower rectify the event of default within a specified time period; cancel or terminate SZ Highpower's the unused portion of the credit line and other financing arrangements in whole or in part; declare all amounts outstanding under the contract immediately due and payable; require SZ Highpower to compensate the bank for losses it incurs as a result of the event of default; or other measures permitted under applicable law or other necessary measures.

Loan Contracts Between SZ Springpower and Industrial Bank Co., Ltd., Shenzhen Sub-branch

On July 24, 2013, SZ Springpower entered into a comprehensive credit line contract with Industrial Bank Co., Ltd., Shenzhen Sub-branch, which provides for a revolving line of credit of up to RMB50,000,000 (US\$8,141,334) (the "CCL Agreement"). Up to RMB20,000,000 (US\$3,256,533) may be used for a working capital, up to RMB50,000,000 (US\$8,141,334) may be used for bank acceptance and up to RMB50,000,000 (US\$8,141,334) may be used for standby letter of credit, although the maximum amount that the company may have outstanding under the facility at any given time is RMB50 million. SZ Springpower may withdraw the loan, from time to time as needed, but must make a specific drawdown application on or before July 24, 2014, after which time the bank may cancel all or part of the facilities. The loan is guaranteed by SZ Highpower, our Chief Executive Officer, Dang Yu Pan, and the accounts receivable of SZ Springpower.

Also on July 24, 2013, SZ Springpower entered into a working capital loan contract with Industrial Bank Co., Ltd., Shenzhen Sub-branch providing for a term loan of up to RMB10,000,000 (US\$1,628,267) to be used as current funds for production and management (the "WC Loan Agreement"). The use of the loan proceeds may not be changed without the prior written consent of the bank. SZ Springpower may withdraw the loan in one lump sum on or before July 24, 2013, after which time the bank may cancel all or part of the facilities. The interest rate charged on the loans is 7.2% per annum. The loan is guaranteed by SZ Highpower, our Chief Executive Officer, Dang Yu Pan, and the accounts receivable of SZ Springpower.

The following constitute events of default under the loan contracts: any information provided by or representation or warranty made by SZ Springpower proves to have been untrue, inaccurate, incomplete or misleading; a deterioration or obvious weakening of SZ Highpower's credit standing or ability to repay the loan; a cross default under certain agreements involving SZ Springpower or a guarantor, or their related parties; SZ Springpower's violation of any obligations in an affiliated specific credit line contract; SZ Springpower's failure to timely repay the principal, interest and fees under the contract and any specific contract; SZ Springpower's suspension of payment, or failure or indication that it is unable to repay, the debt due; SZ Springpower's termination of its business, liquidation, bankruptcy, dissolution, or revocation or cancellation of its business permit ; SZ Springpower's involvement in a major business dispute or deteriorated financial situation; or the emergence of any other situation that endanger, damage, or may endanger, damage the bank's rights and benefits. Under the WC Loan Agreement, each of the following also constitutes events of default: SZ Highpower's failure to use the loan proceeds for the prescribed purposes without the prior written consent of the bank; SZ Highpower's use of false contracts with related parties to obtain bank funds or credit; SZ Springpower's refusal to accept the bank's supervision and inspection of the use of credit funds, and operational and financial activities; the occurrence of a merger, split, acquisition, reorganization, equity transfer, increase in debt financing or any other major event involving SZ Highpower that the bank believes might affect the safety of the loans; SZ Springpower's purposeful evasion of bank debts through related party transactions; and the devaluation of any pledged or mortgaged property.

Upon the occurrence of an event of default under the CCL Agreement, the bank may: temporarily suspend or permanently terminate SZ Springpower's credit limit in whole or in part; announce the immediate expiration of all or part of the debts under the contract; terminate the contract and declare all amounts outstanding under the contract immediately due and payable; request overdue interest from SZ Springpower caused by the default; request penalty interest; or request compensation in full from SZ Springpower for the breach.

Upon the occurrence of an event of default under the WC Loan Agreement, the bank may terminate any unused loan and declare immediately due and payable any amounts due under the loan. The bank may give a grace period to the company to regain compliance with the loan.

Loan Contract Between SZ Springpower and China Everbright Bank Co., Ltd., LongHua Branch

On September 4, 2013, SZ Springpower entered into a comprehensive credit loan with Everbright Bank Co., Ltd., LongHua Branch providing for a revolving line of credit of up to RMB7,000,000 (US\$1,139,787). SZ Springpower may withdraw the loan, in one lump sum or several times as needed, but must make a specific drawdown application on or before September 3, 2014, after which time the bank may cancel all or part of the facilities. The loan is guaranteed by our Chief Executive Officer, Dang Yu Pan and SZ Highpower.

The following constitute events of default under the loan contract: a significant monetary policy change in the PRC; a severe financial risk occurs or is likely to occur in SZ Springpower's location; a significant change in SZ Springpower's business market; SZ Springpower has experienced or will encounter major operational difficulties or risks; a significant change in SZ Springpower's corporate structure, such as a merger, acquisition, reorganization, separation, amalgamation or termination, which the bank believes might affect its ability to collect on the loan; SZ Springpower's refusal to accept the bank's supervision and inspection of the use of loan funds and SZ Springpower's operational and financial activities; SZ Springpower's change in the use of the loan proceeds without the prior consent of the bank, or misappropriation of loan funds, or engagement in illegal or irregular transactions; SZ Springpower's providing of false information or withholding of important financial facts; SZ Springpower's transfer of assets, retrieval of capital or denial of indebtedness; SZ Springpower's being considered a "group account" according to the "Commercial Bank Group Guidelines for Customer Credit Risk Management Business," or other relevant laws and regulations through related party transactions; SZ Springpower's violation of the contractual commitments stipulated in the contract; a guarantor is in critical shortage of working capital or encounters a major operational difficulty, which negatively affects the guarantor's ability to guaranty the loan; any pledged object is damaged or lost, which jeopardizes the security and rights of the bank; the emergence of any other circumstance that the bank determines may affect the bank's ability to collect on the loan or harm the bank's rights and benefits; SZ Springpower's failure to perform any obligations in a specific business contract.

Upon the occurrence of an event of default, the bank may adjust the maximum amount of the line of credit, any specific line of credit and the effective period for credit extension and/or cancel the comprehensive contract.

Loan Contract Between SZ Springpower and China Everbright Bank Co., Ltd., LongHua Branch

On September 5, 2013, SZ Springpower entered into a working capital loan with Everbright Bank Co., Ltd., LongHua Branch providing for an aggregate loan of RMB7,000,000 (US\$1,139,787). Springpower may withdraw the loan in one lump sum on or before September 4, 2014. The interest rate charged on the loans is 7.8% per annum. The loan is guaranteed by our Chief Executive Officer, Dang Yu Pan and SZ Highpower.

The following constitute events of default under the loan contract: SZ Springpower's failure to repay the principal and interest timely under the contract; SZ Springpower's failure to use the loan according to the specified purposes; SZ Springpower's failure to repay the debt according to the specified method; SZ Springpower's failure to comply with events promised; SZ Springpower's breaking through the specified financial targets; SZ Springpower's involvement in a significant cross-default; SZ Springpower's providing false information or withholding of important financial facts, or refusal to accept the bank's supervision and inspection of the use of the loan and the company's operational and financial activities; any representation, warranty or promise of SZ Springpower or the guarantor in the contract, or those made by the guarantor in the relevant guarantee contract, proves to have been untrue or misleading; SZ Springpower or the guarantor violates another contract with the bank or any other third parties; a material deterioration of SZ Springpower's or the guarantor's operational or financial situation; a decrease in value in, or the loss or damage of, any pledged or mortgaged property; SZ Springpower's or the guarantor's failure to satisfy the bank with the repayment schedule or debt restructuring plan at the time of its merger, spin-off or joint-stock system reform; SZ Springpower's or the guarantor's bankruptcy, dissolution or termination, or revocation, cancellation or voiding of its business permit; SZ Springpower's failure to notify the bank promptly of any major revision of its charter, any significant changes of its business operations, any major revision of its accounting principles, or any material changes in the financial, economic or other situation of SZ Springpower or of its subsidiaries or parent; SZ Springpower's involvement in any litigation, arbitration or administrative proceedings that may affect its capacity to perform its obligations under the contract; SZ Highpower's assets are seized, frozen, or placed in receivership such that SZ Highpower's capacity to perform its obligations under the contract are impaired; SZ Springpower's being considered a "group customer" according to the "Commercial Bank Group Guidelines for Customer Credit Risk Management Business" through the use of false contracts with related parties to obtain bank funds or credit through discounting or pledging notes receivable and accounts receivable at the bank without actual trade background; SZ Springpower's purposeful evasion of bank debts through related party transactions; SZ Springpower's violation of other contractual commitments stipulated in the contract and failure to take any effective remedial actions; or the emergence of any other event or situation that may materially and adversely affect the bank's rights and benefits.

Upon the occurrence of an event of default, the bank may: terminate the disbursement of loans under the contract; declare all amounts outstanding under loans immediately due and payable; change or require an additional guarantor or pledge; deduce amounts owed from SZ Springpower's deposit account at the bank or any of the bank's branches; exercise its rights under a guarantee contract ; or take any other measure deemed appropriate by the bank.

Loan Contract Between HKHTC and Industrial and Commercial Bank of China (Macau) Limited

On July 29, 2013, HKHTC entered into a working capital loan contract with Industrial and Commercial Bank of China (Macau) Limited ("ICBC Macau") providing for a term loan of up to HKD55,000,000 (US\$7,092,912), which is supplemental to the facility letter dated March 14, 2013. HKHTC may withdraw the loan, from time to time as needed, on or before January 29, 2014. The term loan is non-revolving. Prepayment of the full amount due under the facility is permitted upon 30 days' notice to ICBC Macau and any amount repaid may not be re-borrowed without the prior written consent of the bank. The maturity date of the loan is the earlier of 12 months after the drawdown date of the loan or 2 months before the expiration of the commitment letter. All the principal and accrued interest is due upon the final maturity date, which is January 29, 2105. The interest rate charged on the loans is 1.6% per annum. The funds from the loan are prohibited from being transferred back to China Mainland territory directly or in directly through a third party, by ways of lending, equity investment or security investment. The loan is guaranteed by a commitment letter issued by Industrial and Commercial Bank of China Shenzhen Branch in favor of ICBC Macau.

At all times during the loan period, if the market value of RMB/HKD depreciated by 3%, compared with each loan drawdown date, ICBC Macau has the right to demand repayment to reduce the loan amount, or require the additional tangible security acceptable to the bank, so that the loan advance ratio is reduced to 95% or below.

Loan Contract Between HKHTC and Shanghai Commercial & Savings Bank Ltd., Hong Kong Branch

On August 26, 2013, HKHTC entered into a revolving short-term secured loan facility with Shanghai Commercial & Savings Bank Ltd., Hong Kong Branch providing for an aggregate loan of \$3,000,000. HKHTC may withdraw the loan, from time to time as needed, on or before August 29, 2014, with giving notice to the bank no later than 2 business days. All the outstanding liabilities under the facility shall be repaid by the final maturity date. The interest rate charged on the loans is at 1.1% per annum above 1-month LIBOR or at a rate not to be less than our cost of funds. Interest is payable monthly commencing one month after the drawdown date or at the due date, whichever is earlier. The bank may, at any time in its absolute discretion, cancel or withdraw the facility and/or to demand immediate repayment or payment, as the case may be, of all amounts outstanding under the facility, whereupon the facility shall be cancelled or withdrawn.

The following constitute events of default under the loan facility: HKHTC fails to pay any amounts payable under the facility on its due date; HKHTC fails to perform any of its obligations under the contract; any representation or warranty of HKHTC in the loan facility is or proves to have been untrue or inaccurate in any material respect; HKHTC's bankruptcy; any shareholder (being a company) commits an act to go into voluntary liquidation or reconstruction or amalgamation; or the occurrence of any situation which in the bank's opinion may materially and adversely affect HKHTC's ability to perform its obligations under the loan facility.

Upon the occurrence of an event of default, the bank may declare the amount of the facility outstanding, accrued interest and all other sums payable immediately due and payable.

The information set forth above is included herewith for the purpose of providing the disclosure required under Item 1.01 and Item 2.03 of Form 8-K. The preceding summaries of the above-referenced loan agreements are qualified in their entirety by reference to the complete text of the agreements, which are attached hereto as Exhibits 10.1-10.11 and are incorporated by reference herein. You are urged to read the entire text of the loan agreements attached hereto.

Item 6. Exhibits

Exhibit Number

Description of Document

- 10.1 Maximum Amount Comprehensive Credit Line Contract dated June 21, 2013 by and between Bank of Jiangsu, Shenzhen Sub-branch and Shenzhen Highpower Technology Company Limited and corresponding guarantee contracts (translated to English).
 - 10.2 Working Capital Loan Contract dated July 25, 2013 by and between Bank of Jiangsu, Shenzhen Sub-branch and Shenzhen Highpower Technology Company Limited (translated to English).
 - 10.3 Working Capital Loan Contract dated August 30, 2013 by and between Industrial and Commercial Bank of China Limited and Shenzhen Highpower Technology Company Limited (translated to English).
 - 10.4 Comprehensive Credit Line Contract dated July 24, 2013 by and between Industrial Bank Co., Ltd. and Springpower Technology (Shenzhen) Company Limited and corresponding guarantee contracts (translated to English).
 - 10.5 Working Capital Loan Contract dated July 24, 2013 by and between Industrial Bank Co., Ltd. and Springpower Technology (Shenzhen) Company Limited (translated to English).
 - 10.6 Comprehensive Credit Line Contract dated September 4, 2013 by and between Bank of China Everbright Bank and Springpower Technology (Shenzhen) Company Limited and corresponding guarantee contracts (translated to English).
 - 10.7 Working Capital Loan Contract dated September 5, 2013 by and between Bank of China Everbright Bank and Springpower Technology (Shenzhen) Company Limited (translated to English).
 - 10.8 Comprehensive Credit Line Contract dated June 21, 2013 by and between Bank of Jiangsu, Shenzhen Sub-branch and Springpower Technology (Shenzhen) Company Limited and corresponding guarantee contracts (translated to English).
 - 10.9 Working Capital Loan Contract dated September 26, 2013 by and between Bank of Jiangsu, Shenzhen Sub-branch and Springpower Technology (Shenzhen) Company Limited (translated to English).
 - 10.10 Working Capital Loan Contract dated July 29, 2013 by and between Industrial and Commercial Bank of China (Macau) Limited and Hong Kong Highpower Technology Company Limited.
 - 10.11 Working Capital Loan Contract dated August 26, 2013 by and between Shanghai Commercial & Savings Bank Limited, Hong Kong Branch and Hong Kong Highpower Technology Company Limited.
 - 31.1 Certification of Chief Executive Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
 - 31.2 Certification of Chief Financial Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
 - 32.1 Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
 - 10.1 Maximum Amount Comprehensive Credit Line Contract dated June 21, 2013 by and between Bank of Jiangsu, Shenzhen Sub-branch and Shenzhen Highpower Technology Company Limited and corresponding guarantee contracts (translated to English).
- 101.INS XBRL Instance Document
- 101.SCH XBRL Taxonomy Extension Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

This exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any filings.

HIGHPOWER INTERNATIONAL, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: November 12, 2013

Highpower International, Inc.

By: /s/ Dang Yu Pan
Dang Yu Pan
Its: Chairman of the Board and Chief Executive Officer
(principal executive officer and duly authorized officer)

By: /s/ Henry Sun
Henry Sun
Its: Chief Financial Officer (principal financial and
accounting officer)

Maximum Amount Comprehensive Credit Line Contract

NO. SX161213000233

Borrower: Shenzhen Highpower Technology Co., Ltd.
Address: Building A1, 68 Xinxia Street, Pinghu, Longgang, Shenzhen.

Creditor: Bank of Jiangsu, Shenzhen Sub-branch.
Address: 4011, Shennan Road, Futian District, Shenzhen.

According to relevant laws and regulations of China, this contract was agreed to by the two parties, and both parties agree to comply with all terms of the contract.

Clause 1 The maximum comprehensive credit limit (hereinafter referred to as "borrower") means the credit line that creditor provides to borrower who can use the credit line in the business lines agreed upon in the contract.

Clause 2 Content of the credit

1. The maximum amount of comprehensive credit limit that creditor may provide to borrower is RMB 20,000,000.

2. The period of the credit: From June 21th, 2013 to June 20th, 2014. This period only limits the start date of the credit businesses, not the expiration date.

3. The allotted time, amount, interest rate and rate of single specific business under this credit contract should be agreed upon in a specific business contract and voucher.

4. Aforesaid "The maximum comprehensive credit limit" only includes the balance of credit principal which is the actual used credit line (deducting any guaranty bond) less the part which has been repaid under this contract during the contract period, but includes the interest, punitive interest compound interest and other payables which should be paid by borrower.

Clause 3 The usage of credit line

1. When borrower needs to use the credit line under this contract, it should apply to creditor one by one, creditor has the right to audit in accordance with fund condition of itself, the operational situation of borrower and the purpose of credit etc. If the applications are approved, both parties should sign a specific credit business contract separately. Every single credit business contract under this contract and relevant vouchers constitute an effective attachment to this contract.

2. Within the period agreed upon in this contract, borrower can use the credit line according to the limit of every single credit business agreed by this contract repeatedly, if borrower need to adjust the usage of credit line, application should be provided to creditor in writing, and creditor decides whether the application can be approve and the method of adjustment.

4. When the credit period expires, the credit line which is not used will automatically be cancelled.

Clause 4 Adjustment of credit line

In the process of performing this contract, if any of the following situations, which may affect the rights of creditor, occur, creditor has the right to make relevant adjustments and/or stop borrower from using the credit line, and cancel unused credit line of borrower.

1. The market, which is related to borrower's operations, has significant adverse changes, or the Country's monetary policy has significant adjustment.

2. There are significant difficulties on the borrower's operational situation or important adverse changes to the borrower's financial condition.
3. Termination of business, liquidation, restructuring, dissolution and bankruptcy of or by borrower by an active or passive means.
4. Borrower is involved in significant litigation, arbitration or administrative punishment, or has a significant default with other creditors.
5. Borrower indicates or expresses by its actions that it does not intend to perform its obligations under this contract or another contract signed by creditor and borrower.
6. Borrower provides false materials or conceals any important fact of finance or operations.
7. Borrower does not perform the obligations agreed to in this contract or any specific credit business contract.
8. Borrower violates other contracts signed by creditor and borrower.
9. Borrower transfers its assets, pumps money, evades debts and engages in other behaviors which damage or might damage the rights of creditor.
10. Borrower is involved in illegal operations.
11. Division, merger, important takeover, consolidation and reorganization of borrower.
12. Borrower loses commercial integrity.
13. Controlling shareholder of borrower transfer is changed, or significant items happen to controlling shareholder, actual controller, legal representative, or senior executives of borrower, including but not limited to becoming involved in illegal actions, litigation, arbitration, deterioration of financial condition, bankruptcy, dissolution etc.
14. A Guarantor of the credit business under this contract defaults, such as by providing false information; violating other contracts signed by creditor or other third parties becoming involved in litigation, arbitration, business failures, or illegal actions; ceasing doing business; evading bank creditor's rights; merging, consolidating, or reorganizing; or other situation which may affect guaranty ability of Guarantor.
15. Other situations that damage the rights and interests of creditor.

Clause 5 Rights and obligations of borrower

1. Having the right to apply for using the credit line.
2. Opening a settlement account in Bank of Jiangsu, Shenzhen Sub-branch, and arranging settlement of both domestic and overseas accounts, foreign exchange settlements and sale and other intermediate business in Bank of Jiangsu or its sub-branch more than the proportion of the credit line which borrower gets from creditor and all credit line of borrower.
3. Borrower should provide true documents and information to creditor (including but not limited all bank accounts, balance of deposits and loans, situations of using loans, condition of assets, operations, and inner management etc.

4. Providing last month's financial statements before the 20th of each month, and providing audited financial statement to creditor within 120 days after a fiscal year, and providing changes and modifications of itself to creditor.

5. Accepting and cooperating with creditor in surveying, supervising and examining on the use of credit, related production, management, financial situation and operations.

6. Complying with this contract and every single business contract under this contract strictly.

7. When used credit exceeds the credit line agreed to in this contract results from the change of exchange rate, borrower should repay the exceeding part or pay homologous security deposit.

8. If any of the following situations occurs, borrower should provide notice in writing to creditor within 5 days of the occurrence of the related situation and implement security measures acceptable to creditor.

(1) Changes of membership function, executives, articles of association and organization.

(2) Stopping production, going out of business, cancelling registration, having its business license cancelled or filing for bankruptcy.

(3) Changes of name, domicile, legal representative, contact manner and so on.

(4) Financial standing deprivation, significant difficulty on operations, significant litigation or arbitration.

(5) Other things that have significant effect on the rights and interests of creditor.

9. Borrower should ask for creditor's consent and implement security measures, which are acceptable to creditor, before taking following actions.

(1) Contract management, lease, stock system reform, joint operation, consolidation, merger, discrete, joint venture, asset transference, reducing registered capital, applications of suspensions, dissolution, bankruptcy and other actions which can affect rights and interests of creditor.

(2) Providing a guarantee for other's debts, or pledging or mortgaging any of its major assets to a third party, leading to affecting borrower's repayment ability under this contract.

10. When the guarantor, whether under this contract or under a single business contract of this contract, loses its guarantee ability, or a pledge, which is under this contract or under a single business contract of this contract, depreciates in value, borrower should take other guarantee measures, which are acceptable to creditor, in time.

11. Borrower is not allowed to sign a contract, which can damage the rights and interests of creditor, with any other third party.

Clause 6 Rights and obligations of creditor

1. Accepting and reviewing borrower's application of using the credit.

2. The financial conditions and operations of borrower should be kept secret by Party B, except the laws, administrative laws and regulations, normative documents requested.

3. Having the right to ask borrower to provide related information of the credit, having the right to know the production, financial condition, operation, and repayment plan of borrower, and having right to extract and copy from account books, operations records and related information.

4. Having the right to supervise borrower's uses the credit according to this contract and single credit business contract.

5. Having the right to collect principal, interest, and other related expenses from Party A's account on schedule or in advance.

6. If borrower fails to act or violates the obligations under this contract or single credit business contract of this contract, creditor has the right to adjust the maximum amount of comprehensive credit line, and stop using credit line, cancel unused credit line of borrower, demand accelerated repayment of credit.

7. Having the right to query the credit inquiry of borrower, the legal representative of borrower and executives of borrower, and having the right to provide the information of borrower to the people's Bank of China etc.

8. If borrower fails to comply with its repayment obligations under this contract or single credit business contract of this contract, defaults of borrower can be announced in public by creditor.

Clause 7 All debts (including punitive interest and related expense) under the contract are guaranteed by Maximum Amount Guaranty Contract (NO.B2161213000023) signed by SPRINGPOWER TECHNOLOGY (SHENZHEN) CO., LTD. and the creditor, and Maximum Amount Personal Joint Responsibility Guarantee(B2161213000024) signed by **DANGYU PAN and the creditor.**

Clause 8 Expense

1. The expenses of credit information, notarization, testimony, register etc. under the contract should be paid by borrower.

2. The expenses resulting from borrower non-repayment of debt, such as advertising fees, delivery fees, appraisal costs, counsel fees, legal fares, travel expenses, valuation fees, auction fees, property preservation fees, enforcement fees etc., should be paid by borrower.

Clause 9 Modification, dissolution and execution of civil right of the contract

1. When agreed by both parties, this contract can be modified and dissolved in writing.

2. Any tolerance, extension or delay from creditor to borrower in exercising its rights under this contract does not affect the rights creditor enjoys according to this contract and laws and regulations, and cannot be considered as approval to the default, and does not mean the abdication of the right.

3. If any item of this contract becomes invalid because of any reason, borrower still should assume all responsibilities. If any of the above situations happen, creditor has the right to terminate this contract, and ask borrower to repay all debt immediately.

4. If borrower violates the obligations stated in the eighth item of clause 5 of this contract, it will be considered delivered if the creditor will have mailed related notices to original address provided.

5. Any related notices and documents should be sent in writing by both parties.

Clause 10 Borrower agrees that the creditor's rights under this contract can be enforced after notarization. When borrower does not carry out obligations under the contract completely or partly, creditor can apply for enforcement to a competent court.

Clause 11 Applicable Law and Resolution for dispute

The making, efficacy, explanation, performance and resolution for dispute of the contract are subject to the applicable to the laws of People’s Republic of China. During the performance of this contract or all disputes relating to this contract, the two parties will attempt settle through negotiations. If through negotiation the parties cannot reach agreement, both parties can apply to the local people’s court of creditor.

Clause 12 Effective and invalid of the contract

1. This contract is entered into force upon the date when it is signed or sealed and affixed with official seals by the legal representative or entrusted agents of borrower and creditor.

2. This contract become invalid after borrower accomplishes all repayment responsibility under this contract.

Clause 13 This contract is signed in triplicate, creditor holds two copies, borrower holds one copy, three copies have equal legal effect.

The things which are not mentioned in this contract should be explained and settled according to relevant laws, administrative laws and regulations, normative documents and single credit business contract, and the related regulations of Bank of Jiangsu.

Clause 15 Prompt

Borrower has known the business scope and grant privilege of Party B. Borrower has read all terms of the contract. Creditor has explained homologous terms requested by borrower. Borrower has known the meaning of all terms of the contract and homologous legal consequence. Signing the contract is the true will of borrower.

/s/ [COMPANY SEAL]

Borrower (stamp)

Legal Representative or agent (signature):

June 28, 2013

/s/ [COMPANY SEAL]

Creditor (stamp)

Legal Representative or agent (signature):

June 28, 2013

Supplementary Agreement of *Maximum Amount Comprehensive Credit Contract* of Shenzhen Highpower Technology Co., Ltd

1. Credit line is limited to use of the funds for normal operations, such as the purchase of raw materials etc. When a single business transaction occurs, an effective transaction contract or order form should be provided with amount of no less than the transactional amount. When writing the bank acceptance bill, the relevant value added tax invoice should be provided in time. Credit cannot be used for any related transaction which has no actual business, and cannot be used for fixed assets, stock right, coupon investment and diverting.

2. Borrower has the obligation to ensure that borrower's account opened in Bank of Jiangsu, Shenzhen Sub-branch is the only account of sales outstanding of borrower in new sales contract and order form signed by Springpower Technology (Shenzhen) Co, Ltd and Meily Electronics Co., Ltd, by writing (or notary service mode). Accounts receivable should return to above account. Without creditor's consent, borrower cannot change the account of sales outstanding.

3. Borrower should complement bank acceptance exposure in advance as single bank acceptance bill contract requested.

4. In the credit period, except for existing financing banks, the Creditor must approve guarantees of new financing banks of the Borrower if they are superior to that of the Creditor.

5. If the Borrower defaults on the above clauses, 1% of the exposure amount of credit line will be charged by the Creditor as a penalty and the Creditor has the right to declare the credit due and payable.

6. Amount of settlement should match to the usage of credit; otherwise, creditor has the right to decide the usage of credit line and further operation after expiration according to the settlement.

/s/ [COMPANY SEAL]

Borrower (stamp)

Legal Representative or agent (signature):

/s/ [COMPANY SEAL]

Creditor (stamp)

Legal Representative or agent (signature):

Maximum Amount Personal Joint Responsibility Guarantee

NO. BZ161213000024

To: Bank of Jiangsu, Shenzhen Sub-branch

To ensure the performance of Creditor's right, guarantor agrees to provide joint responsibility guarantee for the "Maximum Amount Comprehensive Credit Line Contract" (herein after referred to as "master contract") unconditionally and irrevocably, which contract number is "SX 161213000223", entered into by Shenzhen Highpower Technology CO., Ltd.(herein after referred to as "debtor") and Creditor. Guarantor promises as follows:

Article 1 The guaranteed creditor's right

The secured creditor's right is all debt Creditor lends to debtor according to master contract.

The master contract of this guarantee consists of the master contract and all attachments signed according to master contract (including but not limited affiliated contracts, applications, notices, various vouchers and other legal documents which form the debtor-creditor relationship).

Article 2 Guarantee Covers

The guarantee coverage: the principal and interest (including punitive interest and compound interest) of all loans (credit) outstanding between debtor and Creditor according to the master contract and its attachments from June 21,2013 to June 20, 2014, the punitive sum that debtor should pay to Creditor; compensation and other expenses Creditor charges for realizing its creditor's rights (including but not limited legal fees, arbitration fees, property preservation fees, execution fees, valuation fees, auction fees, attorneys' fees, travelling fees, etc.).

Aforesaid period indicates the date of occurrence, and does not limit the date of expiration.

Article 3 Guaranty Method

Guarantor voluntarily provides the joint liability guarantee, when debtor does not perform its obligations related to the debt according to the master contract, no matter what other guarantee Creditor has for ensuring the creditor's rights under the master contract (including but not limited to guarantees, mortgages, pledges, etc.), Creditor has the right to ask guarantor to take guarantee responsibilities within guarantee coverage.

Article 4 Maximum amount of the guaranty

The maximum amount which the guarantee assumed hereunder is at most no more than RMB 20 million only. The maximum amount of guaranty hereon is the loan principal balance by total amount (meaning the line of credit deducting the amount of cash deposit) of use of loans and facility actually under the master contract signed between creditor and debtor and in the period as mentioned in the contract deducting amounts repaid, excluding the proceeds of payable except the principal stipulated in article 3, such as interest expenses and penalties, etc., but the guarantee shall still assume the joint liquidated liability.

The guarantor agrees that the debtor can recycle the loans under master contract, and agrees that the debtor can adjust the credit line of all kinds of loans within the line of credit hereunder, and the guarantor shall assume the joint guarantee liability.

Article 5 Warranty Period

The warranty period of this contract is from the effective date of this contract to 2 years after the maturity date of the debts (including deferred loans) under master contract.

Article 6 Changes of Master contract

The warranty obligations of this contract will not be affected by any changes (including but not limited to modifying, supplying and deleting etc.) of the master contract agreed by creditor and debtor except the amount of the loan. If creditor and debtor agree with delaying to repay the debt, this contract is still effective.

Creditor may transfer its creditor's right to a third party legally, and guarantor shall assume the same warranty responsibilities as before.

Article 7 Independence of this guarantee

This guarantee is independent of the master contract, the effectiveness of this guarantee is not affected if the master contract is invalid completely or partly. If the master contract is considered as invalid, guarantor assumes joint security responsibility to the debt resulting from debtor's returned property or pay for the damage. Guarantor promises to supervise debtor's use the loan (credit), and if debtor changes the purpose of the loan (credit), guarantor still assumes warranty responsibility.

Any tolerance, extension, privilege or delay from creditor to guarantor for exercising of its rights under this contract does not affect, injure and limit the rights creditor enjoys according to this contract and laws and regulations, and cannot be considered as the abdication of the related right according this contract, and will not affect the obligations of guarantor under this contract.

The efficacy of this guarantee will not be affected by any contract, agreement, and guarantee, and tacit agreement, or dispute.

Warranty obligations of guarantor (including the inheritor, assignee and conservator of guarantor) are continuous, and have no effect on any change of guarantor and debtor (including but not limited in division, merger, reorganization, transactions of property right and operational right). If debtor's subject qualification ceases to exist before debtor repays all debt to creditor, or creditor announces its subject qualification ceases to exist within 6 months since debtor repaid all debt result in the foregoing repayment become invalid, the warranty obligations under this contract are still effective.

Article 8 Guaranty

Guarantor agrees to assume warranty responsibility by all his property (including family possessions; since the date of signing this guarantee, guarantor will not allowed to dispose the above property without Creditor's consent, if Creditor thinks it is necessary that the above property can be guaranteed, mortgaged or pledged, guarantor promise to assist to process above procedures.

During the warranty period, guarantor promises that he will not provide guarantee which exceeds his warranty ability to a third party. If the above property is insufficient to afford the guarantee responsibility, guarantor promises to assume repayment responsibility for the insufficient part.

If Creditor feels necessary, guarantor agrees to provide the list of all his assets, and evaluate the assets on the list, guarantor will pay any valuation fee. Guarantor promises that he enjoys ownership and the right of disposal of all assets on the list.

Article 9 Advanced Guarantee Responsibilities

During the warranty period, when any default under master contract or other situations which is considered as can affect the realization of creditor's right by Creditor happen, Creditor can announce the debt immediately due and payable, and has the right to ask the guarantor to assume security responsibility on the date announced by Creditor, guarantor agrees to assume the security responsibility as Creditor requested.

Article 10 Receiving Payables

Creditor has the right to take payment from guarantor's account in bank of Jiangsu for all payables of guarantor in the range of warranty coverage. If the payment is foreign currency, it will be calculated according to the rate Creditor announced on the day.

Article 11 Other Items

1. During warranty period, Creditor has the right to supervise the funds and financial condition of guarantor, and guarantor should provide true information.

2. Guarantor authorizes the Creditor to claim for creditor's due right, the money collected should be repaid Creditor to the Creditor as priority.

3. If the loan, which is under the master contract or a specific credit business of the master contract, is not paid as agreed, or is changed the way of payment, guarantor shall still assume security responsibility.

Article 12 Settlement of Dispute

When there is any dispute in performing the contract, both parties should settle the dispute through negotiations at first, if negotiations cannot reach an agreement, both parties can apply to the local people's court of Creditor.

During the litigation or arbitration period, the items of this contract which are not involved in the dispute still should be performed.

Article 13 Becoming Effective

This guarantee comes into force as of being signed by guarantor

Article 14 Statements

1. Guarantor knows the business scope and limits of authority of Creditor.

2 The guarantor has read the contract comprehensively and carefully and fully understands the master contract entered into between creditor and debtor, upon the request of guarantor, the creditor has made the terms interpretation accordingly as for the master contract and the contract hereunder, and the guarantor is fully aware of and understands all the terms of the master contract and the contract hereunder, and signed this contract with willingly. The guarantor is fully aware of the legal consequences for the conclusion and performance of the master contract and the contract hereunder may give rise to, and fully confirms the obligations related to this contract.

3. Guarantor has the right to sign this guarantee.

5. It should be noticed to Creditor in writing of any changes of guarantor's abode, postal address, contact number etc. in 10 days after the changes happen. It will be considered as if the information has been delivered if Creditor sends related notices and documents according to the primary address on file if the guarantor does not provide such notice.

6. If a notary agency mandates enforceable status to this contract, guarantor agrees to be enforced by the legislative body and gives up the right of defense.

Guarantor (signature):

/s/ Dangyu Pan

ID number:

Maximum Amount Guaranty Contract

Contract No.:NO: B216121300023

Guarantor: Springpower Technology (Shenzhen) Co., Ltd.
Address: Workshop A, Shun Industrial Zone, Baoan District

Creditor: Bank of Jiangsu, Shenzhen Sub-branch.
Address:4011, Shennan Road, Futian District, Shenzhen.

In order to guarantee the performance of debts under item one of this contract, the guarantor provides the guarantee to the creditor voluntarily, and the two parties entered into this contract after equal negotiation.

Article 1: Master contract

The master contract hereunder is A.

A. The creditor and the debtor **Shenzhen Highpower Technology Company Limited** entered into this contract of maximum amount comprehensive credit line whose number is **SX 161213000223**, and has or will enter into the separate facility business contract, as well as amendments and supplements.

B. The creditor and the debtor _____, from __ year __ month __ day __ to __ year __ month __ day __, entered into the contracts of loans, bank acceptance drafts, trade financing, letter of guarantee, funds business, and other agreement, as well as amendments and supplements.

Article 2: Primary credit and period

Except the period determined or agreed separately in accordance with the laws, the actual credit under the master contract consists of the primary credit of the contract in the below period: A.

A. From the effective date of “maximum amount comprehensive credit line contract” in article one to the expiration date of facility period stipulated in this contract and amendments or supplements.

B. From __ year __ month __ day __ to __ year __ month __ day __ under article one of this contract.

Article 3: Guarantee Coverage

The scope of guaranty of creditor hereunder covers all debts occurring under this contract by the debtor, including but not limited to principal, interest expenses, compounded interests, penalties, processing fees, default expenses, damage compensation, legal fees, escrow fees, taxation expenses, arbitration fees, travel fees, assessment fees, auction fees, property preservation fees, compulsory execution fees and other expenses for realization of the creditor's rights.

Article 4: Maximum amount of the guaranty

The maximum amount which the guarantee assumed hereunder is at most no more than **RMB 20 million only**. The maximum amount of guaranty hereon is loan principal balance by total amount (meaning the line of credit deducting the amount of cash deposit) of use of loans and facility actually under the master contract signed between creditor and debtor and in the period as mentioned in the contract deducting the part of repaid, excluding the proceeds of payable except the principal stipulated in article 3, such as interest expenses and penalties, etc., but the guarantor shall still assume the joint liquidated liability.

The guarantor agrees that the debtor can recycle the loans under master contract, and agrees that the debtor can adjust the credit line of all kinds of loans within the line of credit hereunder, and the guarantor shall assume the joint guarantee liability.

