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 March 31, 2012

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	**20-4062622**
(State or other jurisdiction of incorporation or organization)	(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 13,582,106 shares of common stock, par value $0.0001 per share, outstanding as of May 12, 2012. The registrant's common stock is listed on the Nasdaq Global Market under the stock symbol "HPJ."

HIGHPOWER INTERNATIONAL, INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED March 31, 2012
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Item 1. Consolidated Financial Statements

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

	March 31, 2012	*December 31, 2011*
	(Unaudited)	
	$	*$*
ASSETS		
Current Assets:		
Cash and cash equivalents	15,471,978	5,175,623
Restricted cash	14,250,014	12,708,999
Accounts receivable, net	19,007,781	21,129,418
Notes receivable	363,134	515,107
Prepayments	3,534,141	4,251,723
Other receivables	801,174	1,041,614
Inventories	12,804,687	13,512,942
Total Current Assets	66,232,909	58,335,426
Property, plant and equipment, net	26,862,126	25,462,656
Land use right, net	4,449,009	3,132,965
Intangible asset, net	737,500	750,000
Deferred tax assets	901,023	857,209
Foreign currency derivatives assets	286,214	15,653
TOTAL ASSETS	99,468,781	88,553,909
LIABILITIES AND EQUITY		
LIABILITIES		
Current Liabilities:		
Accounts payable	17,438,345	22,153,822
Notes payable	20,544,078	17,909,843
Letter of credit	2,880,000	2,880,000
Other payables and accrued liabilities	7,609,813	6,941,063
Income taxes payable	492,316	411,536
Short-term loan	12,729,762	9,545,383
Total Current Liabilities	61,694,314	59,841,647
Long-term loan	7,941,550	-
TOTAL LIABILITIES	69,635,864	59,841,647

COMMITMENTS AND CONTINGENCIES

HIGHPOWER INTERNATIONAL, INC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
(Stated in US Dollars)

	March 31, 2012 (Unaudited) $	*December 31, 2011* $
EQUITY		
Stockholder's 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, 13,582,106 shares issued and outstanding at March 31,2012 and December 31, 2011)	1,358	1,358
Additional paid-in capital	5,872,309	5,831,237
Statutory and other reserves	2,726,390	2,726,390
Retained earnings	15,641,841	15,638,656
Accumulated other comprehensive income	4,659,484	4,514,621
Total equity for the Company's stockholders	28,901,382	28,712,262
Non-controlling interest	931,535	-
TOTAL EQUITY	29,832,917	28,712,262
TOTAL LIABILITIES AND EQUITY	99,468,781	88,553,909

See notes to consolidated financial statements

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Stated in US Dollars)

	Three months ended March 31, 2012 (Unaudited) $	Three months ended March 31, 2011 (Unaudited) $
Net sales	20,602,783	26,950,666
Cost of sales	(16,930,524)	(22,950,308)
Gross profit	3,672,259	4,000,358
Research and development costs	(884,346)	(605,044)
Selling and distribution costs	(1,198,900)	(1,174,685)
General and administrative costs, including stock-based compensation	(2,014,485)	(2,106,838)
Loss on exchange rate difference	(31,330)	(172,936)
Gain (loss) of derivative instruments	337,103	(390,576)
Equity loss in an associate	-	(1,772)
	3,791,958	4,451,851
Loss from operations	(119,699)	(451,493)
Other income	167,033	152,136
Interest expenses	(12,318)	(89,550)
(Loss) income before taxes	35,016	(388,907)
Income taxes expenses	(53,325)	(5,761)
Net Loss	(18,309)	(394,668)
Less: net loss attributable to noncontrolling interest	(21,494)	-
Net income (loss) attributable to the Company	3,185	(394,668)
Comprehensive income (loss)		
Net loss	(18,309)	(394,668)
Foreign currency translation gain (loss)	144,905	(18,783)
Comprehensive income (loss)	126,596	(413,451)
Less: comprehensive income attributable to noncontrolling interest	(21,452)	-
Comprehensive income (loss) attributable to the Company	148,048	(413,451)
Earnings (loss) per share of common stock attributable to the Company		
- Basic and diluted	-	(0.03)
Weighted average number of common stock outstanding		
- Basic and diluted	13,582,106	13,582,106