Article 5: The guarantor has read the contract comprehensively and carefully and fully understands the master contract entered into between creditor and debtor, and upon the request of guarantor, the creditor has made the terms interpretation accordingly as for the master contract and the contract hereunder, and the guarantor is fully aware of and understands all terms of the master contract and the contract hereunder, and signed this contract willingly. The guarantor is fully aware of the legal consequences for the conclusion and performance of the master contract and the contract hereunder may give rise to, and fully confirms the obligations related to this contract.

Article 6: The guarantor shall assume the responsibilities for all debts owed by the debtor to the creditor under the master contract, including the debts arising from prepayment requested by the creditor. After receiving the written notice sent by creditor, the guarantor shall perform the settlement responsibilities according to the time, type of currency, amount, and method of settlement specified by the creditor, and commit to the creditor that the creditor has the right to deduct all amounts of guaranty from the guarantor's account when the creditor deems appropriate, if the deducted proceeds constitute foreign currency, the currency shall be calculated according to the bid price published by the creditor at the deducted date.

Article 7: The guarantee obligation of the guarantor (including the inheritor, assignee, and conservator of the guarantor) are continuous under this contract, and shall not be affected by the change of the guarantor or the debtor (including but not limited to merger, split, recombination, conduct title transaction or transactions of managerial authority by way of lease, contract, and so on). If the debtor's subject qualification ceases to exist before debtor repays the loans hereunder, or the debtor declares that its subject qualification ceases within six months from the date debtor repaid all of the loans leading to its foregoing repayment activity invalid, the guarantor's warranty obligations is still effective.

Article 8: The term of the guaranty hereunder is from the date of effective to two years after expiration of the debts hereunder (including the maturity of extension period).

Article 9: The guaranty obligations under this contract shall not be affected by any change in the terms and conditions of the master contract agreed by both creditor and debtor (including but not limited to amendments, supplements, and cancellations). If the creditor and debtor agree to extend or delay the performance of the obligations hereunder, the contract hereunder shall continue to be valid. In the event of the creditor transfers its creditor's right to others in the period of guaranty according to the law, the guarantor will continue to assume the guaranty responsibility within the scope of the guaranty.

Article 10: The guarantor makes the following commitment to the creditor unconditionally and irrevocably: if the debtor fails to or delays to fulfill the obligations of the master contract, or confirms the invalidity of the master contract, or due to the guarantor fails to or delays performance of any clause hereunder leading to a loss to the creditor, all of such losses shall be a debt payable by guarantor to the creditor.

Article 11: Whatever reasons leading to the master contract being invalid in law or partially invalid, the guarantor shall still assume the guaranty responsibility for the debtor's repayment liability in accordance with the terms listed hereunder. The guarantor's pledge to monitor the debtor's use of the loans (facility), in the event of the debtor's change the purpose of the loan, the guarantor shall still assume the guaranty responsibilities.

Any tolerance, grace or postponement of the exercise of any right preferential by the creditor to the guarantor under this contract, shall not affect, damage, or restrict the creditor's rights in accordance with the contract hereunder, laws and regulations, and normative documents, and shall not be deemed as giving up the rights and benefits under this contract, and shall not affect any obligations assumed by the guarantor under this contract.

Article 12: If there is any collateral security other than this guarantee under this contract, the guarantor is willing to perform the joint guaranty responsibility prior to collateral security on all guaranty debts.

Article 13: The guarantor is an entity established in accordance with the laws, is qualified to identify the contract hereunder and perform joint guaranty responsibility. In addition, signing this contract has obtained empowerment thereof, and the process of performing the contract has been completed.

Article 14: The guarantor's signing and performance of this contract is its real intention, is true and effective and legal, and shall not be affected by any relationship of any party hereunder and others or other any events.

Article 15: The debts hereunder have equal position with guarantor's other debts, and shall be in the same compensation sequence.

Article 16: If the guarantor enters into the counter guarantee contract with the debtor upon this contract, this counter guarantee contract shall not damage the creditor's interests, and when the guarantor's compensation arising from the counter guarantee contract and the creditor's claim are in the same sequence, the creditor shall be compensated prior to the guarantor.

The guarantor shall not request the debtor to set up a counter guarantee by way of a property pledge as to the obligations assumed by the debtor hereunder.

Article 17: The guarantor's responsibility shall decrease gradually with the decrease of the debts hereunder.

Article 18: The guarantor shall provide the true, complete, valid financial statements and other relevant materials and information as required by the creditor.

Article 19: In the event of guarantor changes its residence, mailing address, telephone number, the scope of its business, or the legal representative, it shall notice the creditor in written within 10 days from the date the change events occurred.

Article 20: If a notary agency mandates enforceable status to this contract, guarantor agrees to be enforced by the legislative body and gives up the right of defense.

Article 21: The application of laws and resolution of dispute

The signing, effectiveness, interpretation, performance and settlement of disputes of this contract shall apply for the People's Republic of China's laws. If there are any disputes based on this agreement, the contracting parties could attempt to resolve them through negotiation. If negotiation fails, the parties shall resolve the disputes according to the following way of A :

- A. Institute legal proceeding to the court where the creditor located.
- B.

Article 22: This contract and any modifications and supplements of it are entered into in force upon the date when it is signed or sealed and affixed with official seals by the legal representative or entrusted agents of both parties.

Article 23: Other items appointed by both parties.

The things which are not mentioned in this contract should be explained and settled according to relevant laws, administrative laws and regulations, normative documents and the related regulations of Bank of Jiangsu.

Article 24: This agreement is in triplicate, Party A has one copy, Party B has two copies, and three copies have the same legal effect.

Guarantor (stamp): /s/ [COMPANY SEAL]
Legal representative or agent:

Creditor (stamp): /s/ [COMPANY SEAL]
Legal Representative or agent:

6/28/2013

Working Capital Loan Contract

REF: JK161213000014

Party A: Shenzhen Highpower Technology Co., Ltd
Address: Building A1, 68 Xinxia Street, Pinghu, Longgang, Shenzhen.

Party B: Bank of Jiangsu, Shenzhen Sub-branch.
Address: 4011, Shennan Road, Futian District, Shenzhen.

According to relevant laws and regulations of China, this contract was agreed by two parties, and both of them will be in accordance with the terms of the contract.

Clause 1 Content of the loan

1. Amount

Currency in: RMB

Amount: RMB Twenty millions only
RMB 20,000,000.00

2. Period: From July 25th, 2013 to July 24th, 2014.

3. Lending rate and interest calculation

(1) Lending rate

Lending rate is a floating rate, which is reset on 21st of every month. Interest rate is the one-year benchmark lending interest rate, set by People's bank of China, plus 20%.

(2) Interest calculation

Interest is calculated starting from the actual withdrawal date on the actual amount of money withdrawn and the number of days outstanding.

Interest calculation formula: Interest = Principal × actual number of days × daily rate.

Daily rate calculation is: daily rate = APR / 360.

4. Purpose of loan: Purchase of raw materials

5. Evidence of debt

Evidence of debt is part of this contract, and has equal legal effect. In case of a conflict between the contract and evidence of debt the latter shall govern.

Clause 2 Interest settlement

1. Interest settlement takes place on the 20th of each month.

If the final loan principal payment date is different from the interest payment date, the borrower should pay off all interest on the principal payment date.

2. Party A should pay interest on the 20th of each month. Party B can charge interest from Party A's account in bank of Jiangsu. If Party A does not pay on time, compound interest will be charged interest.

Clause 3 Penalty interest and compound interest

1. For an overdue loan or violation of use of loan purpose, the penalty interest rate of the overdue loan shall be the agreed interest rate plus 50%, and the penalty interest rate of the misappropriated loan shall be the agreed interest rate plus 100%.

Overdue interest bears compound interest with penalty interest rate.

Clause 4 Withdrawal conditions

1. To conduct a withdrawal, the following conditions must be met when the contract is effective, unless Party B exempts the condition:

- (1) Party A has opened the account in Bank of Jiangsu or its sub-branch.
- (2) Party A has provided Party B with legal papers, which can prove Party A is of legality, to Party B, including but not limited to the latest business license, approval certificate, joint or cooperate contract, and article of association.
- (3) Party A has provided Party B with a withdrawal application, entrusted payment.
- (4) Guaranty contract related to this loan, and/or mortgage contract, pledge contract have been effective.
- (5) Provide or complete all items requested by this contract and Party B, including but not limited to finishing approval, register, filing, insurance, notarization, and testimony.
- (6) Party A has provided Party B with the verification report which can prove its registered capital has been put in place.
- (7) Party A has submitted resolution books and power of attorney signed by the board or other authorities to Party B.
- (8) Party A should submit written withdrawal application, documentary proof for using of loans
- (9) Party A has provided Party B with evidence of debt which has seals.
- (10) Party A has provided Party B with credit cards of Party A and guarantee.
- (11) Loan contract, guarantee contract, and pledge contract must apply for notarial legalization procedure, if necessary. All notarization fees should be paid by Party A.
- (12) All expenses under this contract have been paid by Party A and/or guarantee.

Clause 5 Withdrawal plan

1. If all withdrawal conditions have met, Party A can withdraw 20 million Yuan on July 25th 2013 in one lump sum.
2. Party B has right to refuse providing the loans if Party A doesn't withdraw on schedule.

Clause 6 The way of payment

1. Entrusted payment.

Party B pay to transactional objects according to withdrawal application and entrusted payment applied by Party A, under the condition of regulated use of purpose by this contract.

2. Party B has the right to consult with Party A about withdrawal conditions, and stop the loan or request Party A to repay the loan in advance, if the following situations occurred:

- (1) Party A's credit status drops.
- (2) Party A's main business profitability is not good.
- (3) Party A contravenes the section on use of the loan.
- (4) Party A violates the contract to circumvent entrusted payment of Party B by piecemeal way.
- (5) Party A violates commitments issues.
- (6) Party A violates the other situations under this contract.

Clause 7 Repayment

1. Party A's repayment sources include but are not limited to revenues from normal operations.
2. Except agreed by Party A and Party B, Party A must repay 20 million Yuan under this contract on July 24th 2014.
3. If the above repayment date is not a banking day, repayment is delayed to the next banking day. If Party A cannot repay the loan on time, Party A should provide the written application for delaying repayment one month before the loan expiration to Party B.
5. Party B has the right to collect expired principal and interest from Party A's account in Jiangsu Bank. If the collected money is a foreign currency, it will convert to RMB according to the rate announced by Party B.

Clause 8 All debts under the contract are guaranteed by SPRINGPOWER TECHNOLOGY (SHENZHEN) CO., LTD. And DANGYU PAN, who signed the guarantee contract (NO.B2161213000023 and B2161213000024) with Party B.

Clause 9 Representations and warranties

1. Party A's qualification meets the requirements of related laws and regulations.
2. Party A has been granted all legal and valid authorizations to sign this contract and other relevant documents, and is able to perform its own responsibilities.
3. Party A will not violate any laws, normative documents and this contract by signing and performing the contract.
4. Party A does not have any pending litigations, arbitrations or administrative penalties.
5. Party A will cooperate with Party B in payment management of the loan, management after the loan and related examination.
6. The financial statements provided by Party A truly report Party A's financial condition.
7. All information provided by Party A to Party B is true, legal and effective, without material misstatement and is not misleading.

8. All information about Party A, guarantee, mortgager, mortgagor, mortgage and project which exists in this contract and the guarantee contract is true, complete, and accurate, without leaving any important fact out.

9. Party A has known the business scope and grant privilege of Party B. Party A has read all terms of the contract. Party B has explained homologous terms requested by Party A. Party A knows the meaning of all terms of the contract and homologous legal consequence. Signing the contract is the true will of Party A.

Clause 10 Rights and obligations of Party A

1. The rights of Party A

(1) Party A has the right to draw and use the loan according to this contract.

(2) Party A has the right to transfer the liability under this contract to third party, if Party A gets the written approval of Party B.

2. The obligations of Party A

(1) Party A should provide true documents to Party B.

(2) Party A should provide last month's financial statement to Party B before the 20th of each month, and provide audited financial statements to Party B within 120 days after fiscal year, and provide changes and modifications of itself to Party B.

(3) Party A should accept and cooperate with Party B in surveying, supervising and examining credit conditions, related production, management, and financial operations.

(4) Party A should open a settlement account in Bank of Jiangsu, Shenzhen Sub-branch, and arrange settlement of both domestic and overseas accounts, foreign exchange settlement and sale and other intermediate business in Bank of Jiangsu or its sub-branch more than the proportion of the loan under the contract and all loans of Party A.

(5) Party A should use the loan according to the contract.

(6) Party B should repay principal and interest according to the contract.

(7) Party A should provide notice to Party B in writing before investing abroad, substantially increasing debt financing, merging, or before a discretion, stock right transference, asset transference and any other major events. Party A should put safeguards of repaying principal, interest and other fees under the contract in place.

(8) If significant adverse things can affect the solvency/guarantee ability of Party A or guarantee, Party B should be informed by Party A or guarantee.

(10) If Party A is a group, Party B should be informed in writing within 10 days when the turnover of a connected transaction exceeds 10% of Party A's net assets. The content of the report should include but not be limited to the relationships between the trading object and Party A, trading program and nature of the transaction, transaction amount or the corresponding proportion, and pricing basis (including the transactions which have no amount or only token payment).

(11) Ensuring cover insurance for the asset which is related to the loan to the insurance company as Party B requested, and designating Party B to be the beneficiary.

(12) If a notary agency mandates enforceable status to this contract, guarantor agrees to be enforced by the legislative body and gives up the right of defense.

Clause 11 the rights and obligations of Party B

1. The rights of Party B

- (1) Having the right to ask Party A to provide related information of the loan under the contract.
- (2) Having the right to ask Party A to repay principal and interest on schedule or in advance.
- (3) Having the right to know the production, financial condition, operation, and repayment plan. Having the right to extract and copy from account books, operation records and related information.
- (4) Having the right to supervise how Party A uses the loan according to the contract.
- (5) Having the right to collect principal, interest, and other related expenses from Party A's account on schedule or in advance.
- (6) If Party A fails to act or violates the obligations under the contract, Party B has the right to change the way of payment, and stop providing the loan or ask Party A to repay the loan in advance, and announce the acceleration of maturity of the loan.
- (7) Party B has the right to call the loan advanced according to the situation of capital return of Party A.
- (8) If Party A transfers the property right, changes system, reduces registered capital, or transfers obligatory rights and debts or something important, Party B has the right to ask Party A to repay principal, interest and other related fees under the contract, or request Party A to transfer all loan under the contract to the assignee agreed to by Party B, or ask Party A to provide other guarantee measures agreed to by Party B.
- (9) Party B has the right to query the credit inquiry of Party A, the legal representative of Party A and executives of Party A, and has the right to provide the information of Party A to the people's Bank of China etc.

2. The obligations of Party B

- (1) Party B should provide the loan to Party A according to the contract.
- (2) The financial conditions and operations of Party A should be kept secret by Party B, except as required by the laws, administrative laws and regulations, and normative documents requested.

Clause 12 Default

1. The occurrence of the following things constitute a default during the contract period:

- (1) Party A fails to comply with clause 9 and clause 10, including not repaying the principal, interest and other payables on schedule under the contract.
- (2) Party A does not perform its obligations under the contract and other related documents. If the above actions can be corrected, Party A should correct above actions to make Party B satisfied in 20 days since Party B sent written notice.

- (3) Termination of business, liquidation, restructuring, dissolution and bankruptcy of Party A by an active or passive means.
- (4) Party A provides false materials or conceals any important fact of finance and operations.
- (5) Party A breaks the financial target agreed in Clause 18 in the contract;
- (6) Party A has financial losses or a deterioration of financial conditions which might affect the capacity for fulfilling the contract of Party A or Guarantor. Or Party A evades the bank debts on purpose.
- (7) The project loan of Party A is canceled or impossible to implement.
- (8) Party A uses false contracts with related parties to achieve capital or a line of credit from Party B or other banks.
- (9) Party A is involved in illegal operations.
- (10) Division, merger, important takeover, consolidation and reorganization of Party A.
- (11) Party A violates other contracts signed with Party B or another third party, or is involved in litigation or arbitration because of those contracts.
- (12) Controlling shareholder of Party A transfers its share, or significant items happen to the controlling shareholder, actual controller, legal representative, senior executives of Party A, including but not limited to being involved in illegal actions, litigation, arbitration, administrative penalty, deterioration of financial condition, bankruptcy, dissolution etc.
- (13) Guarantor violates the contract, such as providing false information, violating other contracts signed by Party B or other third parties, becoming involved in litigation, arbitration, ceasing business, business failures, illegal actions, evading bank credit's rights, merging, consolidating, reorganizing, and other situation which may affect guaranty ability of Guarantor.
- (14) Defaults have occurred under other loan contracts or guaranty contracts signed between Party A and Party B.
- (15) Other situations are or might be injured the safety of the loan.

2. When default happens, Party B will take one or a few following measures according to the nature and extent of the default:

- (1) Asking Party A to correct the default and take remedial measures within a definite time.
- (2) Changing the way of payment under the contract.
- (3) Stopping providing remaining loan, cancelling remaining loan commitment, announcing the immediate expiration on the principal and interest under the contract, and calling the loan immediately.
- (4) Accelerate the maturity of and declare immediately payable all principal and interest under other contracts signed between Party A and Party B.
- (5) Freezing part or all deposit of Party A. Having the right to deduct the funds from Party A's deposit accounts to pay off the principal, interest and other related expense under the contract. Foreign exchange purchasing is granted to Party B by Party A for repaying the principal and interest of foreign exchange loans.

(6) Asking liability of guaranty from guarantor or handling the guarantee.

(7) Filing a lawsuit to the court, claiming indemnity for the principal, interest, expenses and other losses from Party A and guarantor by taking legal action.

(8) If the notary organ considers the contract as enforceable, enforcement can be applied to the court.

Clause 13 Expense

1. The expenses of credit information, notarization, testimony, register etc. under the contract should be afforded by Party A.

2. The expenses resulting from Party A not repaying the principal and interest on schedule should be paid by Party A, such as advertising fees, delivery fees, appraisal costs, counsel fees, legal fares, travel expenses, valuation fees, auction fees, property preservation fees, enforcement fees etc.

Clause 14 Transferring of obligation

1. Without the written approval from Party B, Party A cannot transfer any rights and obligations under the contract to a third party.

2. If Party A transfers the rights and obligations under the contract to a third party with the written approval of Party B, the third party should comply with all terms of the contract unconditionally.

Clause 15 Modification, dissolution and execution of civil right of the contract

1. If agreed by both parties, this contract can be modified and dissolved in writing.

2. Any tolerance, extension or delay from Party B to Party A of exercising of rights under this contract does not affect the rights Party B enjoys according to this contract and laws and regulations, and cannot be considered as approval to the default, and does not mean the waiver of the right.

3. If any terms of the loan become invalid for any reason, Party A still should perform the obligation of repayment. If above situation happens, Party B has the right to terminate this contract, and ask Party A to repay the principal, interest and other funds under this contract immediately.

4. Party B should be provided written notice of any changes of Party A's abode, postal address, contact number, business scope, legal representative etc, within 10 days after the changes happen. It will be considered as if the information has been delivered if Party B sends related notices and documents according to primary address for Party A if Party A does not perform the above obligations.

5. Any related notices and documents should be sent in writing by both parties.

Clause 16 Party A agrees that the creditor's rights under this contract can be enforced after notarization. When Party A does not carry out obligations under the contract completely or partly, Party B can apply enforcement to competent court.

Clause 17 Applicable Law and Resolution for dispute

The signing, effectiveness, interpretation, performance and settlement of disputes of this contract shall apply for the People's Republic of China's laws. If there are any disputes based on this contract, the contracting parties could attempt to resolve them through consultation. If negotiation fails, shall resolve the disputes according to the following way of A:

A. Institute legal proceeding to the court where the Party B located.

B.

Clause 18 Other terms and conditions

1. This contract is the specific business of Maximum Amount Comprehensive Credit Line Contract (NO: SX161213000233).
2. The things which are not mentioned in this contract should be explained and settled according to relevant laws, administrative laws and regulations, normative documents and the related regulations of Bank of Jiangsu.

Clause 19 Effective and invalid of the contract

1. This contract is entered into in force upon the date when it is signed or sealed and affixed with official seals by the legal representative or entrusted agents of Party A and Party B.
2. This contract becomese invalid after Party A has repaid all principal and interest of the loan and other expenses.

This contract is signed in triplicate; each party (Party A, Party B and Guarantor) holds one copy, which has the equal legal effect.

/s/ [COMPANY SEAL]

Party A (Stamp):Shenzhen Highpower Technology Co., Ltd.

Signature of legal representative or deputy:

/s/ Dangyu Pan

/s/ [COMPANY SEAL]

Party B (Stamp): Bank of Jiangsu, Shenzhen Sub-branch.

Signature of legal representative or deputy:

/s/ Cheng Chen

[FOR GUARANTEE AGREEMENTS RELATED TO THIS AGREEMENT, SEE THE MAXIMUM AMOUNT PERSONAL JOINT RESPONSIBILITY GUARANTEE AND THE MAXIMUM AMOUNT GUARANTY CONTRACT FILED WITH EXHIBIT 10.1 TO THE REGISTRANT'S QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2013 FILED WITH THE SEC ON NOVEMBER 14, 2013.]

Working capital loan contract

Important note: The contract is signed between borrower and lender according to laws and on equal and willing basis, and all the terms of this contract are true meaning of both sides. In order to protect the borrower's legitimate rights and interests, the lender hereby inform the borrower to pay full attention to all the terms concerning the rights and obligations of both parties , especially the bold parts of the contract.

The lender (the loan): Industrial and Commercial Bank of China Ltd. Shenzhen Henggang Branch
Person in charge: Duoping Yang Contact: Xiaomin Hong
Residence (address): City Center Garden Street shops 101, 201, Henggang Street, Longgang District, Shenzhen
Zip Code: 518115
Tel 0755 -28433033 Fax 0755 -28858699 E-mail: /

Borrower: Shenzhen Highpower Technology Co., Ltd.
Legal representative: George Pan Contact: Eric Li
Residence (address): Building A2, Luoshan Industrial, Shanxia, Pinghu Town, Longgang District, Shenzhen
Zip Code: 518111
Tel: 0755 -89686236 Fax: 0755-89686819 E-mail: /

After equal negotiation, both sides agreed to enter into this particular contract.

The first part Basic Provisions

Article 1 the use of the loan

The loan Can be used for the below purpose and shouldn't be used for any other purposes without written consent of the lender, the lender has the right to monitor the use of funds.

Use of loan: The loan can be used as current funds for production and operations.

Article 2 the loan amount and duration

2.1 The amount under this contract is RMB 20,000,000.00 (RMB TWENTY MILLION ONLY)

2.2 The term under this contract is 12 months from the date of actual withdrawal (if separate withdrawal, from the date of the first withdrawal), the actual withdrawal date is the date on IOU.

Article 3 rate, interest and cost

3.1 to determine the RMB loan interest rates

RMB loan interest rates shall be determined according to the following (2)

(1) Fixed interest rate. Annual interest rate shall be *l*% and will not change during the duration.

(2) Floating interest rates. Interest rate shall be determined by base rate plus floating rate. Base rate is the corresponding base lending rate announced by the People's Bank of China on **the effective date of the contract** with underlying term the same as in section 2.2. The floating rate is **15% of the base rate**, and shall not change within the loan period. After withdrawal, the interest rates shall be adjusted every **6** months. The date to determine the second period's interest rate is the corresponding date when the first period ends. If the corresponding date does not exist, then choose the last day of that month. Interest rate of each withdrawals shall be adjusted according to A.

A, the interest rate for each withdrawal during any six month period shall be determined according to the rate set at the beginning of the underlying period regardless of the number of withdrawals and shall be adjusted at the next six month period.

B, Borrowing rates of each withdrawal are determined and adjusted individually.

(3) Other: None

3.2 to determine the foreign exchange loan interest rates

Borrowing rates in foreign currency follow the / ways to determine:

(1) Fixed interest rate. Annual interest rate shall be / and shall not change during the duration.

(2) Floating interest rates, borrowing rates to / months / (LIBOR / HIBOR) as the base rate plus / basis points (one basis point to 0.01%) consisting of a floating interest rate spreads. Contract period plus point spreads remain unchanged. The use of sub-pen drawing and each withdrawal rates were calculated. Borrower after the withdrawal, following the / ways to adjust the benchmark interest rate, interest-bearing segment:

A, the benchmark interest rate changes in accordance with the corresponding period. The second phase of the benchmark interest rate adjustment date for a full withdrawal on the corresponding day after, if you adjust the month and the withdrawal does not exist on the corresponding date, places corresponding to the last day of the month, day, and so on other phases.

B, the benchmark interest rate changes in the first day of each Interest Period.

(3) Other: /

3.3 Interest for the borrower under the contract is calculated on a daily basis from the date of withdrawal and is paid on a monthly basis (month / quarter / half year) interest settlement. When the loan matures, interest should be settles along with the principal. One day interest rate = interest rate / 360.

3.4 Late penalty rate under the contract is 130% of the original loan interest rate, penalty interest rate for misappropriation of the loan is 150% of the original loan interest rate.

Article 4 withdrawal

Funds should be withdrawn based on the actual needs, the borrower can make single or multiple withdrawals to the loan amount limit. If the borrower does not withdraw according to the contract, the lender has the right to cancel all or part of the remaining unused balance. (**This section does not apply to loan cycles**)

Article 5 repayment

5.1 Borrower repay the loan under this contract in one single lump sum.

5.2 If the Borrower prepay the principal in advance, the borrower should compensate the lender. The compensation should be calculated as: the amount of principle that is prepaid x the remaining time under the contract (number of months) x 0.1%; the number of months calculated for remaining time should be rounded to the greater integral number.

Article 6 cycle loan special agreement not applicable.

Article 7 guarantees

7.1 Loans under the contract are guaranteed, by Hong Kong Highpower Technology, Springpower Technology (Shenzhen) Co., Ltd. and the legal person, Dangyu Pan 's personal joint responsibility for promissory guarantee.

7.2 Under the contract, the corresponding maximum guarantee contracts are the following:

Maximum amount of guarantee contract name: "the maximum guaranteed contract" (ID: ICBC 40000928-2012henggangbaozi 0053)

Guarantor: Hong Kong Highpower Technology Co., Ltd.

Maximum amount of guarantee contract name: "the maximum guaranteed contract" (ID: ICBC 40000928-2012henggangbaozi 0054)

Guarantor: Springpower Technology (Shenzhen) Co., Ltd.

Maximum amount of guarantee contract name: "the maximum guaranteed contract" (ID: ICBC 40000928-2012henggangbaozi 0055)

Guarantor: Dangyu Pan

Article 8 financial agreement not applicable

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Article 9 dispute resolution

Dispute resolution under this contract is resolved through litigation at the court with jurisdiction where the lender is located.

Article 10 other

10.1 Contract is in triplicate, the borrower has one copy, the lender has two copies, which have the same legal effect.

10.2 The following attachments along with other attachments mutually recognized form an integral part of this contract, and have the same legal effect as the contract:

Annex 1: Notice of Withdrawal

Annex 2: commission payment protocol

Article 11 other matters agreed by the parties

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The second part Specific Provisions**Article 1 rate and interest**

1.1 In foreign currency borrowings, LIBOR is the benchmark interest rate on the withdrawal date or two banking days before the adjustment date of base interest rate (11:00 noon London time) Reuters (REUTRES) Financial Telecommunication terminal "LIBOR" page displays the borrower under this contract currency interbank offered rate; HIBOR as the benchmark interest rate adjustment date or withdrawal two banking days before (11:15 noon Hong Kong time) Reuters (REUTRES) Financial Telecommunication terminal "HIBOR" page shows the same industry in HK Offered Rate.

1.2 For loans with floating interest rates under the contract, the rules to adjust the underlying interest rate will not be changed.

1.3 For loans with interest rates settled monthly, interest settlement date is 20th of each month; For loans with interest rates settled quarterly, the interest settlement date is the 20th of the last month of each quarter; For loans with interest rates settled semi-annually, interest settlement dates are June 20 and December 20 of each year.

1.4 The first interest period is from the actual withdrawal date to the date of the first interest settlement date; the last interest period is from the following day after the previous interest period to the final repayment date; other interest period is from the following day after the previous interest period to the next interest settlement date.

1.5 In the case the People's Bank of China adjust the policies to mandate loan interest rate, the lender will follow such policies, and will not notify the borrower.

1.6 Upon signing the contract, if the loan interest rate is discounted from the base interest rate determined by People's Bank of China, the Lender has the right to reevaluate the discount given to the Borrower based on the national policies, credit quality of the borrower, and the changes of the guarantors, etc. The Lender has the discretion to decide on the cancellation of part or all discount, and will notify the borrower in the due course.

Article 2 loan withdrawal and release

2.1 Upon withdrawal, the borrower must meet the following prerequisites, otherwise lenders are not obliged to release any funds to the borrower, except the lender agrees to advance loans:

(1) Except loans on credit, the Borrower has provided appropriate guarantee according to the Lender's requirements, and related guarantee procedures are completed;

(2) No breaches occurred under this contract or other contracts signed by the Borrower and the Lender.;

(3) Evidence of use of funds provided by the borrower conforms to the agreed use of funds;

(4) Provide any other materials needed by the lender.

2.2 The written documents provided by the Borrower to the Lender upon withdrawal shall be original; Under conditions that original written documents can not be provided, after the consent of the Lender, a copy of the duplicate with the official seal stamped from the Borrower.

2.3 Borrowers must submit withdrawal notice to the Lender at least five banking days in advance before any withdrawal. Once withdrawal notice is submitted, without the written consent of the lender, it may not be revoked.

2.4 If the Borrower meets the prerequisites for withdrawal or agreed by the Lender to advance the loan, the lender transfers loan amount to the designated borrowers' account, the lender is deemed to have issued the loan to the Borrower in accordance with the contract.

2.5 In accordance with relevant regulatory requirements and management requirements of lenders, loans more than certain amount or that meet other conditions should be paid by entrusted payment of the Lender, the Lender should pay loans to the designated object with the borrower's withdrawal application and payment commission.

Therefore, the Borrower should sign entrusted payment agreement with the Lender as the attachment of the contract, and should open or designate a specific account at the Lender's bank to settle the payments.

Article 3 repayment

3.1 The Borrower shall timely repay the contract principal, interest and other payables in full. On the payment date and one banking day before each settlement day, current payable interest, principal and other payables should be fully deposited into the repayment account opened at the Lender's bank, which shall be collected by the Lender on the repayment date or interest settlement date, or the Lender has the right to require the Borrower handle transfer procedure. If the repayment amount in the account is insufficient to cover all due amounts of the Borrower, the lender has the right to decide the liquidation order.

3.2 The Borrower should submit written application 10 banking days in advance for advanced repayment of all or part of the loans to the lender with the consent of the Lender to pay compensation to the Lender in accordance with the standard agreed in the contract.

3.3 The Borrower shall repay due principal, interest and other payables in advance with the consent of the Lender according to the contract on the advanced repayment date ..

3.4 The lender has the right to call loans in advance according to the returning situation of borrower's funds.

3.5 If the actual loan period is shorten because of the advanced repayment by the Borrower or advanced loan call by the Lender according to the contract, the corresponding interest rate level will not be adjusted.

Article 4 cycle loan (not applicable)

Article 5 guarantee

5.1 In addition to loans on credit, the borrower should provide legitimate and effective guarantee that is accepted by the Lender to fulfill the obligations under the contract .. Guarantee contracts are signed separately.

5.2 Borrower shall promptly notify the lender, and further provides other guarantees accepted by the Lender under the conditions that damages, depreciation, property disputes, being seized or detained, or discreet disposal of collateral by the Borrower, or the guarantor's financial condition changes adversely,

5.3 If accounts receivables are pledged as collaterals under the contract during the period the contract is still effective, the lender has the right to declare early maturity of loans, and require the borrower to immediately repay some or all of loan principal and interest, or request additional legitimate and effective collaterals against the loans, if one of the following conditions occur,

(1) The pledgor of the accounts receivable bad debt increases on the payer of which the accounts receivable are pledged, for two consecutive months;

(2) The accounts receivable that is uncollectable accounts for over 5% of the pledgor's total accounts receivable.

(3) The accounts receivable is due and uncollectable when trade disputes (including but not limited to quality, technology, service-related disputes) or debt disputes between the pledgor and payer

Article 6 account management

6.1 Borrower shall designate a special account at the Lender's bank for cash inflows for collecting sales revenues or planned capital repayment. Corresponding to the sales in the form of non-cash settlement, the borrower should ensure timely receipt of funds into the designated account.

6.2 Lender has the right to monitor the designated account, including but not limited to the capital income and expenditure, the borrower should cooperate. If required by the Lender, the Borrower should enter into a special account control agreement.

Article 7 representations and warranties

Borrower makes the following representations and warranties to the lender, and such representations and warranties remains in effect under the term of the contract:

7.1 Borrower shall have the qualification, and ability to perform the contract signed with the Lender.

7.2 The Borrower has received all the necessary authorization or approval to sign and perform this contract, which is not in violation of the Articles of Association and relevant laws and regulations, and shall bear other obligations under the contract not in conflict with other contracts.

7.3 The borrower has been scheduled to meet other debt payments, bank loan principal and interest owed no malicious behavior.

7.4 The borrower has a sound organizational and financial management system, in the last year of production and management process has not a major act of violation of discipline, the current senior management has no significant adverse record.

7.5 The borrower provides to the lender of all documents and information are true, accurate, complete and effective, there is no false record, misleading statement or significant omission.

7.6 The borrower provides to the lender's financial and accounting reports are prepared under Chinese accounting standards, true, fair and complete reflection of the borrower's operations and liabilities, and the borrower's financial situation has not any material adverse change since the most recent financial reporting period. 7.7 The borrower has not concealed to the lender any litigation, arbitration or claim involved.

Article 8 borrower commitment

8.1 The Borrower withdraws and uses funds under terms and conditions in the contract. The borrowed money is not used for fixed assets and equity and other investments, not in any way into the stock market, futures market or uses prohibited by relevant laws and regulations.

8.2 Repay the loan principal and interest and other payables in accordance with the contract.

8.3 Accept and actively cooperate with the lender for account analysis, inspection, on-site reviews, etc., including use of the loan, including the use of funds and supervision of the inspection. In accordance with the lender's requirements, the borrower periodically provides summary reports for the use of funds.

8.4 Accept the lender's credit check required by the lender, and provide the lender with balance sheet, income statement and other financial and accounting information reflecting the borrower's solvency, to actively assist and cooperate with the lender to investigate and review its financial situation and production operations.

8.5 Before paying off the loan principal and interest under the contract and other payables, the Borrower is not allowed to repay and dividends.

8.6 For the merger, divestiture, reduction, changes in ownership, transfer of substantial assets and debt, significant foreign investment, substantial increase in debt financing and other activities that may adversely affect the rights of the Lender's interest, prior written consent is required by the lender.

8.7 One of the following circumstances occurs, notify the lender:

(1) The change on articles of incorporation, business scope, registered capital, the legal representative;

(2) Out of business, dissolution, liquidation, business for rectification, revocation of business license is revoked or application (by application) bankruptcy;

(3) Or may be involved in major economic disputes, litigation, arbitration, or the property was legally seized, detained or regulation;

(4) Shareholders, directors and senior management is currently involved in serious cases or economic disputes.

8.8 Timely, completely and accurately disclose related party relationships and related party transactions.

8.9 Sign and verify notices mailed, or in the form, from lender ..

8.10 Not dispose of assets in order to reduce the solvency; provide guarantees to third parties without damaging the interest of the lender.

8.11 If the loans under the contract are on credit basis, the Borrower should provide complete, true, accurate information to reflect providing guarantees that may affect its obligations under this contract, and acquire written consent from the lender.

8.12 Take responsibility for the expenses from the Lender in purpose of fulfillment of contracts, including but not limited to litigation or arbitration fees, property preservation fees, legal fees, execution fees, assessments fees, auction fees, notice fees.

8.13 Debt settlement under the contract is in priority to its shareholders, and at least has equal status with the borrower's other similar debt from other creditors and borrowers.

8.14 Reinforce the social and environmental risk management, and agree to accept inspections by the Lender. If requested by the Lender, the Borrower agrees to provide the corresponding report.

Article 9 lender commitment

9.1 Release loans to the Borrower in accordance with the contract.

9.2 Maintains the confidentiality of non-public information, except required by laws and regulations otherwise.

Article 10 breach of contract

10.1 Any of the following events constitutes an event of breach:

- (1) The borrower fails to repay principal, interest, and other payables in accordance with the provisions specified in this contract, or fails to fulfill any other obligations in this contract, or contrary to the statements, guarantee and commitments in this contract;
- (2) The guarantees in this contract have adversely changed to the Lender's loan, and the Borrower is not available to provide other guarantees approved by the lender;
- (3) Fail to pay off any other debts due by the Borrower, or fails to fulfill or breach other obligations in this contract, or likely to affect the performance of the obligations in this contract;
- (4) The financial performance of the profitability, debt payment ability, operating capacity and cash flow of the Borrower exceed the agreed standards, or deterioration has been or may affect the obligations in this contract;
- (5) The Borrower's ownership structure, operation, external investment has changed adversely, which have affected or may affect the fulfillment of the obligations in this contract;
- (6) Borrower involves or may involve significant economic disputes, litigation, arbitration, or asset seizure, detention or enforcement, or judicial or administrative authorities for investigation or take disciplinary measures in accordance with the laws, or illegal with relevant state regulations or policies in accordance with the laws, or exposure by media, which have affected or may affect the fulfillment of the obligations in this contract;
- (7) The borrower's principal individual investors, key management officer's change, disappearances or restriction of personal liberty, likely to affect the performance of the obligations in this contract;
- (8) The borrower using false contracts with related parties, using no actual transaction to extract the lender's funds or credit, or evasion of lender's loan right through related party transactions;
- (9) Borrowers have been or may be out of business, dissolution, liquidation, business reorganizations, business license has been revoked or bankruptcy;
- (10) Borrowers breaches food safety, production safety, environmental protection and other environmental and social risk management related laws and regulations, regulatory requirements or industry standards, resulting in accidents, major environmental and social risk events, likely to affect the performance of the obligations in this contract;
- (11) In this contract, the borrowing is paid by credit, the borrower's credit rating, level of profitability, asset-liability ratio, net cash flow of operating and other indicators do not meet the credit conditions of the lender; or without the lender's written contract, pledges guarantee or provides assurance guarantees to other party, likely to affect the performance of the obligations in this contract;
- (12) Other adverse situations may affect in the realization of loan right in this contract.

10.2 If the borrower breaches of contract, the lender has the right to take one or more of the following measures:

- (1) Require the borrower to remedy the default within a certain time limit
- (2) Terminate other financing funds in other contract issued to the borrower by the lender, cancel part or all of undrawn borrowings and other financing amount of borrower;
- (3) Announce the outstanding loan and other financing amount between the lender and the borrower in this contract, and take back the outstanding amounts;
- (4) Requires the borrower to compensate the loss of the lender caused by the breach of contract;

(5) Measures according to provisions of laws and regulations, provisions of this contract and other necessary measures.

10.3 If the borrower fails to repay the due loan (including loan declared expire immediately), the lender has the right to charge penalty interest according to penalty interest rate agreed by this contract from the due date. The interest fails to repay on time, charge compound interest according to overdue penalty interest rate.

10.4 Borrower fails to use the loan for agreed usage, the lender has the right charge penalty interest on embezzlement according to embezzlement penalty interest rate agreed by this contract. The interest fails to repay on time during the embezzlement period, charge compound interest according to embezzlement penalty interest rate.

10.5 The borrower simultaneously happens the situations in section 10.3, 10.4, choosing the heavier interest rate to charge, cannot impose in double.

10.6 If the borrower does not repay the principal, interest (including interest and compound interest) or other payables on time, the lender has the right to announcements through the media for collection.

10.7 If the control or controlled relationship between related parties of the borrower and the borrower changes, or the related parties of the borrower happens the other situations except the situations of (1) and (2) in above provision 10.1, likely to affect the performance of the obligations of the borrower in this contract, the lender has the right to take the measures agreed in the contract.

Article 11 deduction

11.1 Borrower does not repay the due debt in this contract according to this contract(including the debt declared due immediately), the lender has the right to deduct corresponding amount from all the functional and foreign accounts opened at the branches of ICBC, until all the debt of the borrower in this contract are paid off.

11.2 If the currency of deduct payments is inconsistent with the currency in this contract, the exchange rate on the deduction day is the applicable exchange rate. The interest and other fees during the deduction fees and debt pay off day, and the difference because of fluctuations the exchange rate during this period is assumed by the borrower.

11.3 If deducted amount for the lender is insufficient to pay off all debts, the lender has the right to determine the payment order.

Article 12 transfer of rights and obligations

12.1 Lender has the right to transfer all or part of the right in this contract to a third party, the transferring actions do not need to acquire the consent of the borrower. If without the consent of the lender in writing, the borrower cannot transfer any right and obligations in this contract to a third party.

12.2 The Lender or China Industrial and Commercial Bank Limited ("ICBC") can Authorize or commit the other branches to perform the rights and obligations in this contract according to operation need, or transfer the loan right in this contract to the other branches of ICBC, the borrower must agree, and the above actions of the lender do not need to ask for permission of borrower. The other branches which undertake the lender's rights and obligations have the right to perform all rights in this contract, and have right to apply for litigation, arbitration, compulsory execution for the disputes in this contract in the branch's name.

Article 13 Effect, Change and Terminate of This Contract

13.1 This contract is effective since the signature date, and is terminated on the day the borrower performs all the obligations in this contract.

13.2 Any change of this contract shall be agreed by all parties involved and be made in writing. The changes of provisions and agreements are part of the contract, has equal legal right with the contract. Except the changed part, the rest part of this contract is still valid, before the changes is in effect, the original terms of this contract is still valid.

13.3 The change or termination of this contract will not affect the right of all parties involved to require compensation. The termination of this contract, will not affect the effectiveness of the dispute settlement provisions.

Article 14 law and dispute resolution

The contract formation, validity, interpretation, performance and dispute settlement are applicable PRC laws. All caused by the contract or in connection with the contract-related disputes and disputes, both parties should be resolved through consultation, the consultation fails according to the contract settlement.

Article 15 complete contract

The first part of this contract, "borrowing conditions" and the second part of the "liquidity loan contract terms," together form a complete loan contract, the same two words have the same meaning. The loan borrower is constrained by the above two parts.

Article 16 notice

16.1 All notices under the contract should be given in writing. Unless otherwise agreed, the parties designated residence stated in this contract for communication and contact address. Address of any party or other contact is changed, shall be in writing promptly notify the other party.

16.2 One party can notify the other party in the form of announcement or notary service if the recipient party refuses to receive other circumstances that cause inability to deliver.

Lenders (Seal): Industrial and Commercial Bank of China Ltd., Shenzhen Henggang Branch

Responsible person / authorized agent:

/s/Duoping Yang

Borrower (seal): Shenzhen Highpower Technology Co., Ltd.

Legal representative / authorized agent:

/s/ Dangyu Pan

Contract signed on: August 30, 2013

Basic Credit Line Contract

Reference: Xing Yin Shen Longgang credit zi (2013) No. 0430
Creditor: Industrial Bank Co., Ltd., Shenzhen Longgang Branch
Address: Parkland, Longxiang Road, Longgang town, Shenzhen
Legal Representative / CEO: Jinkui Li
Contact:
Address:
Postal Code: Fax :
Tel: 0755-33837817 Fax:

Debtor: Springpower Technology (Shenzhen) Co., Ltd.
Address: Building A, Chaoshun Industrial Zone, Renmin Street, Danhu, Guanlan Road, Baoan, Shenzhen
Legal Representative / CEO: Dangyu Pan
Contact:
Address:
Postal Code: Fax :
Tel: 0755-89686939 Fax:

Contract Location: Industrial Bank Building, Industrial Bank Co., Ltd. Shenzhen Branch

Important Prompt

For protecting your rights and interests, please read, check and confirm the following items carefully before signing:

1. You have the right to sign this contract or you have been given sufficient authority legally.
2. You have read and understood this contract carefully and sufficiently, and have paid attention on assuming, exempting or limiting responsibilities of Industrial Bank Co., Ltd., and the content with bold font.
3. Your company and you understand the meaning of this contract and the relevant legal consequences, and agree to accept these provisions.
4. The contract provided by Industrial Bank Co., Ltd. is a model contract. There is space for modifying, supplementing and deleting.
5. If you have further questions on this contract, please consult Industrial Bank Co., Ltd.

After application, creditor agrees to provide a basic credit line to debtor. To clarify the rights and obligations of both parties, and abide by credit, the contracting parties sign this contract agreed together according to relevant state laws and regulations.

Clause 1 Definitions and interpretation

Except agreed in writing by the contracting parties, the following words in this contract will be explained as follows:

1. Basic credit line: based on comprehensive evaluation of management and risk of debtor, creditor will decide the maximum amount of comprehensive financing principal of debtor, including but not limited local foreign currency, various trade financing (issuing letter of credit, trust receipt, packing loan, export bill purchase, export bill purchase under collection and advanced against inward documentary bills, etc.) bank acceptance bill, notes discounted, notes repo, guarantee (including independent guarantee, demand guarantee, standby letter of credit, etc.) and so on.
2. Valid period of credit line is one uninterrupted period, during which the debtor can conduct business transactions stipulated under the basic credit line, with creditor's consent. The basic credit line expires when the valid period of credit ends.

3. Balance: creditor will manage and control the balance of various businesses of debtor. The balance is the sum of used credit line, including undue balance and expired outstanding balance, as follows:

(1) Undue balance: the sum of undue outstanding debts which are used by debtor according to this contract.

(2) The due unpaid balance is the debt principal balance that the Creditor granted the Debtor, or is entitled for to perform certain legal responsibilities, but remained unpaid at the expiry date.

4. Macro contract: Basic credit line contract, which is signed by creditor and debtor.

Sub-contract: the specific business contract signed by two parties voluntarily. This contract is the macro contract of any sub-contracts, any sub-contract is an inalienable part of this contract, and has the same legal effect.

5. Principal debt: debt principal, interest and expense resulting from conducting various business transactions under this contract applied by debtor, including but not limited local foreign currency, various trade financing (such as issuing letter of credit, trust receipt, packing loan, export bill purchase, export bill purchase under collection and advanced against inward documentary bills, etc.) bank acceptance bill, notes discounted, notes repo, guarantee (including independent guarantee, demand guarantee, standby letter of credit, etc.) and so on. (Including principal, interest, punitive interest, compound interest, liquidated damages, damage awards, expenses for realizing financial claim, etc.)

Expenses for realizing a financial claim: the money which creditor spends for realizing a financial claim by litigation, arbitration, etc. such as court (arbitration) costs, attorneys' fees, traveling fees, execution fees, maintenance costs, and other necessary costs for realizing a financial claim.

6. Important transaction which is mentioned in clause 8 (including but not limited): anything which might have a bad effect on the basic organization of debtor's company, changes of stockholders, contingent liabilities, cash flows, profitability, core business secrets, important assets, significant claims and debts, repayment ability, other transactions which are considered as significant transactions by creditor and/or debtor.

7. Important transaction which is mentioned in clause 8 (including but not limited): anything which may have bad effect on executives' operational capability, employment and termination of core staff, core business secrets, core competence, basic organization, legality, stability, development, profitability, repayment ability, other things which are considered as significant things by creditor and/or debtor.

8. Workday mentioned in this contract refers to a banking day. If the drawdown date or the repayment date is on a legal holiday, then it is delayed to the first working day after the holiday.

Clause 2 Credit Line

1. The maximum amount of basic credit line is RMB (in words) FIFTY MILLION YUAN ONLY. If debtor uses foreign currency in specific business, the foreign currency will be converted to RMB according to the exchange rate announced by creditor on the date when the applicable sub-contract is signed, and will be included in credit line.

2. Decomposition of credit line

(1) Working capital loan: RMB 20,000,000

(2) Bank acceptance: RMB 50,000,000

(3) Standby letter of credit: RMB 50,000,000

(1), (2), (3) can transfer the amount among them.

3. If the Debtor repays the used line of credit within valid period of credit line, the equivalent amount of credit line recovers automatically.

4. The financing balance should not be more than RMB 50,000,000, including all debts used by debtor according to this contract, and the single credit line cannot be more than RMB 50,000,000.

Clause 3 Valid Period and Adjustment of Credit Line

1. Valid period of credit line under this contract is from July 24th 2013 to July 24th to 2014.

2. This contract is not the definite obligation of creditor, in any circumstance, creditor has the right to adjust or cancel the credit line and valid period under this contract partly or completely without the consent of debtor. Foregoing "any circumstance" includes but not limited following situations:

(1) debtor has significant operational difficulties and risks;

(2) debtor has significant changes in ownership or contingent debt;

(3) debtor has significant changes in its operational mechanism (including but not limited discrete, merger, termination, etc.);

(4) debtor gets hit with credit downgrade and which increases risk of repayment;

(5) the situation and conditions of one transaction, which Debtor works on, have significant changes;

(6) the statements and commitments of debtor mentioned in clause 7 become invalid;

(7) other creditors think it is necessary to change, adjustment or cancel debtor's credit line.

3. If debtor needs to increase temporary the credit line because of a change of situation or special project, debtor can apply for special credit line from creditor, which can only be used for special project, and should not be used as cycle.

Clause 4 Repayment and adjustment of advance in cash and receipt under different credit line

Creditor has the right to use the funds received under one or more of the lines to repay the advanced money which is used according to this contract, without the consent of debtor and guarantor.

Clause 5 Guarantee Measures

1. The following contracts are guarantee contracts of this contract and sub-contracts.

(1) REF: Xing Yin Shen Longgang credit (guarantee) zi (2013) No. 0430

"Maximum Amount Guaranty Contract" (the name of the contract), guarantor: Shenzhen Highpower Technology Co Ltd, mode: guarantee;

(2) REF: Xing Yin Shen Longgang credit (guarantee) zi (2013) No. 0430A "Maximum Amount Guaranty Contract" (the name of the contract), guarantor: Dangyu Pan, mode: guarantee;

(3) REF: Xing Yin Shen Longgang credit (guarantee) ying zhi zi (2013) No. 0430

"Maximum Amount Accounts Receivable Pledge Contract" (the name of the contract), guarantor: Springpower Technology (Shenzhen) Co., Ltd., security as a pledge;

2. Before the signing of guarantee contracts and completing the guarantee procedures, creditor has the right to refuse handling an application for using the credit line under this contract, and providing the loans under this contract and sub-contracts.

3. The maximum guarantee for all debts under the credit line should be provided by the above guarantors (guarantor, mortgagor or pledger), except as agreed by creditor, debtor and guarantor.

4. If following things happen to the guarantor under this contract, creditor has the right to take measures according to clause 9 of this contract.

(1) Guarantor violates the maximum guarantee contract; a deterioration of guarantor's credit position; or other things, which may damage guarantee ability happen;

(2) Mortgager violates the maximum mortgage contract; damages mortgage intentionally; the value of mortgage might has been reduced obviously; or other things which damage the hypothecation of creditor;

(3) Pledger violates the maximum pledge contract; the value of pledge has been reduced obviously; or the right of pledge has to be cashed in advance; or other things which damage the pledge of creditor.

Clause 6 The Rights and Obligations of Creditor

1. During credit period, if the accumulated total balance used by debtor is less than the maximum capital limit, creditor will review a loan application which is within the limit from debtor. The application will be accepted if it meets each of the conditions and requirements requested by creditor. If Creditor is unable to make a substantive examination because of debtor or any other reasons, it should not constitute a defense. Debtor and guarantor give up considering it as a defense.

2. Creditor has the right to acquire the accounting statements and other operational information of debtor. Debtor should provide its marketing plan, investment plan and demand for funds. Creditor will keep debtor's business secret.

3. In order to achieve the purpose of financing under this contract, the debtor should provide a full, effective guarantee, which is recognized by creditor. If debtor or guarantor violates the contract, creditor has the right to seize any form of assets of the Debtor or Guarantor that the Creditor possesses

Clause 7 Representations and Commitments of Debtor

Debtor makes the following representations and commitments voluntarily, and assumes legal responsibility for the reality of the content.

1. Debtor is a legal representative, which is established according to the laws of People's Republic of China, with full capacity for civil conduct. Debtor promises to provide related information requested by creditor.

2. Debtor can perform all obligations and responsibilities under this contract, and will assume the repayment responsibility in any conditions.

3. Debtor has the right to sign this contract, and has acquired all legal approvals and authorities.

4. Signing this contract is allowed by debtor's articles of association, internal decisions and resolutions of shareholders and board of directors. This contract will not conflict with the articles of association, internal decisions and resolutions of shareholders and board of directors and policies of debtor.

5. Signing and performing this contract is the true willing decision of debtor. Signing and performing the above contract will not violate the laws and regulations, rules and agreements which can limit debtor. This contract is legal and enforceable, and if this contract become invalid because debtor does not have full capacity to sign this contract, debtor should repay all losses of creditor.

6. All documents, financial statements and other information, which are provided by debtor under this contract, are true, complete, accurate and effective.

7. Debtor agrees that bank business under this contract is limited to the regulations, conventions and practices of creditor, and the power of interpretation belongs to creditor.

8. Debtor cannot change its equity structure or major executives without written consent of creditor.

9. If debtor does not perform obligations according to this contract and sub-contract, debtor grants creditor the right to obtain relevant money from any account which is opened in creditor by debtor.

10. In any transactions after signing this contract, if the debtor submits any documents related to a specific transaction to creditor for auditing, debtor promises all documents are true. Creditor neither participates in nor knows the essence of transaction, and will not take any responsibility.

11. The debtor confirms it has no further litigation, arbitration, or administrative litigation in property, liquidation or issues with going out of business, except situations which have been disclosure in writing to creditor.

12. If creditor is involved in litigation, arbitration or another dispute because of performing the obligations under this contract, the litigation or arbitration fees, legal fees and other expenses of creditor will be borne by the debtor.

13. All settlement businesses under this contract should be handled through the settlement account open in creditor.

14. The debtor provides full, effective or other appropriate acceptable guarantee approved by the creditor. For the house mortgage, if the house will be removed, the debtor shall promptly inform the creditor to fulfill obligations; if mortgage houses were demolished, the creditor has the right to require the debtor to pay off the debt in advance, or reset the mortgage and sign a new security agreement. During the loss of the original guarantee and the new mortgage registration has not been completed, the debtor should provide the secured party as guarantees; For the way of compensation to compensate for the demolition of real estate, the creditor will be responsible for requesting relocation compensation as guarantee through the opening margin accounts or certificates of deposit, etc.

Clause 8 Debtor has the obligation to disclosure significant transactions and events to creditor.

1. Debtor should inform creditor of significant transactions and events of debtor in writing timely.

2. If debtor is a group company, debtor should inform creditor of its related transactions which are more than 10% of creditor's net assets, including but not limited to :

(1) the relationship of the parties in the transaction;

(2) transactions and transaction properties;

(3) the amount of transaction and relevant proportion;

(4) pricing policy.

3. During valid period of this contract, stock transfers, reorganizations, mergers, discrete, shareholding reforms, joint ventures, cooperations, joint operations, contracts, leases, business scope, change of registered capital, major asset transfers, contingent liabilities, or anything which may affect debtor's ability to assume responsibility should be reported to creditor in writing 30 days in advance.

4. A termination of business, going out of business, bankruptcy, dissolution, cancellation of business license, deterioration of financial situation or involvement in a major business dispute, or anything may affect debtor's ability to assume responsibility should be reported to creditor in 7 days by writing from the date the above thing took place.

5. When debtor becomes involved in major litigation or arbitration with any third party, or any other significant thing which may affect debtor's ability to assume responsibility occurs, creditor should be notified in writing within 7 days from the date debtor receives relevant notice.

6. The debtor promises that it will not use its legal dispute with a third party to damage creditor's rights.

Clause 9 Default and default Liability

1. After this contract comes into force, the creditor and the debtor should perform the obligations as agreed in the contract. If any one party fails to perform or not completely fulfill its obligations of this contract, it should bear the corresponding liability for breach the contract.

2. If any of the following situations occur, creditor has the right to terminate the unused credit line under this contract, and ask the debtor to repay all financing, payable interest and other expenses under this contract immediately. The date the creditor asks the debtor to repay the money is the advanced expiration date:

(1) any information provided by debtor or the statements and commitments stated in clause 7 of this contract are false, inaccurate, incomplete or misleading;

(2) deterioration of debtor's credit status and obvious weakening of repayment ability (including contingent liability);

(3) the cross default agreed in clause 10 of this contract occurs to the debtor, the affiliated enterprise of the debtor, the guarantor, or the affiliated enterprise of the guarantor;

(4) the debtor violates the obligations agreed to in a sub-contract of this contract;

(5) the debtor fails to repay the principal, interest and expenses of one financing under this contract on schedule;

(6) the debtor stops repaying its own debt, or cannot repay due debt;

(7) stopping doing business, going out of business, being announced bankruptcy, dissolution, cancellation of business license, involving in major business dispute, and deterioration of finance condition and so on;

(8) other thing which may damage creditor's right.

3. If the debtor defaults, creditor has the right to take one or more following measures:

(1) suspending or reducing the sum of financing, until cancelling all agreed line of financing;

(2) announcing complete or part of debtor's debt expire in advance;

(3) terminating this contract, and asking debtor to repay all debt and pay relevant expenses;

(4) the debtor should pay punitive interest for overdue debt;

(5) the debtor should pay punitive interest for misappropriation of the loan;

(6) requiring the debtor to pay full compensation for losses.

Clause 10 the cross-defaulting

If one of the following events occurs to the debtor or affiliated enterprises of the debtor, and the guarantor or the affiliated enterprises of the guarantor, it will be considered that debtor default as well, the creditor have the right to recover loan in advance according to this contract or its sub-contract, and require the debtor to be liable for breach of contract according to the contract:

- (1) any loan, financing or debt defaults or may default, or be called for repayment in advance;
- (2) any guarantee or similar obligation fails to be performed or might fail;
- (3) the non-performance or violation of the relevant debt guarantee and other similar obligations of legal document or contract or might;
- (4) failure to repay due debts or borrowing/financing;
- (5) be declared bankrupt by the legal procedure or may be so declared;
- (6) other situations that endanger the safety of the money under this contract.

Clause 11 the continuity of obligation

All obligations of the debtor under this contract have the same effect on its heir apparent, agent, receiver, or assignee, even after a merger, reorganization, or change of name.

Clause 12 accelerated maturity terms of principal and interest

The debtor and the guarantor agree that once the debtor fails to perform the statements and commitments of Clause 7, or the debtor fails to perform any obligation under this contract, the creditor has the right to decide that any other obligations include all outstanding principal, interest (including punitive interest and compound interest) and relevant expenses become due immediately.

Clause 13 The Priority Right of Subrogation Arrangement

The debtor states herein, once the debtor defaults or is unable to repay due principal, interest and fees, and does not have enough property to repay advanced money to creditor, creditor has the right of subrogation on any claim, accounts receivable and other property rights of the debtor. The debtor and the guarantor are willing to give up the defense to creditor according to article 28 of "Guarantee Law".

Clause 14 Offset Arrangement

1. If the debtor or the guarantor fail to repay maturing debt or pay the debt upon early maturity, the creditor has the right to directly withhold money on any account of the debtor to repay the debt. If the currency in the debtor's account is different from the currency of principal debt, the withholding money will be calculated on the rate of withholding day.
2. Creditor's rights under this contract will not be offset by any reason or any third party's offset right.
3. Creditor's rights under this contract will not be offset by any offset right of the debtor, the guarantor or any third party.

Clause 15 Applicable Law, Jurisdiction and Dispute Resolution

1. Signing, effectiveness, performance, termination, interpretation and dispute settlement of this contract is applicable for the laws of People's Republic of China.
2. For any dispute of this contract, the debtor and the creditor should resolve through friendly negotiations. If negotiation fails, both parties agree to solve by the following section (2) way:
 - (2) Applying for arbitration to the Shenzhen Arbitration Commission, resolving the dispute by applicable rules of the Arbitration Commission, the arbitration award is final and binding on both parties. The site selection is in Shenzhen.
3. In the dispute period, the provisions which are not involved in the dispute still should be carried out according to this contract.

Clause 16 Files, Communications and Notifications

1. Any documents, communications and notifications under this contract will be sent to each party according to the address, phone number or other contact methods on the cover of this contract.
2. If the contact method of one party changed, the other party should be informed immediately, otherwise the party which does not inform its change to the other must bear full responsibility for all the consequences.
3. Any documents, communications and notifications are sent according to above address, shall be deemed to arrive on the following dates:
 - (1) by post (including speed post, ordinary letter, registered mail), it will be deemed to arrive on the sending day after five working days;
 - (2) by facsimile or other electronic communication, it will be deemed to arrive on sending day;
 - (3) by personal service, the date of signing is deemed to be arriving date.

Notifications by the way of website, online banking, telephone banking or business outlets announcement should be deemed to arrive on day. The creditor does not need to borne any responsibility for any transmission errors, omissions, or delays of mail, fax, telephone or any other communication system.

4. The two sides agree that the seal of the office seal, financial seal, contract seal, receive seal and credit seal is the effective seal for the documents, communications and notifications. All staff of the debtor have right to receive files, communications and notifications.

Clause 17 Effectiveness, Modification of This Contract and Other Matters

1. The contract will take effect from the date of signature or stamp of both parties.
2. During the effective period of this contract, the creditor's giving to the debtor and the guarantor of any tolerance, forgiveness, or delay to use the rights and interests, shall not damage, impact or limit the creditor to share the rights and interests in accordance with relevant laws and regulations and this contract, or be deemed giving up the rights and interests, also do not affect the debtor to borne any obligation under this contract.
3. As a result of national laws and regulations or regulatory policy change, which leads to loan obligations of the creditor under this contract not conforming to the laws and regulations or regulatory requirements, the creditor has the right to unilaterally terminate the contract, announce all of the loan is due in advance, and the debtor should pay off the loan immediately.
4. If the creditor cannot issue the loan or pay on time because of force majeure, the failure of communication or network, or the failure of creditor's system, the creditor does not assume any responsibility, but should promptly notify the debtor.

5. The creditor shall have the right to authorize or entrust other branches of industrial bank to perform rights and obligations under this contract (including but not limited to authorized or entrusted bank branches of other related contracts, etc.) according to the debtor's operation and management, or the loan under this contract as other branch's to undertake, which is approved by the debtor, and without prior consent of the debtor.

6. The debtor agrees that the creditor has the right to unilaterally reduce or cancel the unused loan under the contract according to the debtor's production and operation situation, situation of payment or credit of other financial institutions. The creditor should notify the debtor five working days before reduce or cancel the loans, without prior consent of the debtor.

7. At any time, any provision of this contract in any way is or becomes illegal, invalid or unenforceable, the legality, validity or enforceability of other provisions under the contract is not affected.

8. The heading of this contract is just for the convenience of reading, which shall not be used for interpretation or any other purposes.

9. The attachment is an integral part of this contract, and the attachment of this contract is equally valid.

10. This contract is triplet, the creditor holds two copies, the debtor holds one copy, with equal legal effect.

Clause 18 The Notarization and Voluntarily to Accept Compulsory Execution

1. The contract should be notarized by the state notary office for if any party request notarization.

2. The notarized contract have the enforcement effect, if the debtor fails to perform the debt, or the creditor realize creditor's rights according to laws and regulations and this contract, the creditor shall have the right to directly apply the people's court with jurisdiction for enforcement.

Clause 19 The Supplementary Terms and Conditions:

After Shenzhen Highpower Technology Co Ltd.(Maximum Amount Guaranty Contract, REF: Xing Yin Shen Longgang credit (guarantee) zi (2013) No. 0430) and Dangyu Pan (Maximum Amount Guaranty Contract, REF: Xing Yin Shen Longgang credit (guarantee) zi (2013) No. 0430A) provide joint liability guarantee to creditor, the credit risk exposure RMB 10,000,000 can be used by the debtor. Remaining RMB 10,000,000 can be used after providing accounts receivable of Springpower Technology (Shenzhen) Co., Ltd (Maximum Amount Accounts Receivable Pledge Contract, REF: Xing Yin Shen Longgang credit (guarantee) ying zhi zi (2013) No. 0430) as a pledge. Due date of the credit under this contract is unified, on July 24th, 2014.

/s/ [COMPANY SEAL]

The Creditor (official seal):

The legal representative (signature):

The Debtor (official seal):

The legal representative (signature):

/s/ Dangyu Pan

Maximum Amount Guarantee Contract
Natural person as a guarantor

(Apply to lines of credit)

REF: Xing Yin Shen Longgang credit (guarantee) zi (2013) No. 0430A

Lender: Industrial Bank Co., Ltd., Shenzhen Longgang Branch

Address: Parkland, Longxiang Road, Longgang Town, Shenzhen

Legal Representative / CEO: Li Jinkui

Contact: Huang Jinlong

Address:

Postal Code:

Fax :

Tel: 0755-33837817

Fax:

Guarantor: Dangyu Pan

Address: Building A1, 68 Xinxia Street, Pinghu, Longgang, Shenzhen.

Legal Representative / CEO: Pan Dangyu

Contact:

Address:

Postal Code:

Fax :

Tel: 0755-89686939

Fax:

Contract Location: Industrial Bank Building, Industrial Bank Co., Ltd. Shenzhen Branch

Important notes:

For protecting your rights and interests, please read, check and confirm following items carefully before signing:

1. You have the right to sign this contract. Or you have been given sufficient authority legally.
2. You have read and understood this contract carefully and sufficiently, and have paid attention on assuming, exempting or limiting responsibilities of Industrial Bank Co., Ltd., and the content with bold font.
3. Your company and you have understood the meaning of this contract and relevant legal consequence, and agree to accept these provisions.
4. The contract provided by Industrial Bank Co., Ltd. is a model contract. There is space for modifying, supplement and deleting.
5. If you have further questions to this contract, please consult Industrial Bank Co., Ltd.

The guarantor voluntarily agrees to be a financier ("creditor") to provide security for the line of credit of the applicant, Springpower Technology (Shenzhen) Co., Ltd. (or "debtor"). In order to clarify the rights and duties, and abide by credit, the contracting parties sign this contract obeyed together according to relevant state laws and regulations.

Article 1 Definition and interpretation

Except agreed in writing by the contracting parties, the following words in this contract will be explained as follows:

1. Definitions and Interpretations agreed in the master contract (defined as below) are applicable to this contract.
2. The "claims" or called the principal debt, means the debt approved and provided by the lender, including loans, lending, trade finance (including but not limited to issuing letters of credit, trust receipts, packing loans, export financing, export collection bills and import bills, etc.), bankers' acceptances, discounted bills, bills buyback, guarantees (including the Independent guarantees, see demand guarantees and standby letters of credit, etc.) and other financing business (including principal, interest, penalty interest, compound interest, liquidated damages, damages, cost of achieving the claim).

Under this contract, the claim of the financier and the debt of the applicant mean the same content.

3. The "principal" refers to the principal debt made by the business transacted by the financier, including but not limited to the principal loans, trade finance capital, bankers' acceptances fare, bill discounting, money advanced for credit of letter, the principal part of guaranteed by the creditor for the debtor.

4. The "guaranteed maximum principal" means the amount agreed by both parties in order to clarify the scope of the claims guaranteed by the covenant. Regardless of times and sum of the debt, the guarantor takes joint liability for all debt under the guaranteed maximum principal.

5. The "validity of guarantee" refers to a continuous uninterrupted period agreed by both parties in order to clarify the scope of the claims by the covenant. The debt happened during the period, whether the settlement deadline is over that period or not, the guarantor takes joint liability for all debt under the guaranteed maximum principal.

6. "The cost of the claim for the creditor" refers to the necessary fees of achieving the credit, including take litigation, arbitration and other ways to pay litigation (arbitration) fees, legal fees, travel expenses, execution fees, security fees, and other expenses.

7. "Master Contract" means credit contract (that is, "General Agreement") and all sub-contract signed by the financier and the applicant. "Sub-contract" means based on the basic or special contract, the contract signed by both parties after getting approval of the lender, include the content of each sum, the due date and other rights and obligations. The sub-contract is an integral part of the basic or special contract, with the same legal effect. The forms of contract can be different according to business needs, as the application of L/C, bills or other manner considered fit by the lender. If the master contract and sub-contract has different part, the sub-contract will be effective.

8. This "working day" refer to the bank business day, If a withdrawal or repayment date is not a Business Day, delay to the next business day.

Article 2 The master credit contract of guarantee

The master contract of guarantee is Basic Credit Line Contract (No. Xing Yin Shen Longgang credit zi (2013) No. 0430), and its sub-contracts. The sum of credit is RMB fifty million only, credit period is from July 24th 2013 to July 24th 2014.

The guarantor will be borne joint liability for all debts under the master contract.

Article 3 Maximum guarantee principal

1. Under this contract, maximum guarantee principal is RMB (in word) FIFTY MILLION YUAN ONLY.
2. Under the maximum guarantee principal, the guarantor is borne joint liability for all debt balance (including principal, interest, penalty, compound interest, liquidated damages, damages, realization of claims).

Article 4 Validity of guarantee

1. Valid period is from July 24th 2013 to July 24th 2014.
2. The loan under the contract can be used only when during the period of validity, but the guarantor is borne joint liability for each debt whether the debt is in or over the validity of the guarantee contract.

Article 5 Guarantee responsibility

1. The guarantor is borne joint liability under this contract. For whatever reason, if the applicant fails to fulfill due debts under the master contract (including but not limited to early recovery of debts because of the default of the applicant or the guarantor's request), the guarantor shall perform the repayment obligation on behalf of the debtor.
2. If there are several guarantors under this contract, all guarantors shall jointly bear joint responsibility.
3. Main debts expire, the debtor fails to repay the debt and interest, the guarantor shall perform the repayment obligation.
4. During the period of the main debt, if the lender recovers the debt in advance according to the master contract, the guarantor shall bear joint responsibility for this and other debts under the guarantee contract.

Article 6 Scope of guarantee

1. The financial claims under this contract ("the secured claims") refers to all debts provided by the lender to the debtor, including but not limited to the principal debt, interest (including default interest, compound interest), breach of contract, damages, expenses of claims.
2. On the due date, if the applicant refused to repay the loan, which lead to the debt rights also in the range of the guarantee.
3. The principal, interest and other costs, the time of performance, usage, rights and obligations of the parties as well as any other relevant matters under the contract shall prevail by relevant agreements, contracts, application, notice, various certificates and other records, all kinds of certificates and other relevant legal documents issued or signed without guarantor's confirmation.
4. In order to avoid ambiguity, all fees of prepare, improve, perform or enforce the contract (including, but not limited to attorney's fees, litigation or arbitration costs etc.) constitute a part of the secured debt.

Article 7 Warranty period

The warranty period under the contract:

1. The warranty period under the contract is calculated according to each financing applied by the applicant. For each financing, the warranty period is ended after two years of the expiration.
2. If there are several financings in one master contract, the warranty period of each financing is ended after two years of the expiration.

3. If the principal debt is repayable in installments, there are several financings in one master contract, each warranty period is calculated in installments, and the guarantor shall bear responsibility for two years from the date of expiry.
4. If any extension agreement is signed by financier and debtor without agreed by the guarantor, the guarantor will still bear responsibility for all financing under the contract within two years from the date of extension expiry.
5. If the financier decides to recover the debts in advance, the warranty period is two years since the date of expiry noticed by the financier.
6. The warranty period of bankers' acceptances, letters of credit and letters of guarantee is two years from the date of advance payments. If advance for several times, warranty period is calculated from each advance payment.
7. The warranty period of commercial bills is two years from the date of discount maturity.

Article 8 On demand

As long as financiers submitted notification of debt collection to the guarantor with the contract number and the amount of debt, the guarantor shall immediately perform the repayment and give up all reasons of defense.

Article 9 Declaration and commitment of guarantor

The guarantor voluntarily made the following statement and commitment, and liable for its truthfulness:

1. The guarantor is established under the laws and a validly existing legal company, with full civil capacity. The guarantor follows the lender's request to provide relevant evidence, permits, certificates and other documents required by the lender.
2. The guarantor has sufficient capacity to fulfill all the obligations and responsibility under the contract, not because of any instruction, financial conditions change, or any agreement with any party to reduce or waive their commitment to settle the obligation.
3. The guarantor has sufficient power, authority and legal right to sign this contract, the guarantor has obtained and fulfilled all necessary approvals and authorizations of its internal or other relevant procedures to make the contract execution and performance, and has achieved and fulfilled any government department or other authority's approval, registration, authorization, consent, license or other relevant procedures for this contract, and signed this contract with all the necessary approvals, registrations, consents, licenses, authorizations and other related procedures remain fully valid.
4. The guarantor signed the contract in full compliance with the relevant Articles of the guarantor, the internal decisions, shareholders and board resolution. The contract does not conflict with any charter, internal decisions, shareholders resolutions, board resolution and the guarantor's policies.
5. The execution and performance of this contract is based on the guarantor's true intention. Loan facility is compliance with legal and regulatory requirements, execution and performance of this contract does not violate any binding law, regulation, ordinance or the contract. This contract is valid and enforceable, as a result of the guarantor's defects in the execution and performance of this contract to result in the contract is invalid, the guarantor will immediately and unconditionally make compensation for all losses to the lender.
6. Under this contract, all the documents, financial statements and other information provided by the guarantor is true, complete, accurate and effective, and continue to fulfill the lender's request of the financial indicators.
7. Such as a change in ownership structure or key management personnel or other significant events and significant transactions, the guarantor shall require the prior written consent of the financier.