See notes to consolidated financial statements

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

	Three months ended March 31,	
	2012	*2011*
	(Unaudited)	*(Unaudited)*
	$	*$*
Cash flows from operating activities		
Net loss	(18,309)	(394,668)
Adjustments to reconcile net loss to net cash provided by operating activities :		
Depreciation and amortization	493,486	444,860
Allowance for doubtful accounts	20,203	1,017
Allowance inventory obsolescence	105,749	42,878
Loss on disposal of property, plant and equipment	131	1,201
Loss on exchange rate difference	31,330	172,936
Equity loss in an associate	-	1,772
(Gain) loss on derivative instruments	(337,103)	390,576
Deferred income tax	(42,523)	-
Share based payment	41,073	228,621
Changes in operating assets and liabilities :		
Accounts receivable	2,144,199	529,090
Notes receivable	152,459	(941,247)
Prepayments	780,082	(2,179,270)
Other receivable	241,553	(23,125)
Inventories	621,565	1,895,913
Accounts payable	(2,882,177)	1,271,830
Other payables and accrued liabilities	657,272	446,366
Income taxes payable	79,995	(16,189)
Net cash flows provided by operating activities	2,088,985	1,872,561
Cash flows from investing activities		
Acquisition of plant and equipment	(3,542,211)	(1,045,693)
Acquisition of land use right	(1,327,923)	-
Net cash flows used in investing activities	(4,870,134)	(1,045,693)
Cash flows from financing activities		
Proceeds from short-term bank loans	3,176, 620	4,042,044
Repayment of short-term bank loans	-	(4,340,759)
Proceeds from long-term bank loans	7,925,940	-
Proceeds from notes payable	8,367,572	6,546,482
Repayment of notes payable	(5,698,187)	(8,225,803)
Proceeds from letter of credit	-	2,631,936
Proceeds from non-controlling interest	951,113	-
Increase in restricted cash	(1,525,001)	(591,387)
Net cash flows provided by financing activities	13,198,057	62,513
Effect of foreign currency translation on cash and cash equivalents	(120,553)	(218,777)
Net increase in cash and cash equivalents	10,296,355	670,604
Cash and cash equivalents - beginning of period	5,175,623	8,490,629
Cash and cash equivalents - end of period	15,471,978	9,161,233
Supplemental disclosures for cash flow information :		
Cash paid for :		
Income taxes	15,854	15,422
Interest expenses	219,867	152,636
Non-cash transactions		
Accounts payable for construction in progress	1,857,764	-

See 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 to acquire. 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 were incorporated in the People's Republic of China ("PRC").

On February 8, 2012, GZ Highpower, which was incorporated in September 21, 2010 and is wholly owned by SZ Highpower with registered capital of RMB2,000,000 ($293,574), increased its registered capital to RMB30,000,000 ($4,762,586). SZ Highpower holds 60% of the equity interest of GZ Highpower, and four founding management members hold the remaining 40%. As of March 31, 2012, the paid-in capital was approximately RMB15,000,000 ($2,381,293).

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

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

(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%	Inactive

2. Summary of significant accounting policies

Basis of presentation

The accompanying consolidated balance sheet as of March 31, 2012, which has been derived from audited financial statements, and the unaudited interim consolidated financial statements as of March 31, 2012 and for the three month periods ended March 31, 2012 and 2011 have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures, which are normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America, 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, 2011, 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 March 31, 2012, its consolidated results of operations and cash flows for the three month period ended March 31, 2012 and 2011, 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.

Principle of consolidation

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

Non-controlling interests represent the ownership interests in GZ Highpower that are held by owners other than the parent and are part of the equity of the consolidated group. The non-controlling interests are reported in the consolidated balance sheets within equity, separately from the stockholders' equity. Net income or loss and comprehensive income or loss is attributed to the stockholders and the non-controlling interests. If losses attributable to the stockholders and the non-controlling interests in SZ Highpower exceed their interests in SZ Highpower's equity, the excess, and any further losses attributable to the stockholders and the non-controlling interests, is attributed to those interests.

5. 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 three months ended March 31, 2012 and 2011, there was one customer, Energizer Holdings, Inc., that accounted for 10% or more of total net revenue. The percentages of total net sales from Energizer Holdings, Inc. in the three months ended March 31, 2012 and 2011 were 13.2% and 20%, respectively.

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 balance sheets.

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.

(Stated in US Dollars)

2. Summary of significant accounting policies (continued)

Inventories

Inventories are stated at lower of cost or market. Cost is determined using the weighted average method. Inventory includes raw materials, packing materials, 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.