8. If the guarantor fails to fulfill the contract obligations, the guarantor hereby authorizes the lender recover the funds from all branches accounts of the guarantor without going through the judicial process.
9. When the guarantor has fulfilled the guarantee responsibilities, the guarantor has the right to recover the money from the applicant without prejudice the repayment in the future. However, if the applicant has the claim of the guarantor and the requirement of repayment from the financier at the same time, the guarantor agreed the applicant to repay the debt of the financier first.
10. If the applicant and the guarantor have or will sign a counter- guarantee contract in respect of the obligations under the contract, the counter-guarantee contract shall not prejudice any rights of the financier in law or in fact under the contract.
Eleven, before pay off the debts, regardless of any reason lead to reduce the guarantee ability of guarantor, the financier has the right to require the guarantor to provide a new full and effective guarantee.
12. When he applicant fails to fulfill obligations, regardless of the financier has other guarantee right of the debts, (including, but not limited to warranties, mortgage, pledge, guarantees, standby letters of credit and any other form of guarantee), the guarantor shall bear full responsibility to ensure the security and waive all defenses on law and property law.
13. There was no any litigation, arbitration or administrative proceedings for the guarantor's outstanding or known to occur on the guarantor, and there was no events of liquidation or other similar proceedings whether it comes forward by the guarantor or by a third party.
14. If the lender is forced into disputes between the guarantor and any other party because of fulfilling the obligations under the contract, the guarantor should pay litigation or arbitration costs, legal costs and other expenses.
15. During warranty period, the guarantor undertakes not to transfer, conceal property, or give up, passive exercise claims in any way.

Article 10 Obligations of disclosing important transactions and events

1. Guarantor should inform financier of significant transactions and events of guarantor in written timely.
2. During valid period of this contract, stock transfer, reorganization, merger, discrete, shareholding reform, joint venture, cooperation, joint operation, contract, lease, business scope, change of registered capital, major asset transfer, contingent liability, or anything which may affect guarantor's ability of assuming responsibility should be notified to financier in writing 30 days in advance.
3. Termination of business, going out of business, bankruptcy, dissolution, cancellation of business license, deterioration of financial situation or involving in major business dispute, or anything may affect guarantor's ability to assume responsibility should be noticed to financier in 7 days by written since the date above things take place.
4. When guarantor involves in major litigation or arbitration with any third party, or other significant thing which may affect guarantor's ability to assume responsibility, financier should be notified by written in 7 days since the date guarantor receives relevant notice.
5. The guarantor promises that it will not use its legal dispute with third party to damage financier's right.

Article 11 Events of default and breach of contract

1. Since this contract comes into force, the financier and the guarantor shall perform the obligations as agreed in the contract, any one party fails to perform or not completely fulfill the obligation of this contract, shall bear the corresponding liability for breach of contract.

2. One of the following circumstances occurs, the financier has the right to require the guarantor immediately to fulfill the repayment obligations:

- (1) Any information provided by guarantor and the statements and commitments stated in clause 9 of this contract are false, inaccurate, incomplete and misunderstood.
- (2) Deterioration of guarantor's credit status and obvious weakening of repayment ability (including contingent liability);
- (3) The guarantor violates of the foregoing provisions of Article 10, not disclose the significant transactions and events;
- (4) Stopping doing business, going out of business, being announced bankruptcy, dissolution, cancellation of business license, involving in major business dispute, and deterioration of finance condition and so on;
- (5) Other thing which may damage financier's right.

3. If the guarantor defaults, financier has the right to take one or more following measures:

- (1) Require the guarantor to remedy;
 - (2) Require the guarantor to provide a new full and effective guarantee;
 - (3) Require the guarantor to perform guarantee obligation in advance;
 - (4) Require the guarantor to repay all direct or indirect losses for breach of contract.
- The guarantor shall make the implementation of the above measures and waive all defenses.

Article 12 The independence of the guarantor's obligations

1. The guarantor's obligations under this contract have independence with no effect of the relationship between any party and the third party, except there are stipulates.
2. The guarantee contract has independence, regardless of any conditions; the guarantee contract is effective even if the master contract is not effective. If the master contract is confirmed as invalid, then the guarantor still bear the joint liability for the debtor's debts.
3. If the applicant violates the master contract (including but not limited to the applicant fails to use the loan under the sub-contract) , shall not affect the liability of guarantee, the guarantor cannot require to reduce or waive the responsibility of guarantee.
4. The main creditor under the contract expires or the guarantor fails to perform under this contract, the financier has the right to directly deduct the funds from any account of the guarantor.
5. As under the master contract , there are other guarantees (including but not limited to guarantee , mortgage , pledge, standby and any other form of security) , the guarantor agrees that one can give up part of security interest or security interest subordinated (including the collateral is based on the collateral provided by the debtor) , financier and any mortgagor / pledgor (including the mortgagor / pledgor artificially is the debtor himself) can be varied by agreement and subordinated security interest, the amount of the secured creditor and other content, even if financiers made the above act, the guarantor is still voluntary to bear all responsibility of this contract.
6. The guarantor agrees and acknowledges: the financier and the applicant agree to alter the master contract are deemed to have the prior consent of the guarantor, the guarantor cannot reduce the responsibility because of this.

7. Before the maximum guarantee claims determined, the financier has the right to transfer part or all guarantee rights without the prior consent of the guarantor.

Article 13 the continuity of obligation

1. All the guarantor's obligations under this contract have continuity, for his heir apparent, agent, receiver, the assignee and the main company after merger, reorganization, change the name is completely and equally binding.
2. The guarantor hereby acknowledges, financiers can continuously and cyclically to provide financing to the applicant under the contract, the guarantor has joint for liability of all claims, regardless of the times and sum of each financing.
3. The contract is a continuing guarantee, the guarantor shall bear responsibility of guarantee until the debts is paid off.
4. All or part of the release or discharge of the secured creditor based on any payments, guarantees or other disposition which have been declared invalid or must be repaid, the guarantor's responsibility will be remain in force.

Article 14 Priority subrogation arrangements

The guarantor states that, once the guarantor cannot assume security responsibility, and the guarantor itself has not sufficient property to be repaid, the financier has priority right of any claims against third parties, accounts receivable and other property interests. The guarantor will voluntarily relinquish the defenses against the financier under Article 28 of "security law".

Article 15 Offsetting arrangements

The right of the financier under the contract cannot offsetting by the guarantor's or any other party's right of offsetting.

Article 16 Applicable Law, Jurisdiction and Dispute Resolution

1. Effective performance, termination, interpretation and dispute settlement etc. of this contract is applicable for china laws. Second, for any dispute about this contract, guarantors and lenders should resolve through friendly consultations; If friendly negotiation fails, the both parties agree to solve by the following section (2) way:
(2) To Shenzhen Arbitration Commission for arbitration, to resolve the dispute by the rules of the Arbitration Commission, that the arbitration award is final and binding on both parties. The site selection is in Shenzhen.
Third, in the disputed period, the part of not involved has still to be carried out.

Article 17 Files, communications and notifications

1. Any documents, communication and notification under this contract shall be sent to the other party by the way of address, phone number or other contact methods listed in the cover of this contract.
2. If any above contact method of any party changed, one should notice the other party by any quick way immediately. If one does not notice, one should be borne for the documents, communication and notification sent through old address, phone number or other contact methods listed in the cover of this contract.
3. Any documents, communications and notifications sent by the way of the above address, shall be deemed to arrive on the following dates:

- (1) By post (including speed post, ordinary letter, registered mail), it will be deemed to arrive on the day after five working day;
- (2) By facsimile or other electronic means of communication, it will be deemed to arrive on day;
- (3) By personal delivery, the date of recipient is deemed to be arriving date.

Notifications by the way of website, online banking, telephone banking or business outlets announcement should be deemed to arrive on day. The lender does not need to borne any responsibility for any transmission errors, omissions, or delays of mail, fax, telephone or any other communication system.

4. The two sides agreed that the seal of the office seal, financial seal, contract seal, receive seal and credit seal is the effective seal for the documents, communications and notifications. All staves of the borrower have right to receive files, communications and notifications.

Article 18 The contract effectiveness and other matters

1. The contract shall take effect from the date of signature or stamp of both parties.
2. Any modification and supplement to this contract is effective, through the guarantor and financiers made mutual consent in writing by the legal representative / responsible person or his authorized representative signature and official seal.
3. After the effective of this contract, the master contract signed by the financier and the applicant does not need to be confirmed by the guarantor.
4. During the effective period of this contract, the lender gives to the borrower and the guarantor any tolerance, forgiveness, or delay to use the rights and interests, shall not damage, impact or limit the lender to share the rights and interests in accordance with relevant laws and regulations and this contract, or to be deemed giving up the rights and interests, also do not affect the guarantor to borne any obligation under this contract.
5. The lender shall have the right to authorize or entrust other branch of industrial bank to perform rights and obligations under this contract (including but not limited to authorized or entrusted bank branches of other related contracts, etc.) according to the borrower's operation and management, or the loan under this contract as other branch's to undertake, without prior consent of the guarantor, and the guarantor still bear the responsibility of guarantee.
6. The attachment is an integral part of this contract, and the attachment of this contract is equally valid.
7. During the period of the line of credit, if the series of contracts, agreements and other legal documents are not explicitly for the contract of guarantee, that shall be deemed as a guarantee by the guarantee contract.
8. This contract is triplet, the lender holds two copies, the borrower holds one copy, with equal legal effect.

Article 19 The notarization and voluntarily to accept compulsory execution

1. The contract should be in the provisions of the state notary office for notarization if any party request notarization.
2. The notarized contract have the enforcement effect, if the borrower fails to perform the debt or the lender shall realize creditor's rights according to laws and regulations and this contract, the lender shall have the right to directly apply the people's court with jurisdiction for enforcement.

Article 20 Supplement:

The lender (official seal): /s/ [COMPANY SEAL]

The legal representative (signature):

6/24/2013

The borrower (official seal): /s/ Danyu Pan

The legal representative (signature):

6/24/2013

Maximum Amount Guaranty Contract

(Apply to lines of credit)

Reference: Xing Yin Shen Longgang credit (guarantee) zi (2013) No. 0430

Creditor: Industrial Bank Co., Ltd. , Shenzhen Longgang Branch

Address: parkland, longxiang road, longgang town,shenzhen

Legal Representative / CEO: Jinkui Li

Contact: Huang Jinlong

Address:

Postal Code:

Fax :

Tel: 0755-33837817

Fax:

Guarantor: Springpower Technology (Shenzhen) Co., Ltd.

Address: Building A1, 68 Xinxia Street, Pinghu, Longgang, Shenzhen, Guangdong, China

Legal Representative / CEO: Dangyu Pan

Contact:

Address:

Postal Code:

Fax :

Tel: 0755-89686939

Fax:

Contract Location: Industrial Bank Building, Industrial Bank Co., Ltd. Shenzhen Branch

Important notes:

For protecting your rights and interests, please read, check and confirm following items carefully before signing:

1. You have the right to sign this contract. Or you have been given sufficient authority legally.
2. You have read and understood this contract carefully and sufficiently, and have paid attention on assuming, exempting or limiting responsibilities of Industrial Bank Co., Ltd., and the content with bold font.
3. Your company and you have understood the meaning of this contract and relevant legal consequence, and agree to accept these provisions.
4. The contract provided by Industrial Bank Co., Ltd. is a model contract. There is space for modifying, supplement and deleting.
5. If you have further questions to this contract, please consult Industrial Bank Co., Ltd.

The guarantor is voluntary as a financier ("creditor") to provide security for the line of credit of the applicant Springpower Technology (Shenzhen) Co., Ltd. (or "debtor"). In order to clarify the rights and duties, abide by credit, the contracting parties signed this contract in accordance with relevant laws and regulations to comply with.

Article 1 definition and interpretation

In addition to agreed in writing by both parties, then:

1. The master contract (as defined below) agreed definitions and interpretations applicable to this contract.
2. The "claims" or called the principal debt, means the debt approval and provided by the creditor, including loans, lending, trade finance (including but not limited to issuing letters of credit, trust receipts, packing loans, export financing, export collection bills and import bills, etc.), bankers' acceptances, discounted bills, bills buyback, guarantees (including the Independent guarantees, see demand guarantees and standby letters of credit, etc.) and other financing business (including principal, interest, penalty interest, compound interest, liquidated damages, damages, cost of achieving the claim).

Under this contract, the claim of the financier and the debt of the applicant mean the same content.

3. The "principal" refers to the principal debt made by the business transacted by the financier, including but not limited to the principal loans, trade finance capital, bankers' acceptances fare, bill discounting, money advanced for credit of letter, the principal part of guaranteed by the creditor for the debtor.
4. The "guaranteed maximum principal" means the amount agreed by both parties in order to clarify the scope of the claims guaranteed by the covenant. Regardless of times and sum of the debt, the guarantor takes joint liability for all debt under the guaranteed maximum principal.
5. The "validity of guarantee" refers to a continuous uninterrupted period agreed by both parties in order to clarify the scope of the claims by the covenant. The debt happened during the period, whether the settlement deadline is over that period or not, the guarantor takes joint liability for all debt under the guaranteed maximum principal.
6. "The cost of the claim for the creditor" refers to the necessary fees of achieving the credit, including take litigation, arbitration and other ways to pay litigation (arbitration) fees, legal fees, travel expenses, execution fees, security fees, and other expenses.
7. "Master Contract" means credit contract (that is, "General Agreement") and all sub-contract signed by the financier and the applicant.

"Sub-contract" means based on the basic or special contract, the contract signed by both parties after getting approval of the creditor, include the content of each sum, the due date and other rights and obligations. The sub-contract is an integral part of the basic or special contract, with the same legal effect. The forms of contract can be different according to business needs, as the application of L/C, bills or other manner considered fit by the creditor. If the master contract and sub-contract has different part, the sub-contract will be effective.

8. This "working day" refers to the bank business day, If a withdrawal or repayment date is not a Business Day, delay to the next business day.

Article 2 the main credit contract of guarantee

The master contract of guarantee is **Basic Credit Line Contract** (No. Xing Yin Shen Longgang credit zi (2013) No. 0430), and its sub-contracts. The sum of credit is RMB fifty million only, credit period is from July 24th 2013 to July 24th 2014.

The guarantor will be borne joint liability for all debts under the master contract.

Article 3 Maximum guarantee principal

1. Under this contract, maximum guarantee principal is RMB (in word) FIFTY MILLION YUAN ONLY.
2. Under the maximum guarantee principal, the guarantor is borne joint liability for all debt balance (including principal, interest, penalty, compound interest, liquidated damages, damages, realization of claims).

Article 4 validity of guarantee

1. Valid period is from July 24th 2013 to July 24th 2014.
2. The loan under the contract can be used only when during the period of validity, but the guarantor is borne joint liability for each debt whether the debt is in or over the validity of the guarantee contract.

Article 5 guarantee responsibility

1. The guarantor is borne joint liability under this contract. For whatever reason, if the applicant fails to fulfill due debts under the master contract (including but not limited to early recovery of debts because of the default of the applicant or the guarantor's request), the guarantor shall perform the repayment obligation on behalf of the debtor.
2. If there are several guarantors under this contract, all guarantors shall jointly bear joint responsibility.
3. Main debts expire, the debtor fails to repay the debt and interest, the guarantor shall perform the repayment obligation.
4. Furthering the period of the main debt, if the creditor recovers the debt in advance according to the master contract, the guarantor shall bear joint responsibility for this and other debts under the guarantee contract.

Article 6 scope of guarantee

1. The financial claims under this contract ("the secured claims") refers to all debts provided by the creditor to the debtor, including but not limited to the principal debt, interest (including default interest, compound interest), breach of contract , damages , expenses of claims.
2. On the due date, if the applicant refused to repay the loan, which lead to the debt rights also in the range of the guarantee.

3. The principal , interest and other costs, the time of performance, usage, rights and obligations of the parties as well as any other relevant matters under the contract shall prevail by relevant agreements, contracts, application, notice , various certificates and other records, all kinds of certificates and other relevant legal documents issued or signed without guarantor's confirmation.

4. In order to avoid ambiguity, all fees of prepare, improve, perform or enforce the contract (including, but not limited to attorney's fees, litigation or arbitration costs etc.) constitute a part of the secured debt.

Article 7 warranty period

The warranty period under the contract:

1. The warranty period under the contract is calculated according to each financing applied by the applicant. For each financing, the warranty period is ended after two years of the expiration.
2. If there are several financings in one master contract, the warranty period of each financing is ended after two years of the expiration.
3. If the principal debt is repayable in installments, there are several financings in one master contract, each warranty period is calculated in installments, and the guarantor shall bear responsibility for two years from the date of expiry.
4. If any extension agreement is signed by financier and debtor without agreed by the guarantor, the guarantor will still bear responsibility for all financing under the contract within two years from the date of extension expiry.
5. If the financier decides to recover the debts in advance, the warranty period is two years since the date of expiry noticed by the financier.
6. The warranty period of bankers' acceptances, letters of credit and letters of guarantee is two years from the date of advance payments. If advance for several times, warranty period is calculated from each advance payment.
7. The warranty period of commercial bills is two years from the date of discount maturity.

Article 8 on demand

As long as financiers submitted notification of debt collection to the guarantor with the contract number and the amount of debt, the guarantor shall immediately perform the repayment and give up all reasons of defense.

Article 9 declaration and commitment of guarantor

The guarantor voluntarily made the following statement and commitment, and liable for its truthfulness:

1. The guarantor is established under the laws and a validly existing legal company, with full civil capacity. The guarantor follows the creditor's request to provide relevant evidence, permits, certificates and other documents required by the creditor.
2. The guarantor has sufficient capacity to fulfill all the obligations and responsibility under the contract, not because of any instruction, financial conditions change, or any agreement with any party to reduce or waive their commitment to settle the obligation.
3. The guarantor has sufficient power, authority and legal right to sign this contract, the guarantor has obtained and fulfilled all necessary approvals and authorizations of its internal or other relevant procedures to make the contract execution and performance, and has achieved and fulfilled any government department or other authority's approval, registration, authorization, consent, license or other relevant procedures for this contract, and signed this contract with all the necessary approvals, registrations, consents, licenses , authorizations and other related procedures remain fully valid.

4. The guarantor signed the contract in full compliance with the relevant Articles of the guarantor, the internal decisions, shareholders and board resolution. The contract does not conflict with any charter, internal decisions, shareholders resolutions, board resolution and the guarantor's policies.
5. The execution and performance of this contract is based on the guarantor's true intention. Loan facility is compliance with legal and regulatory requirements, execution and performance of this contract does not violate any binding law, regulation, ordinance or the contract. This contract is valid and enforceable, as a result of the guarantor's defects in the execution and performance of this contract to result in the contract is invalid, the guarantor will immediately and unconditionally make compensation for all losses to the creditor.
6. Under this contract, all the documents, financial statements and other information provided by the guarantor is true, complete, accurate and effective, and continue to fulfill the creditor's request of the financial indicators.
7. Such as a change in ownership structure or key management personnel or other significant events and significant transactions, the guarantor shall require the prior written consent of the financier.
8. If the guarantor fails to fulfill the contract obligations, the guarantor hereby authorizes the creditor recover the funds from all branches accounts of the guarantor without going through the judicial process.
9. When the guarantor has fulfilled the guarantee responsibilities, the guarantor has the right to recover the money from the applicant without prejudice the repayment in the future. However, if the applicant has the claim of the guarantor and the requirement of repayment from the financier at the same time, the guarantor agreed the applicant to repay the debt of the financier first.
10. If the applicant and the guarantor have or will sign a counter- guarantee contract in respect of the obligations under the contract, the counter-guarantee contract shall not prejudice any rights of the financier in law or in fact under the contract.
11. Before pay off the debts, regardless of any reason lead to reduce the guarantee ability of guarantor, the financier has the right to require the guarantor to provide a new full and effective guarantee.
12. When he applicant fails to fulfill obligations, regardless of the financier has other guarantee right of the debts, (including, but not limited to warranties, mortgage, pledge, guarantees, standby letters of credit and any other form of guarantee), the guarantor shall bear full responsibility to ensure the security and waive all defenses on law and property law.
13. There was no any litigation, arbitration or administrative proceedings for the guarantor's outstanding or known to occur on the guarantor, and there was no events of liquidation or other similar proceedings whether it comes forward by the guarantor or by a third party.
14. If the creditor is forced into disputes between the guarantor and any other party because of fulfilling the obligations under the contract, the guarantor should pay litigation or arbitration costs, legal costs and other expenses.
15. During warranty period, the guarantor undertakes not to transfer, conceal property, or give up, passive exercise claims in any way.

Article 10 Obligations of disclosing important transactions and events

1. Guarantor should inform financier of significant transactions and events of guarantor in written timely.
2. During valid period of this contract, stock transfer, reorganization, merger, discrete, shareholding reform, joint venture, cooperation, joint operation, contract, lease, business scope, change of registered capital, major asset transfer, contingent liability, or anything which may affect guarantor's ability of assuming responsibility should be notified to financier in writing 30 days in advance.

3. Termination of business, going out of business, bankruptcy, dissolution, cancellation of business license, deterioration of financial situation or involving in major business dispute, or anything may affect guarantor's ability to assume responsibility should be noticed to financier in 7 days by written since the date above things take place.

14. When guarantor involves in major litigation or arbitration with any third party, or other significant thing which may affect guarantor's ability to assume responsibility, financier should be notified by written in 7 days since the date guarantor receives relevant notice.

15. The guarantor promises that it will not use its legal dispute with third party to damage financier's right.

Article 11 events of default and breach of contract

1. Since this contract comes into force, the financier and the guarantor shall perform the obligations as agreed in the contract, any one party fails to perform or not completely fulfill the obligation of this contract, shall bear the corresponding liability for breach of contract.

2. One of the following circumstances occurs, the financier has the right to require the guarantor immediately to fulfill the repayment obligations:

(1) Any information provided by guarantor and the statements and commitments stated in Article 9 of this contract are false, inaccurate, incomplete and misunderstood.

(2) Deterioration of guarantor's credit status and obvious weakening of repayment ability (including contingent liability);

(3) the guarantor violates of the foregoing provisions of Article 10, not disclose the significant transactions and events;

(4) Stopping doing business, going out of business, being announced bankruptcy, dissolution, cancellation of business license, involving in major business dispute, and deterioration of finance condition and so on;

(5) Other thing which may damage financier's right.

3. If the guarantor defaults, financier has the right to take one or more following measures:

(1) require the guarantor to remedy;

(2) require the guarantor to provide a new full and effective guarantee;

(3) require the guarantor to perform guarantee obligation in advance;

(4) require the guarantor to repay all direct or indirect losses for breach of contract.

The guarantor shall make the implementation of the above measures and waive all defenses.

Article 12 the independence of the guarantor's obligations

1. The guarantor's obligations under this contract have independence with no effect of the relationship between any party and the third party, except there are stipulates.

2. The guarantee contract has independence, regardless of any conditions; the guarantee contract is effective even if the master contract is not effective. If the master contract is confirmed as invalid, then the guarantor still bear the joint liability for the debtor's debts.

3. If the applicant violates the master contract (including but not limited to the applicant fails to use the loan under the sub-contract) , shall not affect the liability of guarantee, the guarantor cannot require to reduce or waive the responsibility of guarantee.
4. The main creditor under the contract expires or the guarantor fails to perform under this contract, the financier has the right to directly deduct the funds from any account of the guarantor.
5. As under the master contract , there are other guarantees (including but not limited to guarantee , mortgage , pledge, standby and any other form of security) , the guarantor agrees that one can give up part of security interest or security interest subordinated (including the collateral is based on the collateral provided by the debtor) , financier and any mortgagor / pledgor (including the mortgagor / pledgor artificially is the debtor himself) can be varied by agreement and subordinated security interest, the amount of the secured creditor and other content, even if financiers made the above act, the guarantor is still voluntary to bear all responsibility of this contract.
6. The guarantor agrees and acknowledges: the financier and the applicant agree to alter the master contract are deemed to have the prior consent of the guarantor, the guarantor cannot reduce the responsibility because of this.
7. Before the maximum guarantee claims determined, the financier has the right to transfer part or all guarantee rights without the prior consent of the guarantor.

Article 13 the continuity of obligation

1. All the guarantor's obligations under this contract have continuity, for his heir apparent, agent, receiver, the assignee and the main company after merger, reorganization, change the name is completely and equally binding.
2. The guarantor hereby acknowledges, financiers can continuously and cyclically to provide financing to the applicant under the contract, the guarantor has joint for liability of all claims, regardless of the times and sum of each financing.
3. The contract is a continuing guarantee, the guarantor shall bear responsibility of guarantee until the debts is paid off.
4. All or part of the release or discharge of the secured creditor based on any payments, guarantees or other disposition which have been declared invalid or must be repaid, the guarantor's responsibility will be remain in force.

Article 14 priority subrogation arrangements

The guarantor states that, once the guarantor cannot assume security responsibility, and the guarantor itself has not sufficient property to be repaid, the financier has priority right of any claims against third parties, accounts receivable and other property interests. The guarantor will voluntarily relinquish the defenses against the financier under Article 28 of "security law".

Article 15 offsetting arrangements

The right of the financier under the contract cannot offsetting by the guarantor's or any other party's right of offsetting.

Article 16 Applicable Law, Jurisdiction and Dispute Resolution

1. Effective performance, termination, interpretation and dispute settlement etc. of this contract is applicable for china laws.

2. For any dispute about this contract, guarantors and creditors should resolve through friendly consultations; If friendly negotiation fails, the both parties agree to solve by the following section (2) :

(2) To Shenzhen Arbitration Commission for arbitration, to resolve the dispute by the rules of the Arbitration Commission, that the arbitration award is final and binding on both parties. The site selection is in Shenzhen.

3. at the disputed period, the part of not involved has still to be carried out.

Article 17 Files, Communications and Notifications

1. Any documents, communication and notification under this contract shall be sent to the other party by the way of address, phone number or other contact methods listed in the cover of this contract.

2. If any above contact method of any party changed, one should notice the other party by any quick way immediately. If one does not notice, one should be borne for the documents, communication and notification sent through old address, phone number or other contact methods listed in the cover of this contract.

3. Any documents, communications and notifications sent by the way of the above address, shall be deemed to arrive on the following dates:

(1) by post (including speed post, ordinary letter, registered mail), it will be deemed to arrive on the day after five working day;

(2) by facsimile or other electronic means of communication, it will be deemed to arrive on day;

(3) by personal delivery, the date of recipient is deemed to be arriving date.

Notifications by the way of website, online banking, telephone banking or business outlets announcement should be deemed to arrive on day. The creditor does not need to borne any responsibility for any transmission errors, omissions, or delays of mail, fax, telephone or any other communication system.

4. The two sides agreed that the seal of the office seal, financial seal, contract seal, receive seal and credit seal is the effective seal for the documents, communications and notifications. All staves of the debtor have right to receive files, communications and notifications.

Article 18 the contract effectiveness and other matters

1. The contract shall take effect from the date of signature or stamp of both parties..

2. Any modification and supplement to this contract is effective, through the guarantor and financiers made mutual consent in writing by the legal representative / responsible person or his authorized representative signature and official seal.

3. After the effective of this contract, the master contract signed by the financier and the applicant does not need to be confirmed by the guarantor.

4. During the effective period of this contract, the creditor gives to the debtor and the guarantor any tolerance, forgiveness, or delay to use the rights and interests, shall not damage, impact or limit the creditor to share the rights and interests in accordance with relevant laws and regulations and this contract, or to be deemed giving up the rights and interests, also do not affect the guarantor to borne any obligation under this contract.

5. The creditor shall have the right to authorize or entrust other branch of industrial bank to perform rights and obligations under this contract (including but not limited to authorized or entrusted bank branches of other related contracts, etc.) according to the debtor's operation and management, or the loan under this contract as other branch's to undertake, without prior consent of the guarantor, and the guarantor still bear the responsibility of guarantee.

6. The attachment is an integral part of this contract, and the attachment of this contract is equally valid.

7. During the period of the line of credit, if the series of contracts, agreements and other legal documents are not explicitly for the contract of guarantee, that shall be deemed as a guarantee by the guarantee contract.

8. This contract is triplet, the creditor holds two copies, the guarantor holds one copy, with equal legal effect.

Article 19 the notarization and voluntarily to accept compulsory execution

1. The contract should be in the provisions of the state notary office for notarization if any party request notarization.

2. The notarized contract have the enforcement effect, if the debtor fails to perform the debt or the creditor shall realize creditor's rights according to laws and regulations and this contract, the creditor shall have the right to directly apply the people's court with jurisdiction for enforcement.

Article 20 supplement:

The creditor (official seal): /s/ [COMPANY SEAL] 6/24/2013
the legal representative (signature):

The guarantor (official seal): /s/ [COMPANY SEAL] 6/24/2013
the legal representative (signature):

1. The "working capital loan" refers to the borrower's application from the lender for payment, which is used for the daily production operations for the borrowers.

2. The "claims" or called the principal debt means the borrower (borrower) receives debts (Including principal, interest, punitive interest, compound interest, liquidated damages, damage awards, expenses for realizing financial claim, etc.) provided from the lender after verification and approval.

Expenses for realizing financial claim: the money which lender spend for realizing financial claim by litigation, arbitration, etc. Such as court (arbitration) cost, attorney fees, traveling fees, execution fees, maintenance costs, and other necessary costs for realizing financial claim.

3. The terms of Article five under this contract defined and interpreted as follows:

"Fixed rate" means the interest rate remain unchanged during the period of the loan.

"Floating rate" means the interest rate will change by the defined period agreed by both parties.

"Float period" means both lenders and borrowers agree loan rate changes frequency. During a floating period, the loan rate is determined by the benchmark interest rate under the contract, and the rates remain unchanged; on the next floating period, the borrowing rate is determined by a new benchmark interest rate under the contract, and the rates remain unchanged.

"LIBOR" means interest rate of the London interbank market, currencies including the U.S. dollar, EURO, etc., specific numerical values are subject to the forward of Industrial Bank.

"HIBOR" means interest rate of Hong Kong financial market inter-bank lending, specific numerical values are subject to the forward of Industrial Bank.

4. The contract stipulated in Article XIII "significant transaction" means (including but not limited): anything which might have badly effect on basic organization of borrower's company, changes of stockholder, contingent liability, cash flow, profitability, core business secret, important assets, significant claims and debts, repayment ability, other transactions which are considered as significant transactions by lender and/or borrower.

5. The contract stipulated in Article XIII "significant event" means (including but not limited): anything which may have badly effect on executives' operational capability, employment and termination of core staff, core business secret, core competence, basic organization, legality, stability, development, profitability, repayment ability, other things which are considered as significant things by lender and/or borrower.

6. "Working day" means banking day, If the drawdown date or the repayment date is in legal holidays, then it is delayed to the first working day after the holidays.

Article 2 loan amount

Lender agrees to issue loan to borrower, The currency of the loan hereunder is Renminbi and the amount is TEN MOLLION YUAN ONLY.

Article 3 the usage of loan

The loan is used for **current capital turnover**, and shouldn't be used for any other purposes without written consent of the lender.

Article 4 loan period

1. The term of the loan hereunder is from July 24th 2013 to July 20th 2014.

2. If one-time loan, the actual loan date is as the date of IOU, such as the actual payment date later than the loan payment date described in the preceding paragraph, the loan maturity date shall be extended accordingly.

3.

4. In line with Article 6 of this contract under the conditions precedent stipulated withdrawal, the lender agreed under Article 7 of the contract payment of loan funds.

5. The lender has the right to change the use plan based on the borrower meets the relevant laws, regulations, policies and provisions of this contract withdrawals prerequisite conditions for borrowing funds to pay the guarantee contract signed contracts and guarantees corresponding formalities as well as time and other factors.

6. The several use of the loan has the same maturity, which is the date in the first IOU.

7. If the lender recovers the loan in advance accounting to the situation under this contract, the loan is deemed due in advance.

Article 5 loan rate and interest

1. RMB loan interest rates

(1) RMB loan interest rates shall be determined according to the following (A)

A. Fixed interest rate. Annual interest rate shall be 7.2% equal the one year benchmark lending rate promulgated by the People's Bank of China, plus 20%, and will not change during the duration.

(2) under this contract by several times with the use of borrowing corresponding benchmark interest rate, shall be issued to each actual borrowing countries during the same period the same benchmark interest rates in order to determine the standard.

(3) the RMB loan under this contract, in case of cancelling the benchmark interest rate, the lender shall be entitled to the same period, according to the national interest rate policy, according to the principle of fair and honest, and with reference to industry practices, rates and other factors, to determine the borrowing rates after notify the borrower. Borrowers have objection, should negotiate with the lender. The lender within five working days from the date of the notice if consultation fails, the lender shall have the right to recover the loan ahead of schedule, the borrower shall immediately pay off the rest of the loan principal and interest.

2. foreign exchange loan interest rates

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3. Repayment of the interest on the loan

Interest is repaid according to the following (A):

A. The interest on the loan hereunder is settled monthly and the settlement date is the 20th of each month.

4. The penalty of interest and compound interest

(1) If the Borrower uses the loan for any purpose other than that specified herein, the Lending Bank shall have the right to charge loan misappropriation penalty rate; misappropriation penalty rate is 50% of the loan interest rate specified in the contract until the loan principal and interest are repaid in full. If the borrower fails to repay the loan in accordance with the provisions herein, or can't reach an extending agreement with the lender, the lender shall have the right to charge penalty rate; penalty rate is 50% of the loan interest rate specified in the contract, until the loan principal and interest are repaid in full.

(2) The methods of collecting penalty interest rates is the same with loan interest rates.

(3) The methods of collecting penalty interest and compound interest are in accordance with specified herein.

5. The loan interest calculation hereunder is based on 360 days a year, starting on the date when the loan is disbursed.

Article 6 preconditions of withdrawal

1. The Lending Bank shall have no obligation to provide the loan hereunder to the Borrower unless the following preconditions are satisfied:

(1) The Borrower has provided all the followed documents requested by the Lending Bank:

A. The loan application, the main contents including but not limited: the project name, the amount sum, purpose, duration, plan and source of repayment;

B. The borrower passed the annual examination of the business license or certificate of legal institutions, annual examination of the tax registration certificate, organization code certificate, Articles of Association, the previous verification report, the credit card and password in the administrative department for industry and commerce registration of the legal representative and the Board members and the principal responsible persons in charge of finance lists and specimen signatures, legal representative or authorized representative of a valid identity document, other necessary corporate documents;

C. The borrower held the Board or the shareholders' meeting, or other necessary documents which is in accordance with legal procedures, and a quorum of directors or shareholders by vote, the real, legitimate and effective application to the lender on the consent of the borrower under the contract and expressly accepted by the borrower;

D. The lender approved the nearly three annual reports (attached audit report and notes) and the latest financial statements of the borrower. If the company is less than three years, the borrower has to submit all annual reports since its inception;

E. Information of related company;

F. If apply for temporary liquidity loans, need to provide procurement contracts, contract orders, debts and other related contracts, documents or data ;

G. To be taken against/pledge of collateral, required to provide arrival/proof of ownership of collateral materials, assess the value of the report, and in accordance with relevant laws and regulations should be handled arrived/pledge registration formalities have been properly handled, relevant title documents, registration original documents and other requirements in accordance with the lender to lender store; intends to take third-party guarantee is required of section 2-4 of the requested materials related guarantees, which ensure that the contract has entered into force; said guarantee shall remain in force;

H. As required by the lenders on the arrival/collateral insured, the first beneficiary of the Lender Insurance formalities have been completed and the original insurance policy has been handed over to the lender store; and the insurer remain valid; borrowers arrived/pledge, the borrower will be at this event because the insurance is entitled to claim the insurance money transferred to the lender;

I. Special industries and enterprises issued by the department shall provide the authority to approve a special industry production license or enterprise qualification certificates;

J. If either party of the contract requests for notarization or other formalities, the duly notarized;

K. The borrower has been requested to open an account at the lender's bank, the lender voluntarily accepts credit monitoring and supervision of payment and settlement;

L. If apply for foreign exchange project loan, borrowers are required to provide proof of the effective use and the document of relevant departments, and in accordance with the relevant foreign exchange management policy;

M. VAT, business tax and income tax returns required by the lender;

N. Other documents, reports, documents and other information required by the lender.

(2) The borrower is legally established, production and operation of legal, compliance, has continued viability and a legitimate source of repayment;

(3) The use of loan is clear, legal compliance;

(4) The statement and commitment made by the borrower in Article XI of this contract are sustained real and effective; before loan application date, there is no any event of default or potential event of default ;

(5) The borrower has completed IOU or relevant evidence with the lender. IOU or loan documents is an integral part of this contract, and this contract has the same legal effect. If the amount of loan, loan term, loan interest rates and other loan documents are inconsistent with IOU or inconsistent, then IOU or voucher records shall prevail;

(6) Borrowers in good standing, no major bad record; If a new company, its controlling shareholder should have good credit, no major bad record;

(7) Other withdrawals prerequisites required by the lender.

2. The precondition to fulfill the lender's obligations under this contract is the prerequisite met by the borrower. The lender has the right to unilaterally decided to reduce or abandon partial withdrawal prerequisite, which will not to be a reason of defense to the lender.

3. The lender has the right to adjust the loan according to if the loan meets the relevant laws, regulations, policies, requirements or not, the prerequisite required by the lender, the time of signing the guarantee contract.

4. The Borrower hereby agree that: after signing this contract, if the borrower does not meet prerequisite of withdrawal or the pay conditions for any withdrawal, the lender has the right to stop the loan or discharge the loan contract, the resulting liability or loss is borne by the borrower. If the lender terminates the contract, it shall notify the borrower. The borrower's objection period is five working days from the notice to the borrower. If the borrower has no objections, the contract will be automatically stopped. If the borrower has objections but the two sides within five working days after the expiry of the period is still in the dispute, the lender has the right to recover the loan in advance.

5. Audited by the lender, if the borrower meets the prerequisites for contract withdrawal, the lender pay the loan under Article VII of the contract.

Article 7 monitoring of accounts and repayment of loan funds

1. Monitoring of accounts

According to "Interim Measures on Management of liquidity loans" promulgated by the CBRC, the borrower promises to meet the prerequisite under the contract before issuing loan, and use the loan according to the agreed purposes. The lender has the right to monitoring the borrower's basic deposit accounts, general deposit accounts, special deposit accounts, the release, payment and repayment of loans according to the contract.

The following account provided by the borrower is specially designated account for funds withdrawn from circulation, and the borrower should provide the situation of the funds in this account:

Account Name: Springpower Technology (Shenzhen) Co., Ltd.

Account Number:

Bank: Industrial Bank, Shenzhen Longgang Branch

Based on the borrower's Business Standing and financial condition, the lender can sign the other account management agreement with the borrower to manage the funds of the borrower. The lender has the right to recover the loan in advance according to the funds situation of this account.

2. Repayment of the Loan

(1) The lender has the right to manage and monitor the loan through the methods of entrusted payment by lenders or direct payment by borrowers.

(A) Entrusted payment by lenders refers to authorize the lender to pay the loan to the counterparty conform to the use of loan under the contract.

Adopting the way of entrusted payment by lenders, before the issue of loans, the borrower should provide information of the transaction for the use of purpose. After examination and approval by the lender, the lender shall pay the loan to the counterparty through the borrower's account.

Adopting the way of entrusted payment by lenders, if the loan has been paid to the counterparty, and the paid funds is returned for the reasons of invalid contract, the lender has the right to recover loans in advance according to Article XII of the contract.

(B) Direct payment by borrowers means the lender will release the funds to the borrower's loan account, and paid by the borrower to the counterparty conform to the use of loan under the contract.

Adopting the way of direct payment by borrowers, the borrower shall periodically report to the lender the situation of paying funds, and the lender has the right to check the use of loans through account analysis, inspection certificate, or field surveys.

(2) Entrusted payment by lenders

The Borrower agrees that the Lending Bank shall have the right to use the entrusted payment method if meet the below situation:

A. The loan relationship with the Borrower is new and the Borrower's credit grade is just in Class B3 (included) or less.

2. The working capital loans used for replacement;

3. The recipient of the payment is very clear and the amount of single loan payment is larger than RMB10 million Yuan;

4. Other: /

(3) During the course of paying the loan amount, if the Borrower experiences any of the following, the Lending Bank shall have the right to discuss with the Borrower to supplement the conditions for loan release and payment or change the loan payment method or even suspend the release and payment of the loan amount:

A. the credit situation of the Borrower deteriorates;

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- B. the Borrower's profit-making ability is weak;
 - C. there is abnormalities in the use of the loan funds;
 - D. other situations the Lending Bank considered appropriate.

Article 8 repayment of principal and interest

1. The loan principal under this contract is repaid by the way of the following section (B):
 - A. /
 - B. All loans are repaid in full and in one lump sum when maturity.
 - C. /
2. The Borrower shall repay the principal and interest on the date of maturity and the interest settlement date.
3. Withdrawal date, repayment date for non-banking days, will be postponed to the next bank business day. The borrower shall repay both the loan principal and interest on the last repayment date, with no constraints of Article V under the contract.
4. If the Borrower is unable to repay the loan hereunder on time and desires to extend the term of the loan, the Borrower must submit an application for extension in writing to the Lending Bank 30 business days in advance. Upon the Lending Bank's approval, the two parties must execute a loan extension contract as a supplement hereto.
5. Repayment in advance

The Borrower shall repay the loan principal and interest on the due date under the contract.

If the Borrower desires to repay the loan ahead of the schedule, the Borrower must submit an application to the Lending Bank 30 business days in advance for approval.

For the part of repayment in advance, the lender has the right to request 0.01% interest as compensation.

6. If the borrower fails to perform the contract or breach of this case, the borrower hereby irrevocably authorizes the lender can recover the funds from accounts of all branches of the Industrial Bank without going through the judicial process, including but not limited to loan principal and interest (including default interest, compound interest), related expenses under this contract. The Borrower agrees that the lender has the right to determine the specific sequence to deduct.

Article 9 guarantees

1. The following contracts as guarantee contracts for this contract:

(1) REF: Xing Yin Shen Longgang credit (guarantee) zi (2013) No. 0430

"Maximum Amount Guaranty Contract" (the name of the contract), guarantor: Shenzhen Highpower Technology Co Ltd, mode: guarantee;

(2) REF: Xing Yin Shen Longgang credit (guarantee) zi (2013) No. 0430A "Maximum Amount Guaranty Contract" (the name of the contract), guarantor: Dangyu Pan, mode: guarantee;

(3) REF: Xing Yin Shen Longgang credit (guarantee) ying zhi zi (2013) No. 0430

"Maximum Amount Accounts Receivable Pledge Contract" (the name of the contract), guarantor: Springpower Technology (Shenzhen) Co., Ltd., security as a pledge;

2. Before the guarantee contracts are signed or completed, the lender has the right to withhold performance under this contract, including the obligation to lend.

Article 10 the rights and obligations of both sides

1. Lender's rights and obligations

(1) The lender's rights:

- A. The right to require the borrower to repay the loan principal and interest;
- B. The right to require the borrower to provide all information relating to loans;
- C. The right to know the borrower's production operations and financial condition;
- D. The right to supervise the purpose of the loan;
- E. The right to supervise the use of loans and make requests;
- F. The right to recover the funds for principal, interest and related fees from accounts of all branches of the Industrial Bank without going through the judicial process;
- G. The lender has the right to transfer whole or part of the debt and a security interest to a third party without obtaining the consent of the borrower at any time under this contract. If the lender transfer whole or part of the debt and a security interest to a third party, the borrower still bear all the obligations under the contract;
- H. If the borrower fails to repay the loan in accordance with the contract or the implementation of debt, the lender has the right to disclose at the Credit Information Center of People's Bank of China or the news media, and to take legal measures like litigation or arbitration;
- I. The right to return loans in advance based on the borrower's circumstances of funds unilaterally;
- J. The right to own other rights ruled by laws, regulations, rules and regulations of this contract.

(2) The lender's obligations:

- A. Issue and pay loan funds according to this contract;
- B. Keep the borrower's debt, finance, production, operation secrecy, but the following exceptions:
 - (a) Laws and regulations;
 - (b) Regulatory requirements or requirements;
 - (c) The disclosure for lender's partner.

2. The borrower's rights and obligations

(1) Borrower shall enjoy the following rights:

- A. Drawdown and use loans according to the terms under this contract;
- B. The right to request the lender to keep the information provided in accordance with this agreement secret.

(2) Obligations of the borrower:

A. The lender shall provide the requested documents, as well as all Bank, account number, deposit and loan balances, and to meet the lender's investigation, examination and inspection;

B. To accept monitored by lenders for its use of funds and related production management, financial activities or inspection, and promptly take reasonable action for the lender's requests;

C. To use the loan for the purpose according to this contract, not for other purposes, and to ensure that investment in fixed assets shall not be used; shall not be used for the banned production, management and areas; shall not be used for other investment like equity capital; shall not be used for securities, futures, real estate, etc.; shall not be used for lending activities among companies and illegal activities restricted by other countries; not allowed to make misappropriation or diversion of loans;

D. Agreed to accept the lender to monitor the accounts and repayment of loans according to Article VII of the contract;

E. To timely and fully repay loan principal and interest according to this contract;

F. Without the written consent of the lender, the borrower shall not transfer all or part of debt to a third party;

G. Does not in any way to reduce the registered capital;

H. Before the happening of the merger, division, equity transfer, foreign investment, substantial increase in the debt financing and other major issues, the borrower should provide a written notice to the lender at least 30 days and obtain the written consent of the lender, and actively implement the requirements of the lender under the contract to repay full of loan principal and interest on schedule safeguards, including but not limited to:

(a) Apply for loans from banks or other third party, or provide loans to third parties, or guarantee the debt of a third party, or substantial increase in debt financing, affect or may affect the repayment of the loan principal and interest;

(b) Make significant changes in ownership and production(including, but not limited to, with foreign, Hong Kong, Macao and Taiwan signed a joint business cooperation contract; withdraw, close, stop, converting; separation, merger, amalgamation, annexation; reorganization, the formation or converted into a joint stock company; foreign investment; with housing, equipment and other fixed assets or trademarks, patents, proprietary technology, land use rights and other intangible assets invested in shares or stock companies or investment firms to leasing, contracting, joint custody approach to property rights, management rights transactions);

(c) A change of 30% in shareholding (including but not limited to, equity transfer, hosting, hosting, pledge, etc.).

I. The Borrower shall notice the lender with written application from the date of the following conditions occur or may occur in 7 working days, and actively make safeguards required by the lender to ensure the loan and interest under the contract be repaid timely:

(a) Significant financial loss, loss of assets or other financial crisis;

(b) Closure, revocation or cancellation of business license, apply for or filed for bankruptcy, dissolution and other circumstances;

(c) Its controlling shareholder and other related company or a major crisis in the financial aspects, affecting its normal operation;

(d) The borrower's legal representative, directors or senior management of important personnel changes, affecting its normal operation;

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- (e) A change of 30% in the guarantor's equity (including, but not limited to, equity transfer, hosting, hosting, pledge, etc.);
 - (f) The Borrower and its controlling shareholder and other related company make related party transactions and affect its normal operation;
 - (g) Any litigation, arbitration or criminal, administrative penalties make its operations or financial status has significant adverse consequences;
 - (h) Other occurrence that may affect its solvency.

J. To accept the lender's requirements (the request in a reasonable manner prior notice to the borrower, unless the Event of Default or Potential Event of Default or due to the occurrence of specific environmental causes without the need for prior notice), allows the lender's behalf during normal office hours engaged in the following activities:

- (a) Access to the borrower's office of carrying out business activities;
- (b) Check the borrower's premises, facilities, plant and equipment;
- (c) Check the books of records and all other records;
- (d) Ask the borrower's employees, agents, contractors, sub-contractors about information needed by the lender.

K. /.

L. Collection letters sent by the lender to the borrower, the borrower must carry out after receipt and take acknowledgment to the lender.

Article 11 Representations and Commitments of the borrower

Borrower makes following representations and commitments voluntarily, and assumes legal responsibility for the reality of the content.

1. Borrower is a legal representative, which is established according to the laws of People's Republic of China, with full capacity for civil conduct. Borrower promises to provide related information requested by lender.
2. Borrower can perform all obligations and responsibilities under this contract, and will assume the repayment responsibility in any conditions.
3. Borrower has the right to sign this contract, and has achieved all legal approvals and authorities.
4. Signing this contract meet borrower's the articles of association, internal decisions and resolutions of shareholders and board of directors. This contract will not conflict with the articles of association, internal decisions and resolutions of shareholders and board of directors and policies of borrower.
5. Signing and performing this contract is true willing of borrower. Signing and performing above contract will not violate the laws and regulations, rules and agreements which can limit borrower. This contract is legal and enforceable, if this contract become invalid result from borrower does not have full capacity to sign this contract, borrower should repay all losses of lender.
6. All documents, financial statements and other information, which are provided by borrower under this contract, are true, complete, accurate and effective.

7. Borrower agrees about that bank business under this contract is limited to the regulations, conventions and practice of lender, the power of interpretation belongs to lender.

8. If borrower does not perform obligations according to this contract and sub-contract, in here borrower grant lender to obtain relevant money from any account which are opened in lender by borrower.

9. In any transactions after signing this contract, if the borrower submit any documents related to specific transaction to lender for auditing, borrower promises all documents are true, lender neither participate in nor know the essence of transaction, and will not take any responsibility.

10. The borrower confirms that, except the situations written to the lender known, the borrower does not withhold any of the following events that had happened or may be happened to make the lender not be willing to grant loans under the contract:

(1) The borrower 's debt or contingent liabilities, including but not limited to the borrower's mortgage, pledge, lien and other debt burden in assets or income undisclosed to the lender;

(2) The borrower or borrower's important management personnel have been implicated in a major discipline, illegal or event of a claim;

(3) The borrower defaults with any other lender;

(4) There was no any litigation, arbitration or administrative proceedings for the borrower's outstanding or known to occur on the borrower, and there was no events of liquidation or other similar proceedings whether it comes forward by the borrower or by a third party;

(5) Other situations potentially affect the borrower's financial situation and solvency.

11. The borrower undertakes to use the loan for the purpose under the contract, and not used for other purposes or used for any purposes in violation of the contract. The borrower is ready to accept and cooperate with lenders for loan payment management, loan management and related inspection, as well as the lender's inspection and inventory of the borrower's loan funds and production management, financial activities, materials inventory, assets and liabilities, bank deposits, cash inventory, etc., or other necessary or appropriate requirements deemed by the lender.

12. The borrower provide full, effective or other appropriate acceptable guarantee approved by the lender. For the house mortgage, if the house will be removed, the borrower shall promptly inform the lender to fulfill obligations; if mortgage houses were demolished, the lender has the right to require the borrower to pay off the debt in advance, or reset the mortgage and sign a new security agreement. During the loss of the original guarantee and the new mortgage registration has not been completed, the borrower should provide the secured party as guarantees; For the way of compensation to compensate for the demolition of real estate, the lender will be responsible for requesting relocation compensation as guarantee through the opening margin accounts or certificates of deposit, etc..

13. The borrower shall not reduce the registered capital in any way. Without obtaining the prior written consent of the lender, the borrower shall not transfer the part or all debt under this contract to the third party. Before all of the obligations under the contract clear up, without obtaining the written consent of the lender, the borrower is forbidden to repay any debts of other lenders (excluding other branches of Industrial Bank).

14. Significant adverse events effect the solvency of the borrower should be known promptly by the lender. The borrower should get the written consent of the consent of the lenders before the merger, division, equity transfer, foreign investment, substantial increase in the debt financing and other important matters.

15. If the lender is forced into disputes between the borrower and any other party because of fulfilling the obligations under the contract, the borrower should pay litigation or arbitration costs, legal costs and other expenses.

16. The settlement of the loan under the contract must be settled through the account of the borrower opened in the lender.

17. /

Article 12 recovering loans in advance

1. During the loan period, the borrower or guarantor (surety or mortgagor or pledger) has one of the following events, the lender has the right to unilaterally decide to stop the unused loan and to recover part or all of the loan principal and interest in advance. For amortization loans, if the lender recovers one term loan, the other outstanding will considered to be due in advance:

- (1) The borrower provides false materials or withholds important financial facts; any statement and document made by The borrower or any representation and warranty under the contract, proves to have been untrue, inaccurate, incomplete or misleading on purpose;
- (2) The borrower's failure to use the loan proceeds for the prescribed purpose without the prior consent of the bank, or misappropriation of loans, or engagement in illegal or irregular transactions;
- (3) The borrower's use of false contracts signed with related parties to obtain bank funds or credit through discounting or pledging notes receivable and accounts receivable at bank without actual trade background;
- (4) The borrower refuses to accept the supervision and inspection about the usage of credit funds, involved operation and financial activities;
- (5) The borrower's being subject to merger, split, acquisition, reorganization, equity transfer, external investment, substantive increase of debt financing and any other major event, that the bank believes might affect the safety of the loans;
- (6) The borrower's evasion of bank debts on purpose through related party transactions;
- (7) credit deterioration, solvency (including contingent liabilities) decreased significantly;
- (8) The borrower, the guarantor, or their related parties involve in significant cross-default under the contract;
- (9) The borrower's failure to repay the principal, interest and expenses timely according to the contract and the specific contract;
- (10) The borrower's suspension of payment, or failure or indication that it is unable to repay the debt due;
- (11) The borrower's termination of its business, liquidation, declared bankrupt, dissolution, or its business permit is revoked or canceled; The borrower's involvement in major business dispute or deteriorated financial situation;
- (12) The borrower or the guarantor's violation of any obligations in the contract;
- (13) Any pledged or mortgaged property has been or may be devalued obviously, or any rights of the pledge must be fulfilled before its maturity;
- (14) The occurrence of a major event to The borrower or the guarantor's legal representative, major individual investor, director, supervisor, key management member, being subject to an abnormal change, disappearance, or investigation or restriction by the judiciary, which have or may affect The borrower's performance of obligation under the contract;

(15) The emergence of the situation that otherwise provided for in the contract, or the actual situation of capital recovery that may endanger, damage, or may endanger, damage the bank's rights and benefits.

2. One of the above circumstances occurred, the lender shall give a grace period according to production operations, financial condition and capital returns, etc. If the lender gives a grace period, during the grace period the borrower is unable to take remedial measures or remedial measures do not meet the requirements of the lender, the lender has the right to unilaterally decided to recover the loan in advance; or the lender may not give a grace period, directly to recover the loan in advance.

3. Recovering loans, the lender has the right to make appropriate measures in accordance with the second paragraph of Article XIV under the contract.

Article 13 Obligations of disclosing important transactions and events

1. The borrower shall promptly report in writing to the lender the significant transactions and events.

2. If the borrower belongs to group clients, the borrower shall promptly report to the lender of related transactions more than 10% of net assets accordance with the relevant provisions, including but not limited to:

(1) The transaction relationship of transactions;

(2) Trading program and nature of the transaction;

(3) The sum of the transaction or the corresponding proportion;

(4) The price policy (including the transaction with no amount or only nominal amounts).

Article 14 the liability for breach of contract

1. Since this contract comes into force, the lender and the borrower should perform the obligations as agreed in the contract, any one party fails to perform or not completely fulfill the obligation of this contract, should bear the corresponding liability for breach the contract.

2. The borrower use the loan for false purpose, does not pay the loan accordance with the contract, not comply with the declaration and the promises, the distortion of credit information, break through the conventions of financial indicators, a major cross default event, one of above occurred, the lender shall have the right to take one or more of the following measures:

(1) Correct default within limit time;

(2) Stop to issue the loan under this contract, and stop the payment unpaid under this contract;

(3) Require the borrower to supplement the issue and payment conditions to meet the requirements of the lender, or cancel the borrower "independent payment" to use the loans;

(4) Unilaterally decide to all or part of the debt maturity in advance;

(5) To terminate this contract unilaterally, require the borrower to repay loan principal and interest due or not due, and pay or compensation for losses;

(6) If overdue, to require the borrower to pay overdue penalty; If the borrower appropriates loan, require the borrower to pay appropriate penalty; Require the borrower to pay compound of unpaid interest;

(7) Require the borrower to add or replace surety, mortgage, pledge rights;

(8) Make implementation about any rights under any guarantee;

(9) To recover the funds from any accounts of the borrower in industrial bank without through the judicial process, or entrust the bank of the borrower's account to recover the funds, including but not limited to loan principal and interest (including penalty interest and compound interest) and related fees under this contract. If payment currency is different from borrowing money in the account, the lender shall have the right to change it to the loan currency to pay off the loan principal and interest;

(10) The lawsuit or arbitration for requiring the borrower to repay loan principal and interest, the borrower will borne the expenses of lenders;

(11) The lender shall have the right to make measures to any movable or immovable property, physical property or intangible property of the borrower controlled by the lender, like as to seize or lien;

(12) Other measures by laws and regulations or agreed in the contract.

3. In accord with the drawings prerequisites and conditions under the contract, if the lender fails to provide the loan at the date agreed in the contract, the lender shall compensate the borrower thus caused direct economic losses. But no matter how, any foreseeable or unforeseen indirect losses will not be borne for the lender.

4. In the process of the performance of this contract, the lender will not borne for the losses of the borrower, which is caused by providing untrue, inaccurate, incomplete material or there are other defects lead to the lender make mistakes about the payment.

5. The lender will not borne for the losses of the borrower, which is caused by the loan account is frozen or other reasons.

6. One of the following events happened for the guarantor under this contract (the guarantor, the mortgagor, the pledgor), the lender shall have the right to take measures according to the second paragraph of this article:

(1) The guarantor fails to fulfill its guarantee contract, or deterioration of credit conditions, or other events of guarantee ability weakened;

(2) The mortgagor fails to perform the stipulations of the mortgage contract, or deliberately damaged collateral, or value of the mortgaged property may be or has been significantly reduced, or other events of destroying mortgage rights;

(3) The pledgor does not fulfill the pledge contract, or the pledged property value has been or may be significantly reduced, or the right of the pledge must be cashed before the payment of the loan, or other events of destroying mortgage rights.

Article 15 the cross-defaulting

If one of the following events occurs to the borrower or affiliated enterprises of the borrower, and the guarantor or the affiliated enterprises of the guarantor, it will be considered that borrower default as well, the lender have the right to recover loan in advance according to article 12 of this contract, and require the borrower to be liable for breach of contract according to article 14 of this contract:

(1) Any loan, financing or debt occur or might default or be recovered in advance;

(2) Any guarantee or similar obligation fail to be performed or might;

(3) The non-performance or violation of the relevant debt guarantee and other similar obligations of legal document or contract or might;

-
- (4) Failure to repay due debts or borrowing/financing;
 - (5) Be declared bankruptcy by the legal procedure or may;
 - (6) Transfer the assets or property to other lenders;
 - (7) other situations endanger the safety of the money under this contract.

Article 16 the continuity of obligation

All obligations of the borrower under this contract have the same effect on its heir apparent, agent, receiver, the assignee, even after merger, reorganization, change of the name.

Article 17 accelerated maturity terms of principal and interest

The borrower and the guarantor agree that once the borrower fails to perform the statements and commitments of the Clause 7, or the borrower fails to perform any obligation under this contract, the lender has the right to decide that any other obligations include all outstanding principal, interest (including punitive interest and compound interest) and relevant expense become due immediately.

Article 18 applicable law, jurisdiction and dispute resolution

- 1. Signing, effectiveness, performance, termination, interpretation and dispute settlement of this contract is applicable for the laws of People's Republic of China.
- 2. For any dispute of this contract, the borrower and the lender should resolve through friendly consultations; If negotiation fails, both parties agree to solve by the following section (2) way:
 - (2) Applying for arbitration to Shenzhen Arbitration Commission, resolving the dispute by applicable rules of the Arbitration Commission, the arbitration award is final and binding on both parties. The site selection is in Shenzhen.
- 3. In the dispute period, the provisions which are not involved in the dispute still should be carried out according to this contract.

Article 19 files, communications and notifications

- 1. Any documents, communication and notification under this contract will be sent to each other according to the address, phone number or other contact methods on the cover of this contract.
- 2. If the contact method of one party changed, the other party should be informed immediately, otherwise the party which does not inform its change to the other must bear full responsibility for all the consequences.
- 3. Any documents, communications and notifications are sent according to above address, shall be deemed to arrive on the following dates:
 - (1) by post (including speed post, ordinary letter, registered mail), it will be deemed to arrive on the sending day after five working day;
 - (2) by facsimile or other electronic communication, it will be deemed to arrive on sending day;
 - (3) by personal service, the date of signing is deemed to be arriving date.

Notifications by the way of website, online banking, telephone banking or business outlets announcement should be deemed to arrive on day. The lender does not need to borne any responsibility for any transmission errors, omissions, or delays of mail, fax, telephone or any other communication system.

4. The two sides agreed that the seal of the office seal, financial seal, contract seal, receive seal and credit seal is the effective seal for the documents, communications and notifications. All staves of the borrower have right to receive files, communications and notifications.

Article 20 effectiveness, modification of this contract and other matters

1. The contract will take effect from the date of signature or stamp of both parties.

2. During the effective period of this contract, the lender gives to the borrower and the guarantor any tolerance, forgiveness, or delay to use the rights and interests, shall not damage, impact or limit the lender to share the rights and interests in accordance with relevant laws and regulations and this contract, or to be deemed giving up the rights and interests, also do not affect the borrower to borne any obligation under this contract.

3. As a result of national laws and regulations or regulatory policy change, which leads to loan obligations of the lender under this contract does not conform to the laws and regulations or regulatory requirements, the lender have the right to unilaterally terminate the contract, announced that all of the loan is due in advance, the borrower should pay off the loan immediately.

4. If the lender cannot issue the loan or pay on time because of force majeure, the failure of communication or network, the failure of lender's system, the lender does not assume any responsibility, but should promptly notice the borrower.

5. The lender shall have the right to authorize or entrust other branch of industrial bank to perform rights and obligations under this contract (including but not limited to authorized or entrusted bank branches of other related contracts, etc.) according to the borrower's operation and management, or the loan under this contract as other branch's to undertake, which is approval by the borrower, and without prior consent of the borrower.

6. The borrower agrees that the lender has the right to unilaterally reduce or cancel the unused loan under the contract according to production and operation situation, situation of payment and credit of other financial institutions. The lender should notice the borrower five working days before reduce or cancel the loans, without prior consent of the borrower.

7. At any time, any provision of this contract in any way is or becomes illegal, invalid or unenforceable, the legality, validity or enforceability of other provisions under the contract is not affected.

8. The heading of this contract is just for the convenience of reading, which shall not be used for interpretation or any other purposes.

9. The attachment is an integral part of this contract, and the attachment of this contract is equally valid.

10. This contract is triplet, the lender holds two copies, the borrower holds one copy, with equal legal effect.

Article 21 the notarization and voluntarily to accept compulsory execution

1. The contract should be notarized by the state notary office for if any party request notarization.

2. The notarized contract have the enforcement effect, if the borrower fails to perform the debt, or the lender realize lender's rights according to laws and regulations and this contract, the lender shall have the right to directly apply the people's court with jurisdiction for enforcement.

Article 22 the supplementary terms and conditions:

/

/s/ [COMPANY SEAL]

The Lender (official seal):

The legal representative (signature):

The Borrower (official seal):

The legal representative (signature):

/s/ Dangyu Pan

Comprehensive Credit Line Contract

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Comprehensive Credit Line Contract

Party A: SPRINGPOWER TECHNOLOGY (SHENZHEN) CO., LTD.

Add: Bao'an District, Shenzhen Guanlan Dan Lake communit Superparamagnetic Renmin Road Industrial Area, Building A

Legal Representative: Dangyu Pan

Tel: 0755-89686236

Fax: 0755-89686819

Party B : China Everbright Bank Shenzhen Longhua Sub-branch

Add : First floor, No. 3, 4 building, yinquan gardenm, people south road, Longhua, Baoan

Tel : 0755-81483044

Fax : 0755-28138641

Pursuant to the *Commercial Banking of the People's Republic of China, Interim Measures for the management of commercial banks authorize and credit, Guidelines on the Risk Management of Credits Granted by Commercial Banks to Group clients* and other relevant laws and regulations of the State, this Contract is entered into by the Debtor (hereinafter referred to as Party A) and the Creditor (hereinafter referred to as Party B) who shall, in line with the principles of equality, honesty and credibility and on a voluntary basis, reach unanimity through consultations and abide by the terms and conditions of this Contract.

Part 1 Definitions and interpretation

1. In this Contract, the following terms shall have the following meanings unless otherwise expressly stipulated in the contexts:

Comprehensive credit line: it means that Party B conditionally agrees to provide one type or several types of credit lines to Party A.

Specific business: it refers to the specific business operations as determined in accordance with the comprehensive credit extension of Party B to Party A. Party B will offer Party A the credit services including the loans, bank acceptances, trade finance and so on.

The maximum amount of line of credit: it refers to the sum of the maximum balance as determined in accordance with the comprehensive credit line of Party B to Party A for various specific businesses, which Party A may submit an application to Party B for use within the valid period for funding from the credit lines as stipulated in this agreement.

Specific line of credit: it refers to the debt principal for a specific business that Party A may use within the valid period for comprehensive credit line as stipulated in this agreement, or the maximum balance of financial loans available to Party A as acknowledged by Party B and therefore undertaken by Party B, which is determined within the maximum amount of line of credit.

Used line of credit: it refers to the amount sum debt principal, within the specific line of credit, for a specific business that occurs to Party A but is not settled during the valid period for comprehensive credit line as stipulated in this agreement.

Specific business contract: it refers to the corresponding contract or agreement signed by and between Party A and Party B for use of a specific line of credit.

Part 2 The Maximum Credit limits and Specific Line of Credit

2. The maximum credit limits under this contract (currency exchange rates convert according to the actual foreign exchange rate):
RMB7,000,000.00

Both parties agree that this Agreement under the maximum credit limits including the outstanding business of original Comprehensive Credit Agreement (Agreement Number: /)

3. According to the maximum credit limits, the specific line of credit as:
Bank acceptances: the specific line of credit RMB7,000,000.00

Part 3 Period for Credit Line

4. The valid period for maximum amount of credit line is 1 year: from September 4, 2013 to September 3, 2014.

The period of the specific business is determined by the specific contract, but the start date of the specific business must not exceed the effective use of the deadline of the maximum credit limits.

Part 4 Use of Maximum amount of line of Credit and Specific Line of Credit

5. Within the valid period of this agreement and the maximum amount of line of credit, Party A may apply to use the specific line of credit in one application or several applications. Reviewing the credit status of Party A, Party B will sign specific credit business contracts with Party A in accordance with the credit policy of Party B and the stipulations of this agreement.

6. Requirement on revolving: During the period of the maximum credit limits, Party A can revolve the line of credit. If the debt of one specific business is paid off, the same kind of new specific business can be used except that Party B prohibited revolving.

7. Party A and Party B shall sign a specific contract with regard to a specific business, and if there is a discrepancy between the specific business contract and this agreement, the specific business contract shall supersede this agreement. For example, Party A has been identified as a customer of the Group under the "Guidelines for Risk Management of Credit business of Commercial Bank Group's customers" and other relevant laws and regulations.

Part 5 The Fees

8. According to each specific business contract, Party A and Party B should conform to the interest rate, exchange rate, fee rate and other fees charged by Party B in the specific contract.

Part 6 Adjustment to Maximum Amount of Line of Credit and Specific Line of Credit

9. When one of the following conditions occurs, Party B shall have the right to adjust the maximum amount of line of credit, specific line of credit and the period for credit extension, and/or terminate this comprehensive credit line agreement:

- (1) There is a significant change of the monetary policy of the state;
- (2) A major financial risks occurs or is likely to occur in the region that Party A is located;
- (3) There is a significant change in the Party A's market of business;
- (4) Party A is experiencing or will encounter the major operational difficulties or risks;
- (5) There is significant change in the Party A's corporate structure, such as merger, acquisition and reorganization, separation, amalgamation and termination, which thought by Party B may affect the safety of loan;
- (6) Party A refused to accept the supervision and inspection about usage of funds and operating financial activities;
- (7) Without the consent of the lender loans, Party A change the original purpose of loans, misappropriation of loans or engaged in illegal or irregular transactions;
- (8) Providing false information or withheld important operations of the financial facts
- (9) Party A transfers assets, retrieve capital and deny indebtedness;

- (10) Party A is considered as a Group Account according to the "Commercial Bank Group guidelines for customer credit risk management business", or other relevant laws and regulations. Through related party transactions, potential evasion of bank debt
- (11) Party A violates the contractual commitments as stipulated in this Agreement;
- (12) the guarantor for this Agreement is in critical shortage of working capital or encounters major operational difficulty, which negatively affects the capacity as being a guarantor;
- (13) the object of pledge or the thing pledged is damaged or lost, which jeopardizes the security and right of Party B;
- (14) any event that has taken place or any circumstance that has emerged, upon the judgment of Party B, has resulted in or led to the decrease of repayment ability of Party A or the harm to the rights and benefits of Party B.
- (15) Party A fails to perform any obligations in specific business contract.

10. Party A has to submit a written request for any adjustments the various specific lines of credit after this agreement is signed. Party B has to give written consent before any adjustments are made. The written application of amendments from Party A and the written consent from Party B shall be considered as the modification to Provision 3 of this agreement, and are treated in the same legality and enforceability of this agreement.

Part 7 Guarantee

11. To ensure that borrowing under this agreement is repaid, the following guarantees shall be adopted for this credit line agreement:

The guarantors Dangyu Pan and SHENZHEN HIGHPOWER TECHNOLOGY CO., LTD signed "Guaranty Contract of Maximum Amount", which number is "GB78191309001-1, GB78191309001-2" with Party B.

12. Although different forms of guarantees for the credit line are stipulated in this chapter, when a specific business transaction is occurred and if Party B considers it is necessary, Party B still has the right to request Party A to provide additional guarantee, and Party A may not refuse to provide such guarantee under the excuse that guarantee is already stipulated in this chapter.

Part 8 Commitment of Party B

13. When Party A submits an application for use of a specific line of credit in accordance with the stipulation of this agreement, Party B shall process and approve the application in a timely manner.

14. Except as otherwise provided in this Agreement, Party B can not adjust the contract which may lead adverse effects to Party A.

Part 9 Commitment of Party A

15. Party A should pay off the debt and fees on time according to the specific business credit.

16. The use of fund within a specific line of credit shall be in line with the requirements of the law and the stipulations of this agreement and the specific business contract, and shall be subject to examination by Party B at any time.

17. During the period of the credit line, Party A shall submit true financial statements, truthfully provide major domestic bank, bank account, deposit and loan balance and other relevant information reflecting its status promptly upon Party B's request.

18. If Party A is considered as a Group Account according to the "Commercial Bank Group guidelines for customer credit risk management business", or other relevant laws and regulations. During the credit period, Party A shall promptly report to Party B about more than 10% of net assets associated with the transaction, including but not limited to:

- (1) the parties to the transaction of the association;
- (2) trading program and nature of the transaction;
- (3) the amount of the transaction or the corresponding ratio;
- (4) pricing policies (including no amount or only nominal amounts of transactions)
- (5) requirements of laws, regulations or other circumstances required by Party B.

19. During the period of credit, Party A should notice Party B in advance when providing guarantee for third party, which can not affect the ability to pay off debt.

20. During the period of credit, Party A has the following obligation:

- (1) If the legal representative or legal residence, place of business, or the registered capital of a major investment in equity change, Party A shall notice to Party B within 15 days from the date of change and provide the relevant information.
- (2) In the credit period, Party A involves in significant litigation, arbitration or other judicial proceedings, administrative punishment procedures, or a significant change in operating conditions and financial condition, which may affect the realization of Party B's debt, Party A shall notify Party B immediately.
- (3) During the credit period, any activities of assets reorganization (such as mergers, acquisitions, discrete), or changes of business, or activities changes the organization, operation mode, or dissolution, bankruptcy application, should notify Party B two months in advance, and should pay off all the debts of Party A or perform the debt responsibilities.

21. The violation by Party A of any stipulation in this agreement or in a specific business contract will constitute a breach of contract against this agreement, and Party B will have the right to recover ahead of schedule any fund allocated under the maximum amount of line of credit, and will have the right to terminate this agreement and the specific business contract.

Any damages to Party B caused by Party A's breach of contract, Party A should assume full obligations.

Part 10 Validation of Agreement

22. The agreement goes into effect from the date on which it is signed and marked with seal by the legal representatives of both Party A or Party B or the authorized agents thereof.

Part 11 Dispute and Settlement

23. If there is any dispute during the enforcement of the agreement between Party A and Party B, the two parties shall first seek a resolution through friendly negotiations, and if it is necessary to take legal proceeding, either party may institute a proceeding at the court where Party B is located.

Part 12 Entirety of Agreement

24. Each specific business contract that Party B signs with Party A in accordance with this agreement is a valid part of this agreement, and the entire agreement is thus construed.

25. If Party A fails to fulfill any obligation as stipulated in any specific business contract signed by and between Party A and Party B in accordance with this agreement, such failure will constitutes a breach against the agreement, and Party B can therefore terminate this agreement and call back all the outstanding credit and loans.

26. Agreed by Party B, Party A can authorize all or part of the line of credit under this agreement to other units to use, and name of the unit is authorized to enter into with the relevant specific business contract signed with Party B, the specific content shall prevail by "credit line to use the power of attorney" issued by Party A and approved by Party B.

27. In the "line of credit using the power of attorney" or "buy-back guarantee amount to use the power of attorney", it is not necessary to clear the specific business of the specific line of credit under Article 3.

28. Party A in the " power of attorney for using line of credit " must clarify whether the authorized organization can be delegated or not.

29. Party A and Party B may sign additional agreement in writing with regard to an issue unsettled in this agreement, which shall be regarded as an appendix to this agreement. An appendix to this agreement is a valid part of this agreement and has the same legal force as this agreement.

Part 13 Supplementary Provisions

30. This agreement is in triplicate, Party A has one copy, Party B has two copies, which have the same legal effect.

31. This agreement is signed on September 4, 2013 in Shenzhen.

32. The two parties agreed to notarize the contract and promise to give the contract enforceability. When the party fails to perform, do not fully comply with any legal obligations, Party B has the right to direct the people's court having jurisdiction for enforcement. Party A makes no objection to the enforcement application under the agreement.
(Not applicable)

33. If at any time, any provision of this contract in any way becomes illegitimate, invalid or unenforceable, the legality, validity or enforceability of the other provisions of this contract is not affected.