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 is written down to their fair value for the difference with charges to cost of sales. $513,262 and $523,921 was written down for inventories as of March 31, 2012 and December 31, 2011, respectively.

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	50%
Machinery and equipment	10%
Motor vehicles	20%

Upon sale or disposition, 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.

2. Summary of significant accounting policies (continued)

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 use, sell and distribute Consumer Batteries. The value of the licenses was established based on historic acquisition costs.

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

Revenue recognition

The Company recognizes revenue in accordance with ASC Topic 605. All of the following criteria must exist in order for the Company to recognize revenue: (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 costs directly attributable to the conduct of research and development programs, including the cost of salaries, employee benefits, materials, supplies, maintenance of research equipment. All costs associated with research and development are expensed as incurred.

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 three months ended March 31, 2012 and 2011.

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.

2. Summary of significant accounting policies (continued)

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 in March 31, 2012 and December 31, 2011.

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 are consisted solely of foreign currency translation adjustments, net of the income tax effect.

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.

2. Summary of significant accounting policies (continued)

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, 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 to maximize the use of observable inputs and minimize 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.

-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.

Derivatives

From time to time the Company may utilize forward foreign currency exchange contracts and future contracts related to nickel to reduce the impact of foreign currency exchange rate risk and nickel fair value risk. Management considered that the currency forwards and future contracts could 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 and future contracts therefore are accounted for as derivatives, with fair value changes reported as gain (loss) of derivative instruments in income statement.

2. Summary of significant accounting policies (continued)

Earnings (loss) per share

Basic earnings per share is computed by dividing income attributable to holders of common shares by the weighted average number of common shares outstanding during the year. 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 727,500 and 860,000 options and warrants outstanding as of March 31, 2012 and 2011, respectively, which were not included in the calculation of diluted income per share for the periods ended because their effect would have been anti-dilutive.

Recently issued accounting pronouncements

In May 2011, the FASB issued ASU No. 2011-04, “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs”, which is adopted for fiscal years, and interim periods beginning after December 15, 2011 for public entities with retrospective application. There is no material impact on the consolidated financial statements upon adoption.

In June 2011, the FASB issued ASU No. 2011-05, “Presentation of Comprehensive Income”. Under the amendments in this ASU, an entity has two options for presenting its total comprehensive income: to present total comprehensive income and its components along with the components of net income in a single continuous statement, or in two separate but consecutive statements. The amendments in this ASU are required to be applied retrospectively and are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, with early adoption permitted. The Company conforms to the new presentation required in this ASU beginning with its Form 10-Q for the three months ended March 31, 2012.

In September 2011, the FASB issued ASU No. 2011-08, Intangibles—Goodwill and Other (Topic 350)—Testing Goodwill for Impairment, to simplify how entities test goodwill for impairment. ASU No. 2011-08 allows entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If greater than 50 percent likelihood exists that the fair value is less than the carrying amount then a two-step goodwill impairment test as described in Topic 350 must be performed. The guidance provided by this update becomes effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The Company adopts this ASU beginning with its Form 10-Q for the three months ended March 31, 2012. There is no material impact on the consolidated financial statements upon adoption.

(Stated in US Dollars)

3. Correction of previously issued consolidated financial statements

Certain comparative amounts in prior periods have been corrected to conform to the current period's presentation. The principal corrections related to: 1) the separate presentation of loss of derivative instruments related to currency forwards as an operating cost line item in the statement of operations, which was previously included in other income for settled transactions and other comprehensive income under cash flow hedge for unsettled transactions; 2) the separate presentation of Research and development costs as an operating cost line item in the statement of operations, which was previously included in general and administrative costs; 3) correct accounting errors such as recognition of capitalized interest.

The Company also identified errors in the consolidated statements of operations and comprehensive income (loss) related to the weighted average number of common stock outstanding for diluted earnings per common share for the three months ended March 31, 2011. The Company should exclude potential common stock in the diluted EPS computation in periods of losses from continuing operations, as their effect would be anti-dilutive.

The following table summarized the adjustments made to the previously reported consolidated statement of operations and comprehensive income (loss), and consolidated statement of cash flows for the three months ended March 31, 2011.