34. Under this agreement In the event of bank acceptance bill business, "bank acceptance agreement" signed by the China Everbright Bank, Shenzhen branch, the specific operations undertaken by the Branch Office, all the rights and obligations under "banker's acceptance agreement" borne by the Longhua Sub-Branch.
(Not applicable)

/s/ [COMPANY SEAL]

Party A (Stamp): SPRINGPOWER TECHNOLOGY (SHENZHEN) CO., LTD.

Signature of legal representative or deputy:

/s/ Dangu Pan

/s/ [COMPANY SEAL]

Party B (Stamp): China Everbright Bank Shenzhen Longhua Sub-branch

Signature of legal representative or deputy:

/s/ Cheng Chen

Guaranty Contract of Maximum Amount

Natural person as a guarantor

CHINA EVERBRIGHT BANK

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Guarantor: Dangyu Pan
ID number:
Address: Room 604, Floor 2, Building 34, Compound 463, Shougouling Road, Tianhe District, Guangzhou, China
Living Address: Building A1, 68 Xinxia Street, Pinghu, Longgang, Shenzhen
Zip code: 518111
TEL: 89686236
FAX: 89686819

Attorney: (Required to provide a power of attorney signed by the guarantor)
ID number:
Address:
Living Address:
Zip code:
TEL:
FAX:

Creditor: China Everbright Bank Shenzhen Longhua Sub-branch
Address: First floor, No.3, 4 building, yinquan garden, people south road, Longhua, Baoan
Zip code: 518000
Legal representative/Person in charge: Chen Cheng
Attorney:
Managers: Yang Xiaolin
TEL: 0755-81483044
FAX: 0755-28138641

Chapter one General Principles

To ensure the performance of the "Comprehensive Credit Agreement" (hereinafter referred to as "Comprehensive Credit Agreement"), which contract number is "ZH78191309001" signed on September 4, 2013, entered into by SPRINGPOWER TECHNOLOGY (SHENZHEN) CO., LTD. (hereinafter referred to as "Debtor"), guarantor agrees to provide maximum joint responsibility guarantee, to ensure debtor pay off the coming debt in the "comprehensive credit agreement".

The creditor agrees to accept the guarantee provided by the Guarantor after examination. This contract is made in accordance with relevant laws and regulations on the basis of the principles of equality and mutual benefit for specifying the rights and obligations between the Guarantor and the Creditor.

Chapter two Definitions

Article 1 Unless the context requires or the Contract requires, in this Contract:

Main contract: refers to the "Comprehensive Credit Line Agreement" signed by the Creditor and the Debtor and the contract or agreement for specific credit line business signed by the Creditor and the Debtor for each specific credit line business on the basis of the Comprehensive Credit Line Agreement.

Specific credit line business contract or agreement refers to the contract or agreement for single specific credit line business which is signed by the Creditor and the Debtor when the Creditor provides credit granting in domestic and foreign currencies in the forms of loan, trade financing, discount, acceptance, letters of credit, letter of guaranty, factoring, security, etc. on and off the balance sheet (hereinafter referred to as the "Specific Credit Line Business") to the Debtor.

Chapter three The Secured Principal Debt

Article 2 The principal debt secured by the Guarantor shall be all the debts incurred under all the contracts or agreements for specific credit line business signed by the Creditor and the Debtor on the basis of the Comprehensive Credit Line Agreement. The maximum principal balance for the principal debt secured shall be the maximum line of credit as specified in the Comprehensive Credit Line Agreement, namely, RMB 7 million Yuan.

The debt of the main contract shall be determined under any of the following circumstances:

- (1) the period prescribed by the main contract for determining the debt expires;
- (2) the new debt has no possibility to occur;
- (3) the main contract is terminated by the Creditor and the Debtor, or this contract is terminated by the Creditor and the Guarantor;
- (4) the Debtor and the Guarantor are declared bankrupt or are rescinded, withdrawn, written off or dismissed;
- (5) other circumstances prescribed by the laws for determining the debt.

Chapter four Ways of Guarantee

Article 3 The guarantee provided hereunder by the Guarantor shall be the joint liability guarantee.

Chapter five Scope of Guarantee

Article 4 The secured scope hereunder shall include the debt principal, interests (including legal interests, contract interests and default interests), compound interests, handling charges, breach penalty, liquidated damages, expenses for achieving debt(including but not limited to litigation expenses, legal expenses, notary fees, execution expenses, etc.) and all the other expenses payable (hereinafter collectively referred to as the "Secured Debts") which shall be reimbursed or paid to the Creditor by the Debtor according to the main contract.

Article 5 Any certificates used by the Creditor for stating any Secured Debts or any payables hereunder shall be the conclusive evidence for proving the debtor-creditor relationship between the Debtor and the Creditor, and shall be binding on the Guarantor, unless there is obvious error.

Chapter six Period of Guarantee

Article 6 The guarantee period for each specific credit line business under the Comprehensive Credit Line Agreement shall be calculated independently, it shall be two(2) years from the date of the expiration of the period for fulfilling debts by the Debtor, such period is prescribed by the contract or agreement for specific credit line business. If the contract or agreement for specific credit line business expires in advance due to legal provisions or the occurrence of pre-concerted events, then such guarantee period shall be two (2) years from the date of early expiration.

Chapter seven Documents Submitted by the Guarantor

Article 7 Guarantor shall ensure that the Creditor has received the following documents which were submitted by the guarantor before the Debtor first used the credit provided under the main contract specific credit business:

1. The original contract signed by Guarantor or an agent effectively;
2. Identity documents of Guarantor;
3. Financial statements or other information which can prove the credit situation of the Guarantor;
4. Guarantor reasonably required to provide credit and other documents.

For a copy of the above documents, are subject to the Guarantor or the authorized signatory signature confirmation that the copy is true, complete and valid documents.

Chapter 8 Representations and Warranties of Guarantor

Article 8 Guarantor make the following representations and warranties to the Creditor here:

1. Guarantor is a natural person with full civil capacity has complete qualifications and right to enter into and perform this contract, and can independently bear civil liability.
2. Guarantor has carefully read and fully understood the contract and this contract to accept the Lord contents guarantor execution and performance of this contract is voluntary, under this contract in the full meaning of true representation.
3. Guarantor to the creditor to provide all the documents are accurate, true, complete and effective, and to provide a copy of the form of documents are consistent with the original.
4. Guarantor enters into or performs this contract does not violate any other contract or agreement which guarantor involved in or applicable to the laws and regulations. The guaranty in this contract will not have any limitation.
5. To ensure that the contract legality, validity or enforceability of the Guarantor, there has been completed or will be completed all required registration, filing or notary procedures.
6. This contract is legally valid on the Guarantor and constitutes a legally binding obligation
7. There does not currently exist or will be anything involving Guarantor or surety Guarantor's financial position that will make Guarantor unable to meet its obligations under this contract and adversely affect the ability of litigation, arbitration or administrative proceedings.
8. Guarantor did not incur or cause to exist any event of default.
9. Guarantor did not incur or cause to exist any defaults.

Article 9 The above representations and warranties made by the Guarantor in the period of this contract shall remain correct, and the Guarantor will be ready by the Creditor's request for further documents.

Chapter nine Undertakings made by the Guarantor

Article 10 Before the debt that be secured is paid off, the Guarantor shall comply with the following provisions:

1 The Guarantor shall immediately notify the creditor any of the following events:

- (1) the occurrence of any event of default;
- (2) any litigation, arbitration or administrative proceedings relate to the guarantor or its major operating assets;
- (3) situations that Guarantor will lose or may lose the ability to perform the responsibilities, such as a significant reduction in Guarantor's revenue, a loss of economic sources, and etc.
- (4) the Guarantor changes his/her residence address or contacts.

2. In the valid period of the contract, as long as the secured debt is not paid off, or otherwise has the written agreement of the Creditor, the Guarantor can not sell, transfer, break up or deal any of its major assets in other method.

3. In the valid period of the contract, before the secured debt is paid off, Guarantor will not have recovery or claim any right to Creditor for the amount Guarantor pays for Debtor or any other Creditor's right Debtor may have.

4. If Debtor does not pay any due secured debt on time, the Guarantor should unconditionally pay the debt to the Creditor for Debtor via the method Creditor requires within seven working days of Guarantor receiving the written payment notice from Creditor.

5. If the Guarantor does not pay any amount in this contract according to Creditor's requirements on time, the Creditor has the right to deduct the amount from any account that the Guarantor opened at the Creditor or any branch in Creditor's system without the consent of Guarantor.

6. Once Creditor requires, the Guarantor will pay or compensate the following fees and losses according to requirements immediately:
- (1) all costs and fees for fulfilling the rights of Creditor under this contract (including but not limited to attorneys' fees, litigation fees, execution fees and all other actual fees); and
 - (2) any other losses caused by Guarantor's violating the agreements in this contract to Creditor.

Chapter ten Nature and Effectiveness of Guarantee

Article 11 The guarantee established by this Contract shall be independent from any other guarantees obtained by the Creditor for the Secured Debts. The Creditor shall, before exercising the rights hereunder, neither perform any other guarantee he holds, whether the material guarantee or the personal guarantee, nor take any other relief measures from the Debtor or any other third party.

Chapter eleven Breach of Contract

Article 12 any of the following events and items shall constitute the events of default hereunder conducted by the Guarantor:

1. Any event of default occurs under the main contract;
2. Any representation, warranty or undertaking made by the Guarantor under this contract is deemed to be incorrect or untrue;
3. Any part of the main contract is not fully legitimate and valid due to any cause, or is terminated or limited due to any reason;
4. Any significant litigation, arbitration or administrative proceedings are instituted to the Guarantor or his major operating assets;
5. The Guarantor violates his other obligations hereunder or conducts other acts which are deemed to will affect the Creditor's rights hereunder severely and adversely.

Article 13 The Creditor shall, depending on the circumstances, have the right to take one or more of the following measures after the occurrence of the above events of default:

1. To exercise the remedies for breach of contract of and under this Contract owned by the Creditor;
2. To require the Guarantor to bear the liability for guarantee in accordance with this Contract;
3. To exercise any other security interests that may be entitled to the Creditor on the Secured Debts.

Chapter twelve Other Provisions

Article 14 Without the agreement of the Creditor, the Guarantor cannot transfer or dispose in whole or in part any of the obligations in this contract.

Article 15 Any grace, preferential or delay Creditor gives to Guarantor shall not affect, damage or limit the Creditor to enjoy all rights in accordance with this contract and laws and regulations; and will not be deemed as Creditor waiving rights in this Contract, and will not affect any obligations of Guarantor in this contract.

Article 16 If at any time, any provision in this contract at any aspect becomes illegal, invalid or unenforceable, will not affect the legitimacy, validity or enforceability of other provisions.

Article 17 In this contract, the Guarantor should pay all amount of the secured debt, and cannot apply for any offset suggested and with no conditions.

Article 18 If the parties hereto send notices and requirements related to this contract to each other, the notices and requirements shall be made in writing and sent to the address or fax listed in the first page of this contract. Either party changes its address or fax, shall promptly notify the other party.

Exchanges of files between two parties, if delivered by hand, the delivery is deemed to be delivered; if sent by registered letter, the file is deemed to be delivered three days after sending; if sent by fax, the file is deemed to be delivered when sent. If Guarantor sends files to Creditor, the file is deemed to be delivered when Creditor actually receives the file.

Chapter thirteen Applicable Law and Dispute Resolution

Article 19 Any event in this contract or involved in this contract is applicable to the laws of PRC (excluding the laws of Hong Kong, Macao and Taiwan), and be explained by the laws of PRC (excluding the laws of Hong Kong, Macao and Taiwan).

Article 20 All disputes arising from or relating to the implementation of this contract shall be settled by both parties through friendly consultations. Where no agreement can be reached, either party can bring an action to the people's court where the Creditor is located.

Chapter fourteen Effectiveness, Modification and Rescission of the contract

Article 21 This contract is entered into in force upon the date when it is signed or sealed and affixed with official seals by the legal representatives or entrusted agents of the Guarantor and the Creditor.

Article 22 Neither party may modify or terminate this contract after it is entered into in force. Where any modification or rescission is required, such modification or rescission shall be agreed by the Guarantor and the Creditor through consultations, and a written agreement shall be reached. All the provisions hereof shall remain in effect before a written agreement is reached.

Chapter fifteen Appendix

Article 23 Matters not mentioned herein, if any, shall be agreed in writing as the Appendix of this Contract by the Guarantor and the Creditor. The Appendix hereof shall form an integral part of this contract, and shall be of legally equal effect with this Contract.

Article 24 The Appendix hereof shall consist of:

- 1.
- 2.

Chapter sixteen Supplementary

Article 25 This contract is made in triplicate, one for the Guarantor and two for the Creditor, each of which shall have the same legal effect.

Article 26 This Contract was signed in Shenzhen by the guarantor and the creditor on September 4, 2013.

Article 27 Both parties hereof agree to notarize this Contract and undertake to grant this contract enforceability. When the Debtor and the Guarantor fail to perform or fully perform their obligations, or if the Creditor achieves its debts or security rights prescribed by the laws and regulations or agreed by this Contract, the Creditor shall have the right to apply for enforcement directly from the people court with jurisdiction. The Debtor, the Guarantor and the Creditor have no opposition against the application of enforcement made in accordance with this Contract. (This clause shall be an optional clause, both parties may make the following choices in 2 of this contract. (1, To use; 2, Not to use.)

(This page is intentionally left blank for the signature of both parties hereof)

Guarantor (seal):
/S/ Pan Dangyu

Creditor (seal):
/s/ [COMPANY SEAL]

Legal Representative / CEO:
(or Entrusted Agent)

Guaranty Contract of Maximum Amount

CHINA EVERBRIGHT BANK

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Guaranteed Maximum Contract

Guarantor: SHENZHEN HIGHPOWER TECHNOLOGY CO., LTD
 Address: Building A1, 68 Xinxia Street, Pinghu, Longgang, Shenzhen, Guangdong, China
 Post code: 518000
 Legal representative: Dangyu Pan
 Entrusted Agent:
 Operated by: Sun Xun
 TEL: 0755-89686263
 FAX: 0755-89686819
 Opening Bank: China Everbright Bank CO., LTD LongHua Branch
 Account NO.:

Creditor: China Everbright Bank CO., LTD LongHua Branch
 Address: First floor, No.3, 4 building, yinquan garden, people south road, Longhua, Baoan Post
 code: 518000
 Legal representative/Person in charge: Chen Cheng
 Managers: Yang Xiaolin
 TEL: 0755-81483044
 FAX: 0755-28138641

Chapter one General Principles

To ensure the performance of the "Comprehensive Credit Agreement" (hereinafter referred to as "Comprehensive Credit Agreement"), which contract number is "ZH78191309001" signed on September 4, 2013, entered into by SPRINGPOWER TECHNOLOGY (SHENZHEN) CO., LTD. (hereinafter referred to as "debtor"), guarantor agrees to provide maximum joint responsibility guarantee, to ensure debtor pay off the coming debt in the "comprehensive credit agreement".

The creditor agrees to accept the guarantee provided by the Guarantor after examination. This contract is made in accordance with relevant laws and regulations on the basis of the principles of equality and mutual benefit for specifying the rights and obligations between the Guarantor and the Creditor.

Chapter two Definitions

Article 1 Unless the context requires or the Contract requires, in this Contract:

Main contract: refers to the "Comprehensive Credit Line Agreement" signed by the Creditor and the Debtor and the contract or agreement for specific credit line business signed by the Creditor and the Debtor for each specific credit line business on the basis of the Comprehensive Credit Line Agreement.

Specific credit line business contract or agreement refers to the contract or agreement for single specific credit line business which is signed by the Creditor and the Debtor when the Creditor provides credit granting in domestic and foreign currencies in the forms of loan, trade financing, discount, acceptance, letters of credit, letter of guaranty, factoring, security, etc. on and off the balance sheet (hereinafter referred to as the "Specific Credit Line Business") to the Debtor.

Chapter three The secured principal debt

Article 2 The principal debt secured by the guarantor shall be all the debts incurred under all the contracts or agreements for specific credit line business signed by the Creditor and the Debtor on the basis of the Comprehensive Credit Line Agreement. The maximum principal balance for the principal debt secured shall be the maximum line of credit as specified in the Comprehensive Credit Line Agreement, namely, RMB 7 million Yuan.

The debt of the main contract shall be determined under any of the following circumstances:

- (1) the period prescribed by the main contract for determining the debt expiration;
- (2) the new debt has no possibility to occur;
- (3) the main contract is terminated by the creditor and the debtor, or this contract is terminated by the Creditor and the Guarantor;
- (4) the Debtor and the Guarantor are declared bankrupt or are rescinded, withdrawn, written off or dismissed;
- (5) other circumstances prescribed by the laws for determining the debt.

Chapter four Ways of Guarantee

Article 3 The guarantee provided hereunder by the Guarantor shall be the joint liability guarantee.

Chapter five Scope of Guarantee

Article 4 The secured scope hereunder shall include the debt principal, interests (including legal interests, contract interests and default interests), compound interests, handling charges, breach penalty, liquidated damages, expenses for achieving debt (including but not limited to litigation expenses, legal expenses, notary fees, execution expenses, etc.) and all the other expenses payable (hereinafter collectively referred to as the "Secured Debts") which shall be reimbursed or paid to the Creditor by the Debtor according to the main contract.

Article 5 Any certificates used by the Creditor for stating any Secured Debts or any payables hereunder shall be the conclusive evidence for proving the debtor-creditor relationship between the Debtor and the Creditor, and shall be binding on the Guarantor, unless there is obvious error.

Chapter six Period of Guarantee

Article 6 The guarantee period for each specific credit line business under the Comprehensive Credit Line Agreement shall be calculated independently, it shall be two years from the date of the expiration of the period for fulfilling debts by the Debtor, such period is prescribed by the contract or agreement for specific credit line business. If the contract or agreement for specific credit line business expires in advance due to legal provisions or the occurrence of pre-concerted events, then such guarantee period shall be two years from the date of early expiration.

Chapter seven Documents Submitted by the Guarantor

Article 7 Guarantor shall ensure that the creditor has received the following documents which were submitted by the guarantor before the debtor first used the credit provided under the main contract specific credit business:

1. The original contract which is signed or sealed and affixed with official seals by the legal representative or entrusted agent of the guarantor;
2. Guarantor's articles of association or the approval documentation of establishment and the latest business license of enterprise legal person by annual inspection, or certificate of legal institutions, or other documents that can prove the legal existence of guarantor;
3. financial statements or other information which can prove the credit situation of the Guarantor;
4. The resolution that Guarantor's board of directors or other internal agencies of the guarantor who have the right to decide matters of this warranty agreed the Guarantor to provide guarantee in accordance with this Contract;
5. Other documents that provided by the Guarantor with reasonable requirement of the Creditor.

In order to ensure the above documents are true, complete, valid files, they shall be stamped with official seal by the Guarantor if the documents are copies.

Chapter eight Representations and Warranties made by the Guarantor

Article 8 The Guarantor hereby makes the following representations and warranties to the creditor:

1. The guarantor is a validly existing legal entity / other organization established in accordance with Chinese laws with independent civil capacity, and enjoys the full power, authority and rights to bear civil liability and conduct business activities with its total assets.
2. The Guarantor has sufficient power, authority and rights to sign this contract and conduct transactions under this contract, and has taken or obtained all necessary actions of legal person and other actions and agreements to authorize the execution and performance of this contract. The contract is validly signed the legal representative or agent of the Guarantor.
3. The Guarantor has carefully read and fully understood and accept the contents of the main contract and this contract. The execution and performance by the Guarantor of this contract is voluntary, and the full meaning of this contract hereunder is truly represented.
4. All the documents, materials and reports provided by the Guarantor to the creditor are accurate, complete, valid and honestly presented, and documents provided as copies are consistent with the original.
5. The Guarantor has been made to sign this contract with all the necessary government approvals and third party consents, the execution and performance of this contract does not violate the Guarantor's corporate constituent documents / approval documents (if any) and as a party to any other contract or agreement. Guaranties under this contract will not be subject to any restrictions.
6. To ensure the legality, validity or enforceability of this Contract, the guarantor has been completed or will complete all required registration, filing or notary procedures.

7. This contract is legal and valid, which has legally binding obligation to the Guarantor.
8. There is no litigation, arbitration or administrative proceedings which involving the Guarantor or its major operating assets, and will have the critical adversely affect on the guarantor's financial position or the ability to fulfill its obligations under this contract.
9. Guarantor did not occur or exist any defaults.

Article 9 The above representations and warranties made by the guarantor in the period of this contract shall remain correct, and the guarantor will be ready by the creditor's request for further documents.

Chapter nine Undertakings made by the Guarantor

Article 10 Before the debt that is secured is paid off, the guarantor shall comply with the following provisions:

1. The guarantor shall immediately notify the creditor any of the following events:

- (1) the occurrence of any defaults;
- (2) any litigation, arbitration or administrative proceedings relate to the guarantor or its major operating assets;
- (3) the deterioration of guarantor's financial position , suspension of business, or is declared bankrupt, dissolution, is revoked business license / certificate of legal institutions or is revoked.

2. In the valid period of the contract, as long as the secured debt is not paid off , without the prior written consent of the creditor, the guarantor cannot make any affiliation, contracting, leasing, merger, separation, shareholding reform, or other changing arrangements of the mode of operation and ownership structure; If indeed, due to operational needs or adjustment of national policies and laws, to have affiliation, contracting, leasing, merger, separation, shareholding reform, or other changing arrangements of the mode of operation and ownership structure, the guarantor shall firstly obtain the written consent of the creditor and make a satisfactory credit arrangement of its warranty liabilities and obligations under the terms of this contract.

3. In the valid period of the contract, as long as the secured debt is not paid off , otherwise has the written agreement of the creditor, the guarantor cannot sell, transfer, break up or deal with its any major assets in other method.

4. In the valid period of the contract, before the secured debt is paid off, guarantor will not has recovery or claim right to creditor for the amount guarantor pay for debtor or any other creditor's right debtor may have.

5. In the valid period of the contract, if make any modification of registration at the department of administration for industry and commerce, guarantor should give a written notice to the creditor after the modification within ten working days of the creditor and send a copy of the relevant registration documents to the creditor.

6. If debtor not pay any due secured debt on time, the guarantor should unconditionally pay the debt to the creditor for debtor via the method creditor requires within seven working days of the creditor that guarantor receives the written payment notice of creditor.

7. If the guarantor does not pay any amount in this contract according to creditor's requirements on time, the creditor has the right to deduct the amount from any account that the guarantor opened at the creditor or any branch in creditor's system without the consent of guarantor.

8. Once creditor requires, the guarantor will pay or compensate the following fees and losses according to requirements immediately:

- (1) all costs and fees for fulfilling the right of creditor in this contract (including but not limited to attorney fee, litigation fee, execution fees and all other actual fees); and
- (2) any other losses caused by guarantor violating the agreements in this contract to creditor.

Chapter ten Nature and Effectiveness of Guarantee

Article 11 The guarantee established by this Contract shall be independent from any other guarantees obtained by the Creditor for the Secured Debts. The Creditor shall, before exercising the rights hereunder, neither perform any other guarantee he holds, whether the material guarantee or the personal guarantee, nor take any other relief measures from the Debtor or any other third party.

Chapter eleven Breach of Contract

Article 12 Any of the following events and items shall constitute the events of default hereunder conducted by the Guarantor:

1. Any event of default occurs under the main contract;
2. Any representation, warranty or undertaking made by the Guarantor under this contract is deemed to be incorrect or untrue;
3. Any part of the main contract is not fully legitimate and valid due to any cause, or is terminated or limited due to any reason;
4. The Guarantor suspends or stops its business or enters into bankruptcy, liquidation, stoppage or other similar procedures, or the Guarantor applied for bankruptcy and liquidation or ordered to cease or suspend its business by competent authorities;
5. Any significant litigation, arbitration or administrative proceedings are instituted against the Guarantor or his major operating assets;
6. The Guarantor violates its other obligations hereunder or conducts other acts which are deemed to will affect the creditor rights hereunder severely and adversely.

Article 13 The Creditor shall, depending on the circumstances, have the right to take one or more of the following measures after the occurrence of the above events of default:

1. To exercise the remedies for breach of contract of and under this Contract owned by the Creditor;
2. To require the Guarantor to bear the liability for guarantee in accordance with this Contract;
3. To exercise any other security interests that may be entitled to the Creditor on the Secured Debts.

Chapter twelve Other Provisions

Article 14 Without the agreement of the creditor, the guarantor cannot transfer or disposition all or part of the obligations in this contract.

Article 15 Any grace, preferential or delay Creditor gives to guarantor shall not affect, damage or limit the creditor enjoy all rights in accordance with this contract and laws and regulations; and will not be deemed as creditor gives up the rights in this Contract, and will not affect any obligations of guarantor in this contract.

Article 16 If at any time, any provision in this contract at any aspect becomes illegal, invalid or unenforceable, it will not affect the legitimacy, validity or enforceability of other provisions.

Article 17 In this contract, the guarantor should pay all amount of the secured debt, and cannot apply for any offset suggest and with no conditions.

Article 18 If the parties hereto send notices and requirements related to this contract to each other, the notices and requirements shall be made in writing and sent to the address or fax listed in the first page of this contract. Either party changes its address or fax, shall promptly notify the other party

Exchanges of files between two parties, if delivered by hand, the delivery is deemed to be delivered; if sent by registered letter, three days after registered is deemed to be delivered; if sent by fax, the sending time is deemed to be delivered. But if guarantor sends files to creditor, the file is deemed to be delivered when creditor actually received.

Chapter thirteen Applicable Law and Dispute Resolution

Article 19 This contract and any matters concerning this Contract shall be governed by and construed in accordance with the laws of PRC.

Article 20 All disputes arising from or relating to the implementation of this contract shall be settled by both parties through friendly consultations. Where no agreement can be reached, either party can bring an action to the people's court where the Creditor locates.

Chapter fourteen Effectiveness, Modification and Rescission of the contract

Article 21 This contract enters into force upon the date when it is signed or sealed and affixed with official seals by the legal representatives or entrusted agents of the Guarantor and the Creditor.

Article 22 Neither party may modify nor terminate this contract upon it enters into force. Where any modification or rescission is required, such modification or rescission shall be agreed by the guarantor and the creditor through consultations, and a written agreement shall be reached. All the provisions hereof shall remain in effect before a written agreement is reached.

Chapter fifteen Appendix

Article 23 Matters not mentioned herein, if any, shall be agreed in writing as the Appendix of this Contract by the guarantor and the creditor. The Appendix hereof shall form an integral part of this contract, and shall be of legally equal effect with this Contract.

Article 24 The Appendix hereof shall consist of:

- 1.
- 2.

Chapter sixteen Supplementary

Article 25 This contract is made in triplicate, one for the guarantor and two for the Creditor, each of which shall have the same legal effect.

Article 26 This Contract was signed in Shenzhen by the guarantor and the creditor on September 4, 2013.

Article 27 Both parties hereof agree to notarize this Contract and undertake to grant this contract with enforceability. When the Debtor and the guarantor fails to perform or fully perform their obligations, or if the Creditor achieves his debts or security rights prescribed by the laws and regulations or agreed by this Contract, the Creditor shall have the right to apply for enforcement directly from the people court with jurisdiction. The Debtor, the guarantor and the Creditor have no opposition against the application of enforcement made in accordance with this Contract. (This clause shall be an optional clause, both parties may make the following choices in 2 of this contract. (1, To use; 2, Not to use.)

(This page is intentionally left blank for the signature of both parties hereof)

/s/ Danyu Pan

[COMPANY SEAL]

Guarantor (seal):

Legal representative

(Or Entrusted Agent)

Creditor (seal):

/s/ [COMPANY SEAL]

Legal Representative / CEO:

(or Entrusted Agent)

Working Capital Loan Contract

CHINA EVERBRIGHT BANK

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Borrower: SPRINGPOWER TECHNOLOGY (SHENZHEN) CO., LTD.

Address: Bao'an District, Shenzhen Guanlan Dan Lake communit Superparamagnetic Renmin Road Industrial Area, Building A

Postal Code: 518000

Legal Representative: Dangyu Pan

Authorized Agent: /

Processing Person: Xun Sun

Telephone: 0755-89686236

Fax: 0755-89686819

Account Bank: China Everbright Bank Shenzhen Longhua Sub-branch

Account Number:

Lender: China Everbright Bank Shenzhen Longhua Sub-branch

Address: First floor, No.3, 4building, yinquan garden, people south road, Longhua, Baoan

Postal Code: 518000

Legal Representative: Cheng Chen

Authorized Agent: /

Processing Person: Xiaolin Yang

Telephone: 0755-81483044

Fax: 0755-28138641

Article I General Principal

Because of the need of business operations, the Borrower applies to the Lending Bank for a loan, and the Lending Bank, upon review, agrees to issue a loan to the Borrower on the terms and conditions set forth in this contract.

Now, pursuant to the relevant law and the policies of the regulatory authorities of our country, the two parties, after reaching consensus through consultation, have reached the agreement on the following provisions, which are to be adhered to by both parties.

Article II Purpose of the Loan

1. The two parties agree that:
 - 1.1 The loan amount hereunder is to be used as revolving liquid capital, for the specific purpose of **purchase of raw materials**
 - 1.2 The Borrower shall not change the purpose of the loan specified herein without prior written consent from the Lending Bank.

Article III Currency, Amount, Term and Disbursement of the Loan

2. The currency of the loan hereunder is Renminbi and the amount is SEVEN MOLLION YUAN ONLY.
3. The term of the loan hereunder is from September 5, 2013 to September 4, 2014.
4. Upon complete satisfaction of the preconditions set forth in Section 11 below, the Lending Bank must disburse the loan amount in one sum in full and have it deposited into the Borrower's account established with the Lending Bank on September 5, 2013.

Article IV Interest of the Loan and Calculation Method

5. The Borrower must make interest payments on the loan amount to the Lending Bank in accordance with the provisions herein. The interest rate of the loan hereunder is fixed annual rate of 7.8%
6. The two parties agree that, in the event that the People's Bank of China adjusts loan base rate or the calculation method thereof and the said loan base rate is applicable to the loan hereunder, the Lending Bank has the right to determine the contract's new loan interest rate on the basis of the said adjusted loan base rate or the calculation method. The Lending Bank shall not be required to obtain prior consent from the Borrower before making such adjustment and shall have the right to assess interest according to the adjusted loan rate or calculation method.
7. The interest on the loan hereunder is settled monthly and the settlement date is the 20th of each month.
8. The loan interest calculation hereunder is based on 360 days a year, starting on the date when the loan is disbursed.
9. If the Borrower fails to repay the loan in accordance with the provisions herein, the Lending Bank shall have the right to charge past-due penalty rate; the past-due penalty rate is 30% of the loan interest rate specified in Section 5 herein in addition to the said loan interest rate starting from the past-due date, until the loan principal and interest are repaid in full.
If the Borrower uses the loan for any purpose other than that specified herein, the Lending Bank shall have the right to charge loan misappropriation penalty rate; misappropriation penalty rate is 50% of the loan interest rate specified in Section 5 herein in addition to the said loan interest rate starting from the date when the loan is misappropriated, until the loan principal and interest are repaid in full.
10. If the Borrower fails to make interest payment on time, the Lending Bank shall have the right to assess compound interest at the penalty rate.

Article V Release and Use of the Loan

11. The Lending Bank shall have no obligation to provide the loan hereunder to the Borrower unless the following preconditions are satisfied:
 - 11.1 The Borrower has provided all the documents requested by the Lending Bank;
 - 11.2 The Borrower has filled all the forms and notes required for the withdrawal of the loan; such forms and notes are the component part of this contract and have the same legal effect;
 - 11.3 The Borrower has obtained all the government permits, licenses and registrations in accordance with the relevant law and statutes;
 - 11.4 If the loan hereunder is guaranteed, the Borrower has processed all the certification and registration of, and obtained the insurance on, the security properties provided as guarantee and such certification, registration and insurance remain effective and valid;

11.5 The Borrower has committed no acts of breach specified herein;

Upon satisfaction of the above preconditions, the Lending Bank will arrange the disbursement of the loan in accordance with Section 4 herein and have the loan amount deposited into the Borrower's bank account.

12. Payment of the Loan

12.1 The loan payment methods hereunder are entrusted payment by the Lending Bank and the payment by the Borrower at its own discretion.

12.2 The Borrower agrees that the Lending Bank shall have the right to use the entrusted payment method in accordance with the relevant State law and policies of regulatory authorities if:

(a) The loan relationship with the Borrower is new and the Borrower's credit is just average;

(b) The recipient of the payment is very clear and the amount of single loan payment is large;

(c) Other situations that the Lending Bank deems appropriate.

If the method of payment by the Borrower at its own discretion is used, the Borrower must submit loan fund payment plan to the Lending Bank for approval.

13. During the course of paying the loan amount, if the Borrower experiences any of the following, the Lending Bank shall have the right to discuss with the Borrower to supplement the conditions for loan release and payment or change the loan payment method or even suspend the release and payment of the loan amount:

(a) the credit situation of the Borrower deteriorates;

(b) the Borrower's profit-making ability is weak;

(c) there is abnormalities in the use of the loan funds;

(d) other situations the Lending Bank considered appropriate.

14. If the Lending Bank finds that the Borrower fails to use the loan for the purpose specified or has other acts in violation of the provisions herein, the Lending Bank shall have the right to declare the loan due in advance and pursue the Borrower for the corresponding liability for breach, including but not limited to restricting or suspending the payment of the loan funds.

15. The Lending Bank has the right to request that the Borrower provide records and documentation on the use of the loan funds.

Article VI Repayment of the Loan

16. The Borrower must make interest payments in accordance with the provisions herein and repay the principal in full and in one lump sum on September 4, 2014

17. The Borrower must ensure that there is sufficient amount in the account set up with the Lending Bank on the interest settlement dates or on the loan principal repayment date to repay interest, loan principal and other fees and must authorize the Lending Bank to deduct automatically from that account on the said dates.

18. The Borrower must repay the loan principal in full and on time to the Lending Bank. If the Borrower fails to repay the loan principal or to make interest payment on time, the Lending Bank shall have the right to deduct the corresponding amounts, in the order of fees payable, loan interest and compound interest and loan principal, from any accounts set up with the Lending Bank or within the banking system of the Lending Bank's branch organizations.

19. If the Borrower desires to repay the loan ahead of the schedule, the Borrower must submit an application to the Lending Bank 30 business days in advance for approval.

20. If the Borrower is unable to repay the loan hereunder on time and desires to extend the term of the loan, the Borrower must submit an application for extension in writing to the Lending Bank ___ business days in advance. Upon the Lending Bank's approval, the two parties must execute a loan extension contract as a supplement hereto.

Article VII Guarantee

21. The guarantee method for the loan hereunder is maximum natural person guarantee. The guarantee is provided by **Shenzhen Highpower Technology Company Limited, Dangyu Pan** and the guarantee is several liability guarantee (Guarantee Contract No. are GB78191309001-1, GB78191309001-2)

22. The Lending Bank and the guarantor must enter into a guarantee contract and process necessary certification and registration of and insurance on the security property.

23. If the term of the loan is extended, the Borrower and the guarantor must continue to bear responsibility to provide guarantee for the loan during the extended term.

Article VIII Assumption of Fees and Reimbursement

24. The Borrower must bear all the fees paid by the Lending Bank in connection with this contract and the corresponding guarantee contract, including but not limited to fees for notarization, insurance and registration.

25. Upon request by the Lending Bank, the Borrower must immediately reimburse the Lending Bank in full for all the fees incurred by the Lending Bank in exercising its rights hereunder, including but not limited to litigation expenses, attorney fees, travel and lodging expenses and other fees.

Article IX The Borrower's Representations, Warranties and Promises

26. The Borrower is a valid and existing legal person entity incorporated in accordance with the PRC law, has the ability to conduct independent civil activities and has the full power, authorization and assets to bear civil responsibilities and conduct business activities.

27. The Borrower has the full power and authorization to execute this contract and conduct the transactions hereunder and has taken all actions necessary for the execution and performance of this contract.

28. The Borrower has obtained all the government approval and third party consent required for the execution of this contract and the execution and performance of this contract will not violate any of the Borrower's incorporation documents or any other contracts to which the Borrower is a party.

29. All the documents, material and certificates provided by the Borrower in connection with the execution of this contract and the transaction hereunder are authentic, complete, accurate and valid and the financial reports provided by the Borrower truthfully reflect the financial situation of the Borrower as of the time of the issuance of such reports.

30. This contract is legally effective and is legally binding to the Borrower.

31. The Borrower must set up an account with the Lending Bank according to the Lending Bank's requirements to be used as the settlement account for the loan hereunder.

32. The Borrower has completed or will complete all the required registration, filing and certification procedures to ensure the validity, effectiveness and enforceability of this contract.

33. The Borrower has no pending litigation, arbitration or administrative proceedings that will have a substantively adverse effect on the Borrower's ability to perform its obligations hereunder.

34. The Borrower's representations, warranties and promises must remain true and accurate before the full repayment of the loan principal and interest and the Borrower will provide any relevant documents at the Lending Bank's request.

35. The Borrower has committed no act of breach.

36. The Borrower has carefully read, and fully understands and accepts, the contents herein and the execution and performance of this contract is voluntary; the Borrower acknowledges that the intents expressed herein are the Borrower's true intents.

37. The Borrower has provided truthful, complete and effective documents according to the Lending Bank's request.

38. The Borrower promises to cooperate with the Lending Bank in the management of the loan payment, and in the management thereafter and the relevant examination.

39. The Borrower must accept, and actively cooperate with, the Lending Bank's investigation of, inquiries about and supervision on its production, operation and financial situation and has the obligation to provide, on the monthly basis, the balance sheet and profit/loss statement for the latest month or other documents that reflect the Borrower's credit situation.

40. During the effective period of the contract, the Borrower must notify the Lending Bank in writing 30 business days in advance in the event of any changes in the name of the Borrower, its legal representative or its address.

41. If, before the full repayment of the all the debt hereunder, the Borrower desires to engage in external investment or financing that will substantially increase its debts, or to undertake merger, spin-off, reduction of capital, transfer of equity, transfer of assets, filing for suspension of business for rectification, filing for dissolution or bankruptcy or any other actions sufficient to cause any changes to the creditor/debtor relationship hereunder or to affect the rights of the Lending Bank, the Borrower must notify the Lending Bank in writing 30 business days and obtain the Lending Bank's written approval. Otherwise, none of the transactions mentioned above can be conducted.

42. The Borrower promises that, without the Lending Bank's written approval, the Borrower will not assume, for any other enterprise legal person or individual, debt obligations, provide guarantee or establish pledges or liens on its assets that will affect the Borrower's ability to repay the loan hereunder.

43. If the Borrower experiences any other events, other than those mentioned above, that will adversely affect the Borrower's ability to fulfill its repayment obligations, the Borrower must immediately notify the Lending Bank in writing.

44. The Lending Bank has the right to demand that the Borrower set up a special account with the Lending Bank as the account for the return of the funds.

Article X Events of Breach

45. Any of the following events constitutes an event of breach:

45.1 The Borrower fails to make interest payments or repay the loan principal in accordance with the provisions herein;

45.2 The Borrower fails to use the loan for the purpose specified herein;

45.3 The Borrower fails to pay loan funds according to the method specified;

45.4 The Borrower fails to comply with events promised;

45.5 The Borrower overfulfills the financial targets specified;

45.6 The Borrower commits any act of cross-breach;

45.7 The Borrower provides false balance sheet, profit/loss statements or other financial reports or withholds material facts therein, or refuses to accept the Lending Bank's supervision over and examination of the Borrower's use of the loan and its production operation and financial activities;

45.8 The representations, warranties or promises made herein by the Borrower or the guarantor, or those made by the guarantor made in the relevant guarantee contract, prove to be false or misleading;

45.9 The Borrower or the guarantor violates other contract to which the Borrower or the guarantor is a party;

45.10 The Borrower's or the guarantor's operation or financial situation materially deteriorates;

45.11 The value of the pledged or mortgaged property in connection with the loan hereunder decreases or such property is damaged or lost;

45.12 The Borrower or the guarantor fails to make arrangement to repay its debts to the satisfaction of the Lending Bank at the time of its merger, spin-off or reorganization of share structure.

45.13 The Borrower or the guarantor files bankruptcy, is dissolved or shut down, or its business permit is revoked, canceled or voided;

45.14 The Borrower fails to notify the Lending Bank promptly of any major revision of its charter, any changes in its operation activities, major revision of its accounting principles, or any material changes in the financial, economic or other situation of the Borrower or of its subsidiaries or parent;

45.15 The Borrower is involved in any litigation, arbitration or administrative proceeding that will adversely affect its ability to fulfill its obligations hereunder;

45.16 The Borrower's assets is frozen, seized, withheld or put into receivership in accordance with the law and such that the Borrower's performance of its obligations hereunder has been or will be materially affected;

45.17 The Borrower, a Group customer confirmed by The Lending Bank according to the "Commercial Bank Group guidelines for customer credit risk management business"(hereinafter referred to as "guideline"), use the false contracts which are signed with affiliated parties to discount or pledge at bank and to obtain bank funds or credit with notes receivable and accounts receivable without actual trade background; the occurrence of major mergers, acquisitions and reorganization which are considered by Party B may affect the loan safety; evasion or discarding of bank debts on purpose through affiliated transactions; other circumstances stipulated in article eighteenth of "guidelines";

45.18 The Borrower has violated any other provision herein and fails to take any remedial actions to the satisfaction of the Lending Bank;

45.19 Any other event or situation that will have a substantive adverse effect on the rights of the Lending Bank hereunder.

46. The Lending Bank shall make determination as to whether any event of breach mentioned above has occurred and notify the Borrower. Upon the occurrence of any of the events of breach, the Lending Bank shall have the right to take one or more of the measures below:

- 46.1 Suspend the disbursement of the loan amount hereunder;
- 46.2 Declare that the loan already released immediately due and demand that the Borrower repay the loan principal, interest and other fees immediately;
- 46.3 Demand that the Borrower provide additional pledge or lien or replace the guarantor;
- 46.4 Deduct directly any outstanding amount payable hereunder from the account established with the Lending Bank or any of the Lending Bank's branches;
- 46.5 Declare the exercise of its rights under the guarantee contract for the loan;
- 46.6 Other measured deemed appropriate by the Lending Bank.

Article XI Others

- 47. During the effective period of this contract, the Lending Bank shall have the right to examine the Borrower's use of the loan and the Borrower must provide explanation and documents to the Lending Bank at the Lending Bank's request.
- 48. Both parties hereto must maintain confidentiality on the debts, financial, production and operation situation and other information obtained for the purpose of executing and performing this contract from the other party; however, the situation of any inquiry on the Borrower's situation in accordance with the law is excepted.
- 49. Without prior consent from the Lending Bank, the Borrower shall not transfer or dispose of all or part of its obligations hereunder.
- 50. The Lending Bank may transfer the creditor's right hereunder to any third party without the need to obtain prior consent from the Borrower, provided, however, that the Borrower is notified in writing at the time of such transfer.
- 51. The Borrower must pay all the amount due hereunder in full and shall not make offsets, deductions or withholdings of any nature or use any debt owed by the Lending Bank to the Borrower to offset any debt obligations.
- 52. Any grace period, favorable treatment or extension granted by the Lending Bank to the Borrower shall not affect, damage or restrict any other rights to which the Lending Bank is entitled in accordance with the provisions herein and with the law and statutes, nor shall they be considered a waiver by the Lending Bank of its rights and interests hereunder or affect the Lending Bank's responsibilities and obligations hereunder.
- 53. If, at any time, any of the provisions herein becomes illegal, invalid or unenforceable in any aspect, the legality, validity or enforceability of other provisions herein shall not be affected or diminished.
- 54. Any revisions of or supplement to this contract must be in writing and be signed by both parties.
- 55. The titles and headings herein are inserted for reference only.
- 56. All notices or requests regarding this contract must be sent in writing to the addresses or fax numbers listed on the first page of this contract. One party must notify the other party promptly of any changes of addresses or fax numbers.
- 57. The documents sent by one party to the other shall be considered delivered if sent by courier, three days after its being sent if by registered mail, and immediately if by fax.

Article XII Governing Law and Resolution of Dispute

- 58. This contract is governed by the Chinese law and must be interpreted accordingly. Any dispute in connection with this contract must be settled through consultation; if consultation fails, the dispute should be submitted to legal proceedings at the local court where the Lending Bank resides.

Article XIII Effectuation, Revision and Dissolution of the Contract

- 59. This contract must be signed by the representatives of both parties before it can become effective.
- 60. No party can revise or dissolve this contract without authorization, unless otherwise stipulated or by law. Any revision or dissolution must be agreed to by both parties in a signed written agreement.

Article XIV Attachments

61. Other matters not covered herein may be provided in a written agreement to be attached hereto.

Article XV Supplemental Provisions

62. This contract in triplicate, the Borrower has one copy and the Lending Bank has two copies, and all copies have the same legal effect.

63. This contract is signed on September 4, 2013 in Shenzhen.

64. The parties hereto agree that this contract must be certified (optional provision; not applicable to this contract).

/s/ [COMPANY SEAL]

Borrower (Stamp): SPRINGPOWER TECHNOLOGY (SHENZHEN) CO., LTD.

Signature of legal representative :

(Or Entrusted Agent)

/s/ Dangyu Pan

/s/ [COMPANY SEAL]

Lender (Stamp): China Everbright Bank Shenzhen Longhua Sub-branch

Signature of legal representative or deputy:

(Or Entrusted Agent)

/s/ Cheng Chen

[FOR GUARANTEE AGREEMENTS RELATED TO THIS AGREEMENT, SEE THE GUARANTY CONTRACTS OF MAXIMUM AMOUNT FILED WITH EXHIBIT 10.6 TO THE REGISTRANT'S QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2013 FILED WITH THE SEC ON NOVEMBER 14, 2013.]

Fiduciary: Springpower Technology (Shenzhen) Co., Ltd

Address: Building A, Chaoshun Industrial Zone, Renmin Street, Danhu, Guanlan Road, Baoan, Shenzhen

Creditor: Bank of Jiangsu, Shenzhen Sub-branch.

Address: 4011, Shennan Road, Futian District, Shenzhen.

According to relevant laws and regulations of China, this contract was agreed by two parties, and both parties agree to comply with all terms of the contract.

Clause 1 The maximum comprehensive credit limits (hereinafter referred to as "fiduciary") means the credit line that creditor provide to fiduciary who can use the credit line in the business lines agreed by the contract.

Clause 2 Content of the credit

1. The maximum amount of comprehensive credit limits that creditor provide to fiduciary is RMB 10,000,000.
2. The period of the credit: From June 21th, 2013 to June 20th, 2014. This period only limits the start date of the credit businesses but the expiration date.
3. The allotted time, amount, interest rate and rate of single specific business under this credit contract should be agreed by accordingly specific business contract and voucher.
4. Aforesaid "The maximum comprehensive credit limits" only includes the balance of credit principal which is the actual used credit line (deducts guaranty bund) deducts the part which has been repaid under this contract during the contract period, but the interest, punitive interest compound interest and other payables which should be afforded by fiduciary.

Clause 3 The usage of credit line

1. When fiduciary need to use the credit line under this contract, should apply to creditor one by one, creditor has the right to audit in accordance with fund condition of itself, operation situation of fiduciary and the purpose of credit etc. If the applications are approved, both parties should sign the specific credit business contract separately. Every single credit business contract under this contract and relevant voucher constitute the effective attachment of this contract.
2. Within the period agreed in this contract, fiduciary can use the credit line according to the limit of every single credit business agreed by this contract repeatedly, if fiduciary need to adjust the usage of credit line, application should be provided to creditor in writing, and creditor decides whether the application can be approve and the method of adjustment.
4. When the credit become expiring, the credit line which is not used will automatically be cancelled.

Clause 4 Adjustment of credit line

In the process of performing this contract, if following situations, which may affect the right of creditor, occur, creditor has the right to make relevant adjustment and/or stop fiduciary using credit line, and cancel unused credit line of fiduciary.

1. The market, which is related to fiduciary's operation, has significant adverse changes, or Country's monetary policy has significant adjustment.

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2. There are significant difficulties on operation situation or important adverse changes on financial conditions to fiduciary.
 3. Termination of business, liquidation, restructuring, dissolution and bankruptcy of fiduciary by an active or passive means.
 4. Fiduciary is involved in significant litigation, arbitration or administrative punishment, or has significant default with other creditors.
 5. Fiduciary indicates or expresses by its actions that it does not perform its obligations under this contract or other contract signed by creditor and fiduciary.
 6. Fiduciary provides false materials or conceals any important fact of finance and operation.
 7. Fiduciary does not perform the obligations agreed in this contract or specific credit business contract.
 8. Fiduciary violates other contracts signed by creditor and fiduciary.
 9. Fiduciary transfers its assets, pumps money, evades debts and has other behaviors which damage or might damage the rights of creditor.
 10. Fiduciary is involved in illegal operations.
 11. Division, merger, important takeover, consolidation and reorganization of fiduciary.
 12. Fiduciary loses commercial integrity.
 13. Controlling shareholder of fiduciary transfer is changed, or significant items happen to controlling share holder, actual controller, legal representative, senior executives of fiduciary, including but not limited to be involved in illegal actions, litigation, arbitration, deterioration of financial condition, bankruptcy, dissolution etc.
 14. Guarantor of the credit business under this contract default, such as providing false information, violating other contracts signed by creditor or other third parties, involved in litigation, arbitration, stopping doing business, business failures, illegal actions, evading bank credit's right, merging, consolidation, reorganization, and other situation which may affect guaranty ability of Guarantor.
 15. Other situations damage rights and interests of creditor.

Clause 5 Rights and obligations of fiduciary

1. Having the right to apply for using the credit line.
2. Opening settlement account in Bank of Jiangsu, Shenzhen Sub-branch, and arrange settlement of both domestic and overseas accounts, foreign exchange settlement and sale and other intermediate business in Bank of Jiangsu or its sub-branch more than the proportion of the credit line which gets from creditor and all credit line of fiduciary.
3. Fiduciary should provide true documents and information to creditor (including but not limited all bank accounts, balance of deposit and loans, situations of using loans, condition of assets, operation, and inner management etc.
4. Providing last month's financial statement before the 20th of each month, and providing audited financial statement to creditor in 120 days after fiscal year, and providing changes and modifications of itself to creditor.
5. Accepting and cooperating with creditor in surveying, supervising and examining on the situation of using credit, related production, management, financial operation.

6. Complying with this contract and every single business contract under this contract strictly.

7. When used credit exceed the credit line agreed in this contract result from the change of exchange rate, fiduciary should repay the exceeding part or pay homologous security deposit.

8. If following situation occurs, fiduciary should notice in writing creditor in 5 days since related situation happens and implement security measure which is accepted by creditor.

(1) Changes of membership function, executives, articles of association and organization.

(2) Stopping producing, going out of business, cancelling registration, being cancelled business license or being applied for bankruptcy.

(3) Changes of name, domicile, legal representative, contact manner and so on.

(4) Financial standing depravation, significant difficulty on operation, significant litigation or arbitration.

(5) Other things have significant affect on rights and interests of creditor.

9. Fiduciary should ask creditor's consent and implement security measure, which is accepted by creditor, before taking following actions.

(1) Contract management, lease, stock system reform, joint operation, consolidation, merger, discrete, joint venture, asset transference, reducing registered capital, applications of suspensions, dissolution, bankruptcy and other actions which can affect rights and interests of creditor.

(2) Providing guarantee for other's debts, or pledging or mortgaging major asset of itself to third party, leading to affect the repayment ability under this contract.

10. When the guarantor, which is under this contract or under single business contract of this contract, loses guarantee ability, or pledge, which is under this contract or under single business contract of this contract, depreciates in value, fiduciary should take other guarantee measures, which are accepted by creditor, in time.

11. Fiduciary is not allowed to sign the contract, which can damage the rights and interests of creditor, with any other third party.

Clause 6 Rights and obligations of creditor

1. Accepting and reviewing fiduciary's application of using the credit.

2. The financial conditions, operation of fiduciary should be kept secret by Party B, except the laws, administrative laws and regulations, normative documents requested.

3. Having the right to ask fiduciary to provide related information of the credit, having the right to know the production, financial condition, operation, and repayment plan of fiduciary, and having right to extract and copy from account books, operation record and related information.

4. Having the right to supervise fiduciary uses the credit according to this contract and single credit business contract.

5. Having the right to collect principal, interest, and other related expenses from Party A's account on schedule or in advance.

6. If fiduciary fails to act or violate the obligations under this contract and single credit business contract of this contract, creditor has the right to adjust the maximum amount of comprehensive credit line, and stop using credit line, cancel unused credit line of fiduciary, regain used credit in advance.

7. Having the right to query the credit inquiry of fiduciary, the legal representative of fiduciary and executives of fiduciary, and has the right to provide the information of fiduciary to the people's Bank of China etc.

8. If fiduciary fails to act repayment obligations under this contract and single credit business contract of this contract, defaults of fiduciary can be announced in public by creditor.

Clause 7 All debts (including punitive interest and related expense) under the contract are guaranteed by Maximum Amount Guaranty Contract (NO.B2161213000045) signed by ICON ENERGY SYSTEM COMPANY LIMITED and the creditor, and Maximum Amount Personal Joint Responsibility Guarantee (B2161213000046) signed by DANGYU PAN and the creditor.

Clause 8 Expense

1. The expense of credit information, notarization, testimony, register etc under the contract should be afforded by fiduciary.

2. The expense result from fiduciary does not repay related debt, such as advertising fee, delivery fee, appraisal cost, counsel fee, legal fare, travel expense, valuation fee, auction fee, property preservation fees, enforcement fee etc, should be afforded by fiduciary.

Clause 9 Modification, dissolution and execution of civil right of the contract

1. Agreed by both parties, this contract can be modified and dissolved in written.

2. Any tolerance, extension or delay from creditor to fiduciary for exercising of rights under this contract does not affect the rights creditor enjoys according to this contract and laws and regulations, and cannot be considered as approval to the default, and does not mean the abdication of the right.

3. Any item of this contract become invalid because of any reasons, fiduciary still should assume all responsibilities. If above situation happens, creditor has the right to terminate this contract, and ask fiduciary to repay immediately.

4. If fiduciary violate the obligation regulated in eighth item of clause 8 of this contract. It will be considered as the information has been delivered that related notices and documents sent by creditor according to primary address result from fiduciary does not perform above obligations.

5. Any related notices and documents should be sent in written by both parties.

Clause 10 Fiduciary agrees that the credit's rights under this contract can be enforced after notarization. When fiduciary does not carry out obligations under the contract completely or partly, creditor can apply enforcement to competent court.

Clause 11 Applicable Law and Resolution for dispute

The making, efficacy, explanation, performance and resolution for dispute of the contract are applicable to the laws of People's Republic of China. During the performance of this contract or all disputes relating to this contract, the two parties settle through consultations. If negotiation cannot reach agreement, both parties can apply to the local people's court of creditor.

Clause 12 Effective and invalid of the contract

1. This contract enters into force upon the date when it is signed or sealed and affixed with official seals by the legal representative or entrusted agents of fiduciary and creditor.

2. This contract become invalid after fiduciary accomplishes all repayment responsibility under this contract.

Clause 13 This contract is signed in triplicate, creditor holds two copies, fiduciary holds one copy, three copies have the equal legal effect.

The things which are not mentioned in this contract should be explained and settled according to relevant laws, administrative laws and regulations, normative documents and single credit business contract, and the related regulations of Bank of Jiangsu.

Clause 15 Prompt

Fiduciary has known the business scope and grant privilege of Party B. Fiduciary has read all terms of the contract. Creditor has explained homologous terms requested by fiduciary. Fiduciary has known the meaning of all terms of the contract and homologous legal consequence. Signing the contract is the true will of fiduciary.

/s/ [COMPANY SEAL]

Fiduciary (stamp)

Legal Representative or agent (signature):

June 28, 2013

/s/ [COMPANY SEAL]

Creditor (stamp)

Legal Representative or agent (signature):

June 28, 2013

Supplementary Agreement of *Maximum Amount Comprehensive Credit Contract of Springpower Technology (Shenzhen) Co., Ltd*

1. Credit line limits to use for normal operation, such as purchase of raw materials etc. When single business transaction occurs, effective transaction contract or order form should be provided with amount of no less than the transactional amount. When writing bank acceptance bill, relevant value added tax invoice should be provided in time. Credit cannot be used for connected transaction which has no actual business, and cannot be used for fixed assets, stock right, coupon investment and diverting.

2. Fiduciary has the obligation to ensure it is appointed that fiduciary's account opened in Bank of Jiangsu, Shenzhen Sub-branch is the only account of sales outstanding of fiduciary in new sales contract and order form signed by Springpower Technology (Shenzhen) Co, Ltd and Meily Electronics Co., Ltd, by writing (or notary service mode). Account receivable should return to above account. Without creditor's consent, fiduciary cannot change the account of sales outstanding.

3. Fiduciary should complement bank acceptance exposure in advance as single bank acceptance bill contract requested.

4. In the credit period, except existing financing banks, it should be approved by the Creditor that if the guarantees of new financing banks of the Fiduciary are superior to that of the Creditor.

5. If the Fiduciary defaults the above clauses, 1% of exposure amount of credit line will be charged by the Creditor as penalty and the Creditor has the right to claim the maturity of the credit.

6. Amount of settlement should match to usage of credit; otherwise, creditor has the right to decide the usage of credit line and further operation after expiration according to the settlement.

Fiduciary (stamp)

Legal Representative or agent (signature): /s/ [COMPANY SEAL]

Creditor (stamp)

Legal Representative or agent (signature): /s/ [COMPANY SEAL]

Maximum Amount Personal Joint Responsibility Guarantee

NO. BZ161213000046

To: Bank of Jiangsu, Shenzhen Sub-branch

To ensure the performance of your bank's right, guarantor agrees to provide joint responsibility guarantee for the "Maximum Amount Comprehensive Credit Line Contract" (herein after referred to as "master contract") unconditionally and irrevocably, which contract number is "BZ161213000377", entered into by Springpower Technology (Shenzhen) Company Limited (herein after referred to as "debtor") and your bank. Guarantor promises as follows:

Article 1 The guaranteed creditor's right

The secured creditor's right is all debt your bank lends to debtor according to master contract.

The master contract of this guarantee consists of master contract and all attachments signed according to master contract (including but not limited affiliated contract, applications, notice, various vouchers and other legal documents which form debtor-creditor relationship).

Article 2 Guarantee Covers

The guarantee coverage: the principals and interests (including punitive interest and compound interest) of all loans (credit) occurred between debtor and your bank according to the master contract and its attachments from June 21 of 2013 to June 20 of 2014, the penal sum that debtor should pay to your bank; compensation and other expense your bank cost for realizing creditor's right (including but not limited legal fare, arbitration fees, property preservation fees, execution fees, valuation fee, auction fee, attorney fee, travelling fee etc.).

Aforesaid period indicates the date of occurrence, and does not limit the date of expiration.

Article 3 Guaranty Method

Guarantor voluntarily provide the joint liability guarantee, when debtor do not perform the debt according to master contract, no matter what other guarantee your bank has for ensuring the creditor's right under the master contract (including but not limited guarantee, mortgage, pledge etc), your bank has the right to ask guarantor to take guarantee responsibilities within guarantee coverage.

Article 4 Maximum amount of the guaranty

The maximum amount which the guarantee assumed hereunder is at most no more than RMB 10 million only. The maximum amount of guaranty hereon is loan principal balance by total amount (means line of credit deducting the part of cash deposit) of use of loans and facility actually under the master contract signed between creditor and debtor and in the period as mentioned in the contract deducting the part of repayment, excluding the proceeds of payable except the principals stipulated in article 3, such as interest expenses and penalties, etc., but the guarantee shall still assume the joint liquidated liability.

The guarantor agrees that the debtor can recycle the loans under master contract, and agrees that the debtor can adjust the credit line of all kinds of loans within the line of credit hereunder, and the guarantor shall assume the joint guarantee liability.

Article 5 Warranty Period

The warranty period of this contract is from the effective date of this contract to 2 years after the maturity date of the debts (Including deferred loans) under master contract.

Article 6 Changes of Master contract

The warranty obligations of this contract will not be affected by any changes (Including but not limited to modifying, supplying and deleting etc.) of master contract agreed by creditor and debtor except the amount of the loan. If creditor and debtor agree with delaying to repay the debt, this contract is still effective.

Creditor transfer its credit's right to the third party legally, guarantor assume the same warranty responsibilities as before.

Article 7 Independence of this guarantee

This guarantee is independent of master contract, it does not affect the efficacy of this guarantee that master contract is invalid completely or partly. If master contract is considered as invalid, guarantor assume joint security responsibility to the debt result from debtor return property or pay for the damage. Guarantor promise to supervise debtor use the loan (credit), and if debtor changes the purpose of the loan (credit), guarantor still assume warranty responsibility.

Any tolerance, extension, privilege or delay from creditor to guarantor for exercising of rights under this contract does not affect, injure and limit the rights creditor enjoys according to this contract and laws and regulations, and cannot be considered as the abdication of the related right according this contract, and will not affect the obligations of guarantor under this contract.

The efficacy of this guarantee will not be affected by any contract, agreement, and guarantee, and tacit agreement, dispute.

Warranty obligations of guarantor (including the inheritor, assignee and conservator of guarantor) are continuous, and have no affect on any change of guarantor and debtor (Including but not limited in division, merger, reorganization, transactions of property right and operation right). If debtor's subject qualification cease to exist before debtor repay all debt to creditor, or creditor announce its subject qualification cease to exist within 6 months since debtor repay all debt result in foregoing repayment become invalid, the warranty obligations under this contract are still effective.

Article 8 Guaranty

Guarantor agrees to assume warranty responsibility by all his property (including family possessions; since the date of signing this guarantee, guarantor will not allowed to dispose above property without your bank's consent, if your bank thinks it is necessary that above property can be guaranteed, mortgaged or pledged, guarantor promise to assist to process above procedures.

During warranty period, guarantor promises that he will not provide guarantee which is exceed his warranty ability to third party. If above property is insufficient to afford the guarantee responsibility, guarantor promise to assume repayment responsibility for the insufficient part.

If your bank feels necessary, guarantor agrees to provide the list of all his assets, and evaluate the assets on the list, guarantor will afford valuation fee. Guarantor promises that he enjoys ownership and the right of disposal of all assets on the list.

Article 9 Advanced Guarantee Responsibilities

During warranty period, when any default under master contract or other situations which is considered as can affect the realization of creditor's right by your bank happen, your bank can announce the debt expire in advance, and has the right to ask the guarantor assumes security responsibility on the date announced by your bank, guarantor agrees to assume the security responsibility as your bank requested.

Article 10 Receiving Payables

Your bank has the right to cut payment from guarantor's account in bank of Jiangsu for all payables of guarantor in the range of warranty coverage. If the payment is foreign currency, it will be calculated according to the rate your bank announced on the day.

Article 11 Other Items

1. During warranty period, your bank has the right to supervise the fund and financial condition of guarantor, and guarantor should provide true information.
2. Guarantor authorizes your bank to claim for his expire creditor's right, achieved money should be repaid your bank's debt preferentially.
3. The loan, which is under the master contract or specific credit business of the master contract, is not paid as agreed, or is changed the way of payment, guarantor still assume security responsibility.

Article 12 Settlement of Dispute

When there is any dispute in performing the contract, both parties should settle the dispute through consultations at first, if negotiation cannot reach agreement, both parties can apply to the local people's court of your bank.

During litigation or arbitration period, the items of this contract which are not involved in the dispute still should be performed.

Article 13 Becoming Effective

This guarantee comes into force since being signed by guarantor

Article 14 Statements

1. Guarantor knows the business scope and limits of authority of your bank.
2. The guarantor has read the contract comprehensively and carefully and fully understands the master contract entered into between creditor and debtor, upon the request of guarantor, the creditor has made the terms interpretation accordingly as for the master contract and the contract hereunder, and the guarantor are fully aware of and understands the whole terms content of master contract and the contract hereunder, and signed this contract with true willing. The guarantor is fully aware of the legal consequence for the conclusion and performance of the master contract and the contract hereunder may give rise to, and fully confirms the obligations related to this contract.
3. Guarantor has the right to sign this guarantee.
5. It should be noticed to your bank in writing that any changes of guarantor's abode, postal address, contact number etc in 10 days after the changes happen. It will be considered as the information has been delivered that your bank sends related notices and documents according to primary address result from guarantor does not perform above obligations.
6. If notary organ grant enforceable potency to this contract, guarantor agrees to be enforced and gives up the right of defense.

Guarantor (signature): /s/ Dangyu Pan
ID number:
6/28/2013

Maximum Amount Guaranty Contract

Contract No.: B2161213000045

Guarantor: Icon Energy System Company Limited
Address: Block A, 4/F, Jinmeiwei Industrial Park, Guanlan Hi-tech Industrial Park,
Shangkeng Community, Guanlan Town, Baoan District, Shenzhen

Creditor: Bank of Jiangsu, Shenzhen Sub-branch.
Address: 4011, Shennan Road, Futian District, Shenzhen.

In order to warranty the performance of debts under item one of this contract, the guarantor provides the warranty to the creditor voluntarily, and the two parties entered into this contract after equal negotiation.

Article 1: Master contract

The master contract hereunder is A .

A. The creditor and the debtor **Springpower Technology (Shenzhen) Company Limited** entered into this contract of maximum amount comprehensive credit line whose number is **SX SX 161213000377**, and has or will enter into the separate facility business contract, as well as amendments and supplements.

B. The creditor and the debtor _____, from __ year __ month __ day __ to __ year __ month __ day __, entered into the contracts of loans, bank acceptance drafts, trade financing, letter of guarantee, funds business, and other agreement, as well as amendments and supplements.

Article 2: Primary credit and period

Except the period determined or agreed separately in accordance with the laws, the actual credit under the master contract consists of the primary credit of the contract in the below period: A .

A. From the effective date of "maximum amount comprehensive credit line contract" in article one to the expiration date of facility period stipulated in this contract and amendments or supplements.

B. From __ year __ month __ day __ to __ year __ month __ day __ under article one of this contract.

Article 3: Guarantee Coverage

The scope of guaranty of creditor hereunder covers all debts occurred under this contract by the debtor, including but not limited to principals, interest expenses, compounded interests, penalties, processing fees, default expenses, damage compensation, legal fees, escrow fees, taxation expenses, arbitration fees, travel fees, assessment fees, auction fees, property preservation fees, compulsory execution fees and other expenses for realization of the creditor's right.

Article 4: Maximum amount of the guaranty

The maximum amount which the guarantee assumed hereunder is at most no more than RMB 10 million only. The maximum amount of guaranty hereon is loan principal balance by total amount (means line of credit deducting the part of cash deposit) of use of loans and facility actually under the master contract signed between creditor and debtor and in the period as mentioned in the contract deducting the part of repayment, excluding the proceeds of payable except the principals stipulated in article 3, such as interest expenses and penalties, etc., but the guarantee shall still assume the joint liquidated liability.

The guarantor agrees that the debtor can recycle the loans under master contract, and agrees that the debtor can adjust the credit line of all kinds of loans within the line of credit hereunder, and the guarantor shall assume the joint guarantee liability.

Article 5: The guarantor has read the contract comprehensively and carefully and fully understands the master contract entered into between creditor and debtor, upon the request of guarantor, the creditor has made the terms interpretation accordingly as for the master contract and the contract hereunder, and the guarantor are fully aware of and understands the whole terms content of master contract and the contract hereunder, and signed this contract with true willing. The guarantor is fully aware of the legal consequence for the conclusion and performance of the master contract and the contract hereunder may give rise to, and fully confirms the obligations related to this contract.

Article 6: The guarantor shall assume the responsibilities for all debts owed by the debtor to the creditor under the master contract, including the debts arising from the prepayment requested by the creditor. After received the written notice sent by creditor, the guarantor shall perform the settlement responsibilities according to the time, kinds of currency, amount, and method of settlement specified by the creditor, and commit to the creditor that the creditor has the right to deduct all amount of guaranty from the guarantor's account when the creditor deems appropriate, if the deducted proceeds is foreign currency, the currency shall be calculated according to the bid price published by the creditor at the deducted date.

Article 7: The guarantee obligation of the guarantor (including the inheritor, assignee, and conservator of the guarantor) need continuity under this contract, shall not affected by the change of the guarantor or the debtor (including but not limited to merger, split, recombination, conduct title transaction or transactions of managerial authority by way of lease, contract, and so on). If the debtor's subject qualification ceases to exist before clear off the loans hereunder, or the debtor declares that its subject qualification cease within six month from the date clear off all of loans leading to its foregoing repayment activity invalid, the guarantor's warranty obligations is still effective.

Article 8: The term of the guaranty hereunder is from the date of effective to two years after expiration of the debts hereunder (including the maturity of extension period).

Article 9: The guaranty obligations under this contract shall not subject to be affected by any change for the terms and conditions of master contract agreed by both creditor and debtor (including but not limited to amendments, supplements, and cancellations). If the creditor and debtor agree to extension or delay the performance of the obligations hereunder, the contract hereunder shall continue to be valid.

In the event of the creditor transfers its credit right to others in the period of guaranty according to the law, the guarantor continues to assume the guaranty responsibility within the scope of the guaranty.

Article 10: The guarantor makes the following commitment to the creditor unconditionally and irrevocably: if the debtor fails to or delays to fulfill the obligations of master contract, or confirm the invalidity of the master contract in certain reason, or due to the guarantor fails to or delays to perform any clause hereunder leading to a loss to the creditor, all of above shall be a debt payable for the guarantor to the creditor.

Article 11: Whatever reasons leading to the master contract invalid in law or part of terms invalid, the guarantor shall still assume the guaranty responsibility for the debtor's repayment liability in accordance with the terms listed hereunder. The guarantor pledge to monitor the debtor to use the loans (facility), in the event of the debtor change the purpose of the loan, the guarantor shall still assume the guaranty responsibilities.

Any tolerance, grace or postpone the exercise of any right preferential by the creditor to the guarantor under this contract, shall not affect, damage, or restrict the creditor's all rights in accordance with the contract hereunder, laws and regulations, and normative documents, shall not deem as give up the rights and benefit under this contract, and shall not affect any obligations assumed by the guarantor under this contract.

Article 12: If there is any collateral security except this guarantee under this contract, the guarantor is willing to perform the joint guaranty responsibility prior to collateral security on all guaranty debts.

Article 13: The guarantor is an entity established in accordance with the laws, is qualified to identify the contract hereunder and perform joint guaranty responsibility. In addition, signing this contract has obtained empowerment thereof, and the process of performing the contract has been completed.

Article 14: The guarantor to sign and perform this contract is its real intension, is true and effective and legal, shall not affected by any relationship of any party hereunder and others or other any events.

Article 15: The debts hereunder has the equal position with guarantor's other debts, shall be in the same compensation sequence.

Article 16: If the guarantor enters into the counter guarantee contract with the debtor upon this contract, this counter guarantee contract shall not damage the creditor's any interests, and when the guarantor's compensation arising from the counter guarantee contract and the creditor's claim are in the same sequence, the creditor shall be compensated prior to the guarantor.
The guarantor shall not request the debtor to set up a counter guarantee by way of property pledge as to the obligations assumed by the debtor hereunder.

Article 17: The guarantor's responsibility shall decrease gradually with the decrease of the debts hereunder.

Article 18: The guarantor shall provide the true, complete, valid financial statement and other relevant materials and information as required by the creditor.

Article 19: In the event of guarantor change residence, mailing address, telephone number, the scope of business, and the legal representative, shall notice the creditor in written within 10 days from the date of change events occurred.

Article 10: If notary organ grant enforceable potency to this contract, guarantor agrees to be enforced and gives up the right of defense.

Article 21: The application of laws and resolution of dispute

The signing, effectiveness, interpretation, performance and settlement of disputes of this contract shall apply for the People's Republic of China's laws. If there are any disputes based on this agreement, the contracting parties could attempt to resolve them through consultation. If negotiation fails, shall resolve the disputes according to the following way of A :

- A. Institute legal proceeding to the court where the creditor located.
- B.

Article 22: This contract and any modifications and supplement of it enter into force upon the date when it is signed or sealed and affixed with official seals by the legal representative or entrusted agents of both parties.

Article 23: Other items appointed by both parties.

The things which are not mentioned in this contract should be explained and settled according to relevant laws, administrative laws and regulations, normative documents and the related regulations of Bank of Jiangsu.

Article 24: This agreement is in triplicate, Party A has one copy, Party B has two copies, three copies have the same legal effect.

Guarantor (stamp): /s/ [COMPANY SEAL]
Legal representative or agent:

Creditor (stamp): /s/ [COMPANY SEAL]
Legal Representative or agent:

6/28/2013

Working Capital Loan Contract

REF: JK161213000016

Party A: Springpower Technology (Shenzhen) Co., Ltd

Address: Building A, Chaoshun Industrial Zone, Renmin Street, Danhu, Guanlan Road, Baoan, Shenzhen

Party B: Bank of Jiangsu, Shenzhen Sub-branch.

Address: 4011, Shennan Road, Futian District, Shenzhen.

According to relevant laws and regulations of China, this contract was agreed by two parties, and both of them will be in accordance with the terms of the contract.

Clause 1 Content of the loan

1. Amount

Currency in: RMB

Amount: RMB TEN MILLION ONLY

RMB 10,000,000.00

2. Period: From September 26th, 2013 to September 25th, 2014.

3. Lending rate and interest calculation

(1) Lending rate

Lending rate is fixed rate, Interest rate is 7.2% per annum equal the one year benchmark lending rate promulgated by the People's Bank of China, plus 20%.

(2) Interest calculation

Interest is calculated starting from the actual withdrawal date on the actual amount of money withdrawn and the number of days outstanding.