Selected consolidated statement of operations and comprehensive income (loss) information for the three months ended March 31, 2011:

	Three months ended March 31, 2011		
	As previously reported	*Corrections*	*As corrected*
Research and development	-	(605,044)	(605,044)
Depreciation	(113,570)	113,570	-
General and administrative costs, including stock-based compensation	(2,598,312)	491,474	(2,106,838)
Loss on derivative instruments	(450,591)	60,015	(390,576)
	(4,511,866)	60,015	(4,451,821)
Loss from operations	(511,508)	60,015	(451,493)
Other income	232,548	(80,412)	152,136
Interest expense	(152,636)	63,086	(89,550)
Other expense	(23,964)	23,964	-
Loss before taxes	(455,560)	66,653	(388,907)
Net Loss	(461,321)	66,653	(394,668)
Other comprehensive income (loss)			
- Loss on cash flow hedge	3,567	(3,567)	-
Comprehensive loss	(476,537)	63,086	(413,451)
Weighted average number of common stock outstanding			
- Diluted	13,783,856	(201,750)	13,582,106

(Stated in US Dollars)

3. Correction of previously issued consolidated financial statements (continued)

Selected consolidated statement of cash flow information for the three months ended March 31, 2011:

	Three months ended March 31, 2011		
	As previously reported	*Corrections*	*As corrected*
Cash flows from operating activities			
Net loss	(461,321)	66,653	(394,668)
Adjustments to reconcile net income to net cash provided by operating activities:			
Allowance for inventory obsolescence	-	42,878	42,878
Loss on exchange rate difference	-	172,936	172,936
Equity loss in an associate	-	1,772	1,772
Loss on derivative instruments	450,591	(60,015)	390,576
Net cash flows provided by operating activities	1,648,307	224,224	1,872,531
Effect of foreign currency translation on cash and cash equivalents	5,477	(224,224)	(218,747)

(Stated in US Dollars)

4. Accounts receivable, net

As of March 31, 2012 and December 31, 2011, accounts receivable include the following:

	March 31, 2012	*December 31, 2011*
	(Unaudited)	
	$	*$*
Accounts receivable	19,419,448	21,520,763
Less: allowance for doubtful debts	411,667	391,345
	19,007,781	21,129,418

The Company experienced bad debt expenses of $20,203 and $1,017, respectively, during the three months ended March 31, 2012 and 2011.

The Company wrote off $457 and nil, respectively, in accounts receivable in the three months ended March 31, 2012 and 2011.

5. Prepayments

	March 31, 2012	*December 31, 2011*
	(Unaudited)	
	$	*$*
Purchase deposits paid	2,209,747	2,718,685
Advance to staff	158,423	48,678
Other deposits and prepayments	643,194	871,679
Valued-added tax prepayment	522,777	612,681
	3,534,141	4,251,723

6. Other receivables

	March 31, 2012	*December 31, 2011*
	(Unaudited)	
	$	*$*
Deposit for land use right	502,376	755,354
Other receivable	298,798	286,260
	801,174	1,041,614

(Stated in US Dollars)

7. Inventories

	March 31, 2012 (Unaudited) $	December 31, 2011 $
Raw materials	3,169,395	4,508,201
Work in progress	1,433,579	900,440
Finished goods	8,018,008	7,923,101
Packing materials	14,746	15,581
Consumables	168,959	165,619
	12,804,687	13,512,942

The Company experienced impairment loss of $105,749 and $42,878, respectively, for the three months ended March 31, 2012 and 2011.

8. Property, plant and equipment, net

	March 31, 2012 (Unaudited) $	December 31, 2011 $
Cost		
Construction in progress	15,637,379	14,016,485
Furniture, fixtures and office equipment	2,750,494	2,734,321
Leasehold improvement	98,455	98,305
Machinery and equipment	13,677,548	13,429,090
Motor vehicles	1,173,579	1,225,948
Building	269,127	268,717
	33,606,582	31,772,866
Less: accumulated depreciation	6,744,456	6,310,210
	26,862,126	25,462,656

The Company recorded depreciation expenses of $461,300 and $415,965 for the three months ended March 31, 2012 and 2011, respectively.

The capitalized interest recognized in construction in progress was $699,360 and $492,716 as of March 31, 2012 and December 31, 2011, respectively.

No property, plant and equipment were pledged as collateral for bank loans as of March 31, 2012 and December 31, 2011.