Interest calculation formula: Interest = Principal × actual number of days × daily rate.

Daily rate calculation is: daily rate = APR / 360.

4. Purpose of loan: Purchase of raw materials

5. Evidence of debt

Evidence of debt is part of this contract, and has equal legal effect. In case of a conflict between the contract and evidence of debt the latter shall govern.

Clause 2 Interest settlement

1. Interest settlement takes place on the 20th of each month.

If the final loan principal payment date is different from the interest payment date, the borrower should pay off all interest on the principal payment date.

2. Party A should pay interest on the 20th of each month. Party B can charge interest from Party A's account in bank of Jiangsu. If Party A do not pay on time, compound interest will be charged interest.

Clause 3 Penalty interest and compound interest

1. For the loan overdue or violated use the loan purpose, the penalty interest rate of the overdue loan shall be the agreed interest rate plus 50%, and the penalty interest rate of the misappropriated loan shall be the agreed interest rate plus 100%.

Overdue interest bears compound interest with penalty interest rate.

Clause 4 Withdrawal conditions

1. Withdrawal must meet the following conditions when the contract is effective, unless Party B exempts:

- (1) Party A has opened the account in Bank of Jiangsu or its sub-branch.
- (2) Party A has provided Party B with legal papers, which can prove Party A is of legality, to Party B, including but not limited latest business license, approval certificate, joint or cooperate contract, article of association.
- (3) Party A has provided Party B with withdrawal application, entrusted payment.
- (4) Guaranty contract related to this loan, and/or mortgage contract, pledge contract have been effective.
- (5) Requested by this contract and Party B including but not limited to finish approve, register, filing, insurance, notarization, testimony.
- (6) Party A has provided Party B with the verification report which can prove its registered capital has been put in place.
- (7) Party A has submitted resolution books and power of attorney signed by the board or other authorities to Party B.
- (8) Party A should submit written withdrawal application, documentary proof for using of loans
- (9) Party A has provided Party B with evidence of debt which has seals.
- (10) Party A has provided Party B with credit cards of Party A and guarantee.
- (11) Loan contract, guarantee contract, pledge contract must apply for notarial legalization procedure, if necessary. All notarization fee should be paid by Party A.
- (12) All expenses under this contract has been paid by Party A and/or guarantee.

Clause 5 Withdrawal plan

1. If all withdrawal conditions have met, Party A can withdraw RMB 10 million Yuan on September 26th 2013 in one lump sum.
2. Party B has right to refuse providing the loans if Party A doesn't withdraw on schedule.

Clause 6 The way of payment

1. Entrusted payment.

Party B pay to transactional objects according to withdrawal application and entrusted payment applied by Party A, under the condition of regulated use of purpose by this contract.

2. Party B has the right to consult with Party A about withdrawal conditions, and stop the loan or request Party A to repay the loan in advance, if the following situations occurred:
-

- (1) Party A's credit status drop.
- (2) Party A's main business profitability is not good.
- (3) Party A contravenes this section to use the loan.
- (4) Party A violates the contract to circumvent entrusted payment of Party B by piecemeal way.
- (5) Party A violates commitments issues.
- (6) Party A violates the other situations under this contract.

Clause 7 Repayment

1. Party A's repayment including but not limited from operating revenue.
2. Except agreed by Party A and Party B, Party A must repay 10 million Yuan under this contract on September 25th 2014.
3. If the above repayment date is not banking day, delay to the next banking day. If Party A cannot repay the loan on time, Party A should provide the written application for delaying repayment one month before the loan expiration to Party B.
5. Party B has the right to collect expired principal and interest from Party A's account in Jiangsu Bank. If the collecting money is foreign currency, convert to RMB according to the rate announced by Party B.

Clause 8 All debts under the contract are guaranteed by /

Clause 9 Representations and warranties

1. Party A's qualification meets the requirements of related laws and regulations.
 2. Party A has been granted all legal and valid authorizations to sign this contract and other relevant documents, and is able to perform its own responsibilities.
 3. Party A will not violate any laws, normative documents and this contract due to signing and performing the contract.
 4. Party A does not have any pending litigations, arbitrations or administrative penalties.
 5. Party A cooperates with Party B in payment management of the loan, management after the loan and related examination.
 6. The financial statement provided by Party A truly reports Party A's financial condition.
 7. All information provided by Party A to Party B is true, legal and effective, without material misstatement and misleading.
 8. All information about Party A, guarantee, mortgagor, mortgagor, mortgage and project which exist in this contract and guarantee contract is true, complete, and accurate, without leaving any important fact out.
 9. Party A has known the business scope and grant privilege of Party B. Party A has read all terms of the contract. Party B has explained homologous terms requested by Party A. Party A has known the meaning of all terms of the contract and homologous legal consequence. Signing the contract is the true will of Party A.
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Clause 10 Rights and obligations of Party A

1. The rights of Party A

- (1) Party A has the right to draw and use the loan according to this contract.
- (2) Party A has the right to transfer the liability under this contract to third party, if Party A got the written approval of Party B.

2. The obligations of Party A

- (1) Party A should provide true documents to Party B.
- (2) Party A should provide last month's financial statement to Party B before the 20th of each month, and provide audited financial statement to Party B in 120 days after fiscal year, and provide changes and modifications of itself to Party B.
- (3) Party A should accept and cooperate with Party B in surveying, supervising and examining on credit conditions, related production, management, financial operation.
- (4) Party A should open settlement account in Bank of Jiangsu, Shenzhen Sub-branch, and arrange settlement of both domestic and overseas accounts, foreign exchange settlement and sale and other intermediate business in Bank of Jiangsu or its sub-branch more than the proportion of the loan under the contract and all loans of Party A.
- (5) Party A should use the loan according to the contract.
- (6) Party B should repay principal and interest according to the contract.
- (7) Party A should notice Party B in written before investing abroad, the substantial increase of debt financing, merging, discretion, stock right transference, asset transference and any other major events. Party A should put safeguards of repaying principal, interest and other fees under the contract in place.
- (8) If the significant adverse things which can affect the solvency/guarantee ability of Party A or guarantee, Party B should be informed by Party A or guarantee.
- (10) If Party A is a group, Party B should be informed in written in 10 days when the turnover of connected transaction exceed 10% of Party A's net asset. The content of the report should include but not limited in the relationships between trading object and Party A, trading program and nature of the transaction, transaction amount or the corresponding proportion, pricing basis(including the transactions which have no amount or only token payment).
- (11) Ensuring cover insurance for the asset which is related to the loan to the insurance company as Party B requested, and designating Party B to be the beneficiary.
- (12) If notary organ grant enforceable potency to this contract, Party A agrees to be enforced and gives up the right of defense.

Clause 11 the rights and obligations of Party B

1. The rights of Party B

- (1) Having the right to ask Party A to provide related information of the loan under the contract.
-

- (2) Having the right to ask Party A to repay principal and interest on schedule or in advance.
- (3) Having the right to know the production, financial condition, operation, and repayment plan. Having right to extract and copy from account books, operation record and related information.
- (4) Having the right to supervise Party A uses the loan according to the contract.
- (5) Having the right to collect principal, interest, and other related expenses from Party A's account on schedule or in advance.
- (6) If Party A fails to act or violate the obligations under the contract, Party B has the right to change the way of payment, and stop providing the loan or ask Party A to repay the loan in advance, and announce the loan is of acceleration of maturity.
- (7) Party B has the right to call the loan advanced according to the situation of capital return of Party A.
- (8) If Party A transfers the property right, changes system, reduces registered capital, or transfers obligatory right and debt or something important, Party B has the right to ask Party A to repay principal, interest and other related fees under the contract, or request Party A to transfer all loan under the contract to the assignee agreed by Party B, or ask Party A to provide other guarantee measures agreed by Party B.
- (9) Party B has the right to query the credit inquiry of Party A, the legal representative of Party A and executives of Party A, and has the right to provide the information of Party A to the people's Bank of China etc.

2. The obligations of Party B

- (1) Party B should provide the loan to Party A according to the contract.
- (2) The financial conditions, operation of Party A should be kept secret by Party B, except the laws, administrative laws and regulations, normative documents requested.

Clause 12 Default

1. It is default that the following things occurred during the contract period :

- (1) Party A fails to act clause 9 and clause 10, including does not repay the principal, interest and other payables on schedule under the contract.
 - (2) Party A does not perform obligations under the contract and other related documents. If above actions can be corrected, Party A should correct above actions to make Party B satisfied in 20 days since Party B send written notice.
 - (3) Termination of business, liquidation, restructuring, dissolution and bankruptcy of Party A by an active or passive means.
 - (4) Party A provides false materials or conceals any important fact of finance and operation.
 - (5) Party A breaks the financial target agreed in Clause 18 in the contract;
 - (6) Party A has financial losses or deterioration of financial conditions which might affect the capacity for fulfilling the contract of Party A or Guarantor. Or Party A evades the bank debts on purpose.
 - (7) The project loan of Party A is canceled or impossible to implement.
-

- (8) Party A uses false contract with related parties to achieve capital or line of credit from Party B or other banks.
- (9) Party A is involved in illegal operation.
- (10) Division, merger, important takeover, consolidation and reorganization of Party A.
- (11) Party A violates other contracts signed with Party B or other third party, or involved in litigation or arbitration because of those contracts.
- (12) Controlling shareholder of Party A transfer its share, or significant items happen to controlling share holder, actual controller, legal representative, senior executives of Party A, including but not limited to be involved in illegal actions, litigation, arbitration, administrative penalty, deterioration of financial condition, bankruptcy, dissolution etc.
- (13) Guarantor violate the contract, such as providing false information, violating other contracts signed by Party B or other third parties, involved in litigation, arbitration, stopping doing business, business failures, illegal actions, evading bank credit's right, merging, consolidation, reorganization, and other situation which may affect guaranty ability of Guarantor.
- (14) Defaults occurred under other loan contracts or guaranty contracts signed between Party A and Party B.
- (15) Other situations are or might be injured the safety of the loan.

2. When default happens, Party B will take one or a few following measures according to the nature and extent of the default:

- (1) Asking Party A to correct the default and take remedial measures within a definite time.
- (2) Changing the way of payment under the contract.
- (3) Stopping providing remaining loan, cancelling remaining loan commitment, announcing the immediate expiration on the principal and interest under the contract, and calling the loan back immediately.
- (4) All principal and interest under other contracts signed between Party A and Party B are considered as acceleration of maturity, and are took back immediately.
- (5) Freezing part or all deposit of Party A. Having the right to deduct the fund from Party A's deposit accounts to pay off the principal, interest and other related expense under the contract. Foreign exchange purchasing is granted to Party B by Party A for repaying the principal and interest of foreign exchange loans.
- (6) Asking liability of guaranty from guarantor or handling the guarantee.
- (7) Filing a lawsuit to the court, claiming indemnity for the principal, interest, expenses and other losses from Party A and guarantor by taking legal action.
- (8) If the notary organ considers the contract as enforceable, enforcement can be applied to the court.

Clause 13 Expense

- 1. The expense of credit information, notarization, testimony, register etc under the contract should be afforded by Party A.
 - 2. The expense result from Party A does not repay the principal and interest on schedule should be paid by Party A, such as advertising fee, delivery fee, appraisal cost, counsel fee, legal fare, travel expense, valuation fee, auction fee, property preservation fee, enforcement fee etc.
-

Clause 14 Transferring of obligation

1. Without the written approval from Party B, Party A cannot transfer any rights and obligations under the contract to third party.
2. If Party A transfer the rights and obligations under the contract to third party with the written approval of Party B, the third party should comply with all terms of the contract unconditionally.

Clause 15 Modification, dissolution and execution of civil right of the contract

1. Agreed by both parties, this contract can be modified and dissolved by written.
2. Any tolerance, extension or delay from Party B to Party A for exercising of rights under this contract does not affect the rights Party B enjoys according to this contract and laws and regulations, and cannot be considered as approval to the default, and does not mean the abdication of the right.
3. Any terms of the loan become invalid because of any reasons, Party A still should perform the obligation of repayment. If above situation happens, Party B has the right to terminate this contract, and ask Party A to repay the principal, interest and other fund under this contract immediately.
4. It should be noticed to Party B by written that any changes of Party A's abode, postal address, contact number, business scope, legal representative etc, in 10 days after the changes happen. It will be considered as the information has been delivered that Party B sends related notices and documents according to primary address result from Party A does not perform above obligations.
5. Any related notices and documents should be sent in written by both parties.

Clause 16 Party A agrees that the credit's rights under this contract can be enforced after notarization. When Party A does not carry out obligations under the contract completely or partly, Party B can apply enforcement to competent court.

Clause 17 Applicable Law and Resolution for dispute

The signing, effectiveness, interpretation, performance and settlement of disputes of this contract shall apply for the People's Republic of China's laws. If there are any disputes based on this contract, the contracting parties could attempt to resolve them through consultation. If negotiation fails, shall resolve the disputes according to the following way of A :

- A. Institute legal proceeding to the court where the Party B located.
- B.

Clause 18 Other terms and conditions

1. This contract is the specific business of Maximum Amount Comprehensive Credit Line Contract (NO: SX161213000377).
2. The things which are not mentioned in this contract should be explained and settled according to relevant laws, administrative laws and regulations, normative documents and the related regulations of Bank of Jiangsu.

Clause 19 Effective and invalid of the contract

1. This contract enters into force upon the date when it is signed or sealed and affixed with official seals by the legal representative or entrusted agents of Party A and Party B.
-

2. This contract become invalid after Party A repaid all principal and interest of the loan and other expense.

This contract is signed in triplicate; each party (Party A, Party B and Guarantor) holds one copy, which has the equal legal effect.

/s/ [COMPANY SEAL]

Party A (Stamp): Springpower Technology (Shenzhen) Co., Ltd

Signature of legal representative or deputy:

/s/ Dangu Pan

/s/ [COMPANY SEAL]

Party B (Stamp): Bank of Jiangsu, Shenzhen Sub-branch.

Signature of legal representative or deputy:

/s/ Cheng Chen



Private & Confidential

Our Reference: CMD-OU-2013-2647HA-FL

29 July 2013

Hong Kong Highpower Technology Company Limited
Unit 12 15/F Technology Park
18 on Lai Street
Shek Mun Shatin
NT

Dear Sirs,

Re : Additional Banking Facility

Further to our facility letter dated 14 March 2013 under ref. CMD-OU-2013-0708HA-FL (the "Facility Letter"), we are pleased to advise you that Industrial and Commercial Bank of China (Macau) Limited ("the Bank") has agreed to offer additional banking facility to you ("the Borrower") and to confirm that, subject to the availability of funds and terms and conditions outlined herein, we hold the following additional credit facility at your disposal unless advise to the contrary by us.

Additional Line of Credit:	Up to HKD55,000,000.00 (Hong Kong Dollars Fifty Five Million Only.)
Facility:	Term Loan
Purpose:	To finance the Borrower's working capital.
Drawdown:	(1) Upon completion of all security documentation referred in this letter and the return of the duplicate of this letter, duly signed. (2) Allowed for separate drawdown. Each drawdown should be in a minimum of HKD5,000,000.00 and subject to 3 business days' prior written notice to the Bank. (3) Each drawdown is subject to a Commitment Letter as mentioned in Security / Documents (1) below covering the principal, accrued interest and all related fees.
Availability Period: ICBC MACAU	From the date of this facility letter to 29 January 2014. No loan drawing will be allowed beyond this period unless agreed by the Bank.

Industrial and Commercial Bank of China (Macau) Limited
18/F, ICBC Tower, Macau Landmark, 555 Avenida da Amizade, Macau
Tel: (853) 2855 5222 Fax: (853) 2857 0758



Re: Hong Kong Highpower Technology Company Limited

- Advance Ratio:** The aggregate advance ratio should not exceed 95% of the amount of Commitment Letter based on RMB/HKD exchange rate at the time of each loan drawdown.
- Maturity Date of each Loan:** 12 months after the date of loan drawing or 2 months before the expiry day of the corresponding Commitment Letter for that loan, whichever is earlier.
- Final Maturity Date;** 29 January 2015.
- Interest Rate:** 1.60% p.a., subject to availability of funds and fluctuation at the Bank's discretion. Interest is calculated daily on a 365 days basis.
- Repayment:** Principal and accrued interest together with 1% government stamp duty on interest (when applicable) are to be repaid in one lump sum on Maturity Date of each loan. No principal and accrued interest payment should go beyond the Final Maturity Date.
- Additional Security / Documents:**
- (1) Commitment Letters ("Commitment Letter") in the form of authenticated SWIFT under MT799 format for total amount not less than 105.26% (1/95%) of advanced amount for their equivalent in the RMB Commitment Letters, covering the outstanding principal, accrued interest and all related fees under this facility letter issued by Industrial and Commercial Bank of China Limited, Shenzhen Branch ("ICBC Shenzhen Branch") in favor of the Bank. The terms and conditions of the Commitment Letter must, among others, specify the following:

ICBC MACAU

Industrial and Commercial Bank of China (Macau) Limited
18/F, ICBC Tower, Macau Landmark, 555 Avenida da Amizade, Macau
Tel: (853) 2855 5222 Fax: (853) 2857 0758



Re: Hong Kong Highpower Technology Company Limited

- If during the loan tenor, you fails to immediately repay the principle, accrued interest and related fees demanded under any early repayment event as stipulated in this facility letter; or if at the Final Maturity Date, you fails to repay the principle, accrued interest and related fees, ICBC Shenzhen Branch shall issue a Stand-by Letter of Credit for amount not less than 105.26% (1/95%) of advanced amount for their equivalent in RMB Standby Letter of Credit, with expiry date at least one month after the Final Maturity Date in favor of the Bank within 7 business days upon receipt of the Bank's written demand, for securing any unpaid principle, accrued interest and related fees under this facility letter.

- (2) Board Resolution from the Borrower for accepting the facility and the corresponding terms and conditions, which is to be certified by a company director of the Borrower.

Arrangement Fee:

0.40%p.a. on each drawdown amount, payable on the date of loan drawdown.

Early/Partial Prepayments:

Early and partial prepayment will be allowed, without penalty, subject to payment of break funding cost and 30 days' prior written notice to the Bank.

Other Terms and Conditions:

- (1) Loan proceeds cannot be mobilized to China Mainland territory, directly or indirectly through a third party, by ways of lending, equity investment or security investment.
- (2) At all times during the loan period, if the market value of RMB/HKD depreciated by 3%, compared with each loan drawdown date, the Bank has the right to demand repayment(s) to reduce the loan amount, or you may provide additional tangible security (at your own costs) acceptable to the Bank within 2 business day's written notice from the Bank, so that the loan advance ratio is reduced to 95% or below.
- (3) The above Term Loan is a non-revolving credit. Any amount of repayments made may not be re-borrowed unless prior written approval is obtained from the Bank.

ICBC MACAU

Industrial and Commercial Bank of China (Macau) Limited
18/F, ICBC Tower, Macau Landmark, 555 Avenida da Amizade, Macau
Tel: (853) 2855 5222 Fax: (853) 2857 0758



Re: Hong Kong Highpower Technology Company Limited

This letter is supplemental to the above-mentioned Facility Letter. All other terms and conditions as stipulated in that letter remain unchanged.

Please acknowledge your acceptance of the foregoing terms and conditions by signing and returning to us the duplicate of this letter.

Yours sincerely,

For and on behalf of

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MACAU) LIMITED

/s/ [ILLEGIBLE SIGNATURE] /s/ [ILLEGIBLE SIGNATURE]

Authorized Signature(s)

ICBC MACAU

Industrial and Commercial Bank of China (Macau) Limited
18/F, ICBC Tower, Macau Landmark, 555 Avenida da Amizade, Macau
Tel: (853) 2855 5222 Fax: (853) 2857 0758

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
HONG KONG BRANCH
(INCORPORATED IN TAIWAN WITH LIMITED LIABILITY)

Private and Confidential

Our Reference: 6400102110139

26th August 2013

Hong Kong Highpower Technology Company Limited
Unit 12, 15/F Technology Park,
18 On Lai Street,
Shek Mun, Shatin,
N.T.

Dear Sirs,

本人確已收訖本份約據無誤。

(簽章確認)

Re: Banking Facility up to a limit of USD3,000,000
Borrower: Hong Kong Highpower Technology Company Limited

We refer to the banking facility currently made available to you as per our facility letter dated 7th September 2012 (Our Ref.: 6400101110092) and which will expire on 29th August 2013. We are pleased to offer the banking/credit facility(ies) as described in this letter (“**Facility Letter**”) to you subject to the provisions herein contained this Facility Letter and in the Appendix (“**Appendix**”) hereof. Please note that the Appendix forms an integral part of this Facility Letter, which is intended to set out all the terms and provisions of the said Facility.

1. **Bank**

The Shanghai Commercial & Savings Bank, Ltd., Hong Kong Branch, whose registered office is situated at 10/F, Peninsula Office Tower, 18 Middle Road, Tsim Sha Tsui, Kowloon, Hong Kong (including its successors and assigns) (the “**Bank**”).

2. **Borrower**

Hong Kong Highpower Technology Company Limited (Company No.: 851928) whose registered office is situated at Unit 12, 15/F Technology Park, 18 On Lai Street, Shek Mun Street, Shek Mun, Shatin, N.T. (the “**Borrower**”).

3. **Facility Type and Amount**

A Revolving Short-term Secured Loan Facility Limit:

US Dollars Three Million (USD3,000,000)

Unless otherwise agreed by the Bank, the Borrower shall ensure that the total outstanding amount of the Facility shall not exceed the Facility Limit.

The Facility Limit is subject to our customary periodic review, normally on an annual basis. In any event, the Bank may at any time modify or reduce the Facility Limit.

4. **Interest**

Interest is to be charged at 1.1% p.a. above 1-Month LIBOR or at a rate not to be less than our cost of funds.

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Interest is payable monthly commencing one month after the drawdown date or at the due date, whichever is earlier.

The LIBOR is subject to change. The interest rate of the Facility shall be changed automatically and immediately upon the change of the LIBOR without any notice from the Bank to the Borrower.

5. **Drawdown**

The Borrower shall give notice to the Bank no later than 2 business days before the day it requires drawdown. The notice of drawdown referred herein shall be in such form and content to be determined by the Bank in its absolute discretion.

6. **Repayment**

Subject to the Bank's overriding right of withdrawal and forthwith repayment on demand, all the outstanding liabilities under the Facility shall be repaid by 29th August 2014.

7. **Conditions Precedent**

The availability of the Facility is subject to and conditional upon due and complete fulfillment of all of the following conditions:-

- (a) delivery of certified true copies of the Certificate of Incorporation and Memorandum and Articles of Association (or equivalent constitutional documents) of the Borrower(s);
- (b) delivery of appropriate supporting board minutes and/or shareholders' resolutions in a form acceptable to the Bank;
- (c) the Bank's standard Deed of Charge on Account duly executed by the Chargor; and
- (d) the Bank's standard General Letter of Hypothecation duly executed by the Borrower(s); and
- (e) such other documents, items or evidence (all in a form acceptable to the Bank) as the Bank may require.

8. **Nature and Term of the Facility**

Subject to the Bank's overriding right of withdrawal and forthwith repayment on demand, the term of the Facility shall be for a period of 12 months up to 29th August 2014.

We must stress that notwithstanding anything contained in this Facility Letter, the Bank shall be entitled at any time in its absolute discretion to cancel or withdraw the Facility and/or to demand immediate repayment or payment (as the case may be) of all principal, interest, fees and other amounts outstanding under this Facility Letter (the "**Facility Liabilities**") (whereupon the Facility shall be so cancelled or withdrawn and/or the Facility Liabilities shall be immediately so payable).

The Facility is also subject to our customary periodic review, normally on an annual basis. In any event, the Bank may at any time cancel the outstanding commitment in respect of any undrawn portion of the Facility.

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It should be noted that approval of advance to the Borrower under any of the Facility may in our sole and absolute discretion, be varied, withdrawn or suspended at any time before any such advance is in fact made notwithstanding any purported acceptance by the Borrower hereunder or the signing/execution of any Facility Letter and security documents by the Borrower in favour of us.

9. **Security Documents**

Charge on Account

A Deed of Charge on Account (the “**Charge on Account**”) in respect of Fixed Deposit held with the Bank in your name for a total amount of not less than USD3,000,000 (or 100% of the Facility Amount) is to be furnished by Hong Kong Highpower Technology Company Limited (the “**Chargor**”) in favour of the Bank to secure all moneys due or owing by the Borrower to the Bank under this Facility Letter. The Charge on Account shall be in such form and content to be determined by the Bank in its absolute discretion.

Note: If RMB Fixed Deposit is furnished to secure the Facility, the loan(s) can only be drawn up to 90% of the amount of the RMB Fixed Deposit(s). The Bank is to review the exchange rate of RMB/USD on a monthly basis. If the loan-to-value ratio at any time exceeded 95%, the borrower is to furnish to the Bank additional Fixed Deposit or to partially repay the outstanding liabilities so as to maintain the loan-to-value ratio at 90% or below within one week. Otherwise, the Bank is to exercise its right to set-off the Fixed Deposit for repaying the outstanding liabilities due to the Bank.

The Charge on Account shall be hereinbelow as referred to the “**Collateral**”.

Please indicate your acceptance of the Facility by signing and returning the enclosed duplicate of this Facility Letter, which should be duly signed by you and the relevant party(ies) (if any) within 30 days hereof to evidence your understanding, failing which the offer in this Facility Letter will lapse (unless otherwise agreed by our Bank).

Yours faithfully,
For and on behalf of
The Shanghai Commercial & Savings
Bank, Ltd. Hong Kong Branch

/s/ [ILLEGIBLE SIGNATURE] /s/ [ILLEGIBLE SIGNATURE]

Authorized Signatures

We agree to accept the Facility and be bound by all the terms and conditions as the Borrower.

/s/ Dangyu Pan

Borrower: Hong Kong Highpower Technology Company Limited

Date: 9/3/2013

Note: The Borrower should note that the Bank has during the credit approval process obtained and considered a credit report on the Borrower from the credit reference agency - Dun & Bradstreet (HK) Limited. In this regard, the Borrower may wish to contact the credit reference agency (Tel No. 2516 1100) directly for enquiry. The Bank may in future access the Borrower’s data held with the credit reference agency for the purpose of reviewing the facility and such reviews are common and in the normal course of events take place one or more times each year.

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APPENDIX

Definitions and Interpretation

“**HIBOR**” means the annual rate of interest applicable for each interest period in respect of an advance determined conclusively, in the absence of manifest error, by the Bank to be the rate (rounded up, if necessary, to the nearest integral multiple 1/16 per cent.) at which Hong Kong dollar deposits in amounts comparable to the amount of the advance are offered by the Bank for that interest period to prime banks in the Hong Kong inter-bank market at or about 11:00 a.m. (Hong Kong time) on the first day of that interest period;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**LIBOR**” means the annual rate of interest applicable for each interest period in respect of an advance determined conclusively, in the absence of manifest error, by the Bank to be the rate (rounded up, if necessary, to the nearest integral multiple 1/16 per cent.) at which United States dollar deposits in amounts comparable to the amount of the advance are offered by the Bank for that interest period to prime banks in the London inter-bank market at or about 11:00 a.m. (London time) on the first day of that interest period;

“**Prime Rate**” means Hong Kong dollar prime lending rate as announced, quoted or applied by the Bank from time to time and subject to fluctuation at its discretion;

General Terms and Conditions

1. **Interest Rate Calculation Basis**

1.1 Interest shall be computed on the basis of a 365 day year for Hong Kong dollar Facilities and 360 day year for Facilities in other currencies.

2. **Overdue Interest**

2.1 4% per annum over the interest rate as set out in paragraph 4 of the Facility Letter subject to changes at our discretion.

3. **Interest and Repayment on Overdraft facility (“O/D”)**

3.1 O/D is repayable on demand. Interest is to be accrued on a daily basis but payable monthly in arrears to the debit of the Borrower’s Current Account on the 21st day (or the next business day if it is a holiday) of each and every calendar month. Any O/D in excess of the agreed limit is subject to approval at our discretion. Interest on such excess amount is to be charged at such rate as the Bank may from time to time determine on a daily basis which is currently at Prime Rate plus 10% per annum.

4. **Set-off**

4.1 In the event of default, the Bank have the right to set off any credit balance in other accounts held by the Borrower solely or jointly with other person(s) against the actual or contingent liabilities due to the Bank whether current or otherwise or subject to notice or not.

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5. **Expenses**

5.1 Whether or not the legal documentation for the Facilities is executed as contemplated, all expenses, commissions, legal costs, fees, stamp duties, insurance premiums, property valuation fees, documentation costs, out-of-pocket expenses and any other expenses reasonably incurred in connection with the Facilities including, without limitation, the preparation, execution and/or enforcement of the relative security documents shall be for the Borrower's account and borne by the Borrower and shall be payable on demand.

6. **Forced Liquidation**

6.1 If the total outstanding amount under the Facility shall exceed [80]% of the market value of the Collateral, the Borrower shall, on demand by the Bank, make partial prepayment of the Facility in the sum equal to the amount of the total outstanding amount under the Facility exceeding [80]% of the market value of the Collateral to the extent that the remaining total outstanding amount under the Facility (after the aforesaid partial prepayment) shall not exceed [80]% of the market value of the Collateral. The market value of the Collateral shall be determined by the Bank in its absolute discretion and the determination of the Bank on the market value of the Property shall be final and conclusive and be binding on the Borrower.

7. **Debt Collection Agencies**

7.1 When necessary and at the Bank's discretion, debt collection agencies may be appointed to recover any overdue amount due to the Bank by the Borrower. The Borrower are required to indemnify the Bank for the reasonable costs and expenses incurred in the debt recovery process.

8. **Availability Period of The Facility**

8.1 The Facility will be available for 3 months from the date of this Facility Letter unless further extension is agreed by the Bank in writing. After the expiration of the said 3 months period, the Facility shall automatically become lapsed and be terminated.

9. **Increased Costs**

9.1 If any change in, or in the interpretation of or compliance with, any law or regulation subjects the Bank to tax in respect of sums payable by the Borrower hereunder (other than tax on the Bank's overall net income), or increases the Bank's cost of making available or maintaining the Facility or reduces the amount of any payment receivable by the Bank hereunder, then the Borrower will pay the Bank on demand all amounts needed to compensate the Bank therefor.

10. **Representations and Warranties**

10.1 The Borrower represents and warrants to the Bank that:

- (a) the Borrower has full capacity and legal right to enter into and engage in the transactions contemplated by this Facility Letter and this Facility Letter constitutes legal, valid and binding obligations of the Borrower in accordance with its terms;
- (b) neither the borrowing of the Facility nor the performance by the Borrower of its obligations hereunder will conflict with any obligation applicable to the Borrower or result in or oblige the Borrower to create any encumbrance on any of its property; and

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- (c) there are no pending or, to the best of the knowledge and belief of the Borrower, threatened actions or proceedings before any court, arbitrator, administrative tribunal or governmental authority which might materially and adversely affect the business, assets or condition (financial or otherwise) or operations of the Borrower or its ability to perform its obligations hereunder.

11. **Events of Default**

11.1 The Bank may by written notice to the Borrower declare the amount of the Facility outstanding, accrued interest thereon and all other sums payable hereunder to be, whereupon the same shall become, immediately due and payable if any of the following events of default occurs:-

- (a) the Borrower fails to pay any sum payable hereunder on the due date;
- (b) the Borrower fails to perform any other of its obligations hereunder and, in respect only of a failure which is in the Bank's opinion capable of remedy, does not remedy such failure within seven (7) days after receipt of written notice from the Bank requiring it to do so;
- (c) any representation or warranty made by the Borrower in this Facility Letter is or proves to have been untrue or inaccurate in any material respect;
- (d) the Borrower (being individual) dies or commits an act of bankruptcy;
- (e) if any Shareholder (being a company) commits an act to go into voluntary liquidation or reconstruction or amalgamation; and
- (f) any situation occurs which in the opinion of the Bank may materially and adversely affect the ability of the Borrower to perform its obligations under this Facility Letter.

12. **Indemnity**

12.1 The Borrower shall indemnify the Bank against all losses, liabilities, damages and expenses which the Bank may sustain or incur as a consequence of any event of default hereunder or any default by the Borrower in the performance of its obligations hereunder.

12.2 The Bank is entitled to employ, engage and appoint lawyers, debt collection agents or third party service providers to demand, request, recover and collect any money from time to time due and outstanding from the Borrower to the Bank under this Facility Letter and/or incurred as a consequence of any default by the Borrower in the performance of its obligations hereunder. The Borrower hereby agrees to pay and indemnify the Bank on full indemnity basis all the costs, expenses, charges, fees, commissions and service charges incurred by or charged against the Bank in relation to the employment, engagement and appointment of such lawyers, debt collection agents or third party service providers. The Borrower's attention is specifically drawn to the provisions of this Clause which may involve the Borrower in incurring additional costs and expenses.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
HONG KONG BRANCH
(INCORPORATED IN TAIWAN WITH LIMITED LIABILITY)

13. **Payments**

13.1 The Borrower shall make all payments under this Facility Letter in immediately available funds by [*] a.m. (Hong Kong time) on the due day by such method as the Bank and the Borrower may agree.

14. **Assignment**

14.1 The Bank is entitled to assign or transfer all or any of its rights or transfer any of its obligations hereunder without the consent of the Borrower. The Borrower shall not assign any of its rights or transfer any of its obligations hereunder.

15. **Notices**

15.1 Any notice or demand given or made in connection with this Facility Letter shall be sent to the Bank or the Borrower, as the case may be, at its address given above or such other address as the relevant party may from time to time notify to the other. Notices shall be in writing and made by letter, telex or facsimile.

16. **Policy on Personal Data**

16.1 The policies and practices of the Bank in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486, Laws of Hong Kong) are set out in the Circular to Customers and Other Individuals relating to the Personal Data (Privacy) Ordinance attached to this Facility Letter. The said policies and practices form an integral part of this Facility Letter and shall be deemed incorporated into this Facility Letter accordingly.

17. **Miscellaneous Provisions**

17.1 Where there is any conflict between the provisions in this Facility Letter and the other terms and conditions previously delivered to the Borrower by the Bank, the provisions herein shall prevail.

17.2 Section 83 of the Banking Ordinance (Chapter 155, Laws of Hong Kong, the “**Ordinance**”) has imposed on the Bank as a bank certain limitations on advances to persons or companies related to the Bank’s directors or employees. In acknowledging this Facility Letter the Borrower should advise the Bank whether the Borrower is in any way related to any of the Bank’s directors or employees within the meaning of the Ordinance and in the absence of such advice the Bank will assume that the Borrower is not so related. The Borrower shall advise the Bank immediately in writing should it becomes so related subsequent to acknowledging this Facility Letter.

17.3 Upon signing the duplicate of this Facility Letter, the Borrower consents to the Bank on providing to any guarantor or security provider in respect of any Facility or credit facilities extended to Borrower: a copy of this Facility Letter evidencing the obligations to be guaranteed or secured or a summary thereof; a copy of any formal demand for overdue payment which is sent to the Borrower after it has failed to settle an overdue amount following a customary reminder; and from time to time on request by the guarantor or security provider, a copy of the latest statement of account provided to the Borrower.

17.4 If it becomes unlawful for the Bank to give effect to its obligations hereunder, it shall notify the Borrower in writing and the Borrower shall, within such period as may be permitted by the relevant law, repay the principal together with all interest accrued thereon to the date of repayment and other monies then payable hereunder.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
HONG KONG BRANCH
(INCORPORATED IN TAIWAN WITH LIMITED LIABILITY)

- 17.5 If any provision herein becomes illegal, invalid or unenforceable then the remaining provisions of this Facility Letter shall not be affected or impaired thereby.
- 17.6 No failure or delay by the Bank in exercising any right, power or remedy hereunder shall operate as a waiver thereof. Rights, powers and remedies available under this Facility Letter do not exclude those provided by law.
18. **Language**
- 18.1 The Chinese version of the Facility Letter (including this Appendix) is for reference only and if there is any conflict between the English and Chinese versions, the English version shall prevail.
19. **Governing Law and Jurisdiction**
- 19.1 This Facility Letter and the Facility shall be governed by and construed in accordance with the laws of Hong Kong.
- 19.2 The parties hereto irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong.

Certification of Chief Executive Officer pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Dang Yu Pan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Highpower International, Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
-

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2013

/s/ Dang Yu Pan
By: Dang Yu Pan
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Certification of Chief Financial Officer pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Henry Sun, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Highpower International, Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
-

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2013

/s/ Henry Sun

Henry Sun
Chief Financial Officer
(Principal Financial Officer)

Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of Highpower International, Inc. (the "Company") on Form 10-Q for the quarter ending September 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the date indicated below, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Dang Yu Pan

Dang Yu Pan
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)
November 12, 2013

/s/ Henry Sun

Henry Sun
Chief Financial Officer
(Principal Financial and Accounting Officer)
November 12, 2013

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not filed with the Securities and Exchange Commission as part of the Form 10-Q or as a separate disclosure document and is not incorporated by reference into any filing of Highpower International, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, irrespective of any general incorporation language contained in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