(Stated in US Dollars)

9. Land use right, net

	March 31, 2012	*December 31, 2011*
	(Unaudited)	
	$	*$*
Cost		
Land located in Huizhou	3,410,589	3,405,396
Land located in Ganzhou	1,330,538	-
	4,741,127	3,405,396
Accumulated amortization	(292,118)	(272,431)
Net	4,449,009	3,132,965

As of March 31, 2012, land use rights of the Company included certain parcels of land located in Huizhou City, Guangdong Province, the PRC and Ganzhou City, Jiangxi Province, the PRC, with a total net carrying value of $4,449,009. The land use rights for land with area of approximately 126,605 square meters and 58,669 square meters which will expire on May 23, 2057 and January 4, 2062, respectively.

The land use right is being amortized annually using the straight-line method over the contract terms of 50 years. The Company recorded amortization expenses of $19,686 and $16,395 for the three months ended March 31, 2012 and 2011, respectively.

The land use right for land located in Huizhou City was pledged as collateral for bank loans as of March 31, 2012 and December 31, 2011.

10. Intangible asset

	March 31, 2012	*December 31, 2011*
	(Unaudited)	
	$	*$*
Cost		
Consumer battery license fee	1,000,000	1,000,000
Accumulated amortization	(262,500)	(250,000)
Net	737,500	750,000

The Company is amortizing the $1,000,000 cost of the Consumer Battery License agreement 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. Amortization expenses included in selling and distribution costs were $12,500 for the three months ended March 31, 2012 and 2011.

(Stated in US Dollars)

11. Other payables and accrued liabilities

	March 31, 2012	*December 31, 2011*
	(Unaudited)	
	$	*$*
Accrued expenses	4,302,366	4,348,657
Royalty payable	920,200	877,905
Sales deposits received	1,825,844	1,196,711
Other payables	561,403	517,790
	7,609,813	6,941,063

12. 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. and 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 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 year of 2012 and 2011. 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 2012 and 2011.

(Stated in US Dollars)

12. Taxation (continued)

The components of the provision for income taxes are:

	Three months ended March 31, 2012 (Unaudited)	Three months ended March 31, 2011 (Unaudited)
	$	$
Current	95,848	5,761
Deferred	(42,523)	-
Total	53,325	5,761

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

	Three months ended March 31, 2012 (Unaudited)	Three months ended March 31, 2011 (Unaudited)
	$	$
(Loss) income before tax	35,016	(388,907)
Provision for income taxes at applicable income tax rate	(25,328)	(157,727)
Effect of preferential tax rate	(63,577)	9,354
Non-deductible expenses	111,811	12,685
Change in valuation allowance	30,419	141,449
Effective enterprise income tax	53,325	5,761

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.

	March 31, 2012 (Unaudited)	December 31, 2011 (Unaudited)
	$	$
Tax loss carry-forward	632,123	591,542
Allowance for doubtful receivables	(10,790)	85,400
Allowance for inventory obsolescence	128,316	134,248
Fair value change of currency forwards	85,456	(19,415)
Difference for sales cut-off	65,918	65,434
	901,023	857,209

(Stated in US Dollars)

13. 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 $20,544,078 and $17,909,843 as of March 31, 2012 and December 31, 2011, respectively.

14. Short-term loans

	March 31, 2012	*December 31, 2011*
	(Unaudited)	
	$	*$*
Secured and repayable within one year		
Short- term bank loans	12,729,762	9,545,383

As of March 31, 2012, the above bank borrowings were for working capital purposes and were secured by personal guarantees executed by certain directors of the Company and a land use right with carrying amount $3,120,689 pledged as collateral.

The loans were primarily obtained for general working capital, carried interest rates ranging from 3.21% to 7.55% per annum.

15. Long-term loans

	March 31, 2012	*December 31, 2011*
	(Unaudited)	
	$	*$*
Secured and repayable over one year		
Long- term bank loans	7,941,550	-

As of March 31, 2012, the above bank borrowings were for working capital purposes and were secured by personal guarantees executed by certain directors of the Company. The loans summarized in below table were five-year long-term loans, with interest rate of 7.59% per annum with interest payable quarterly.

Borrower	*Amount*	*Annual rate*	*Date of Start*	*Repayment date*
	$			
Bank of China	1,588,310	7.590%	2012-1-21	2017-1-21
Bank of China	3,176,620	7.590%	2012-2-15	2017-2-15
Bank of China	3,176,620	7.590%	2012-3-28	2017-3-28
	7,941,550			

(Stated in US Dollars)

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 30, 2008 and became effective upon the approval of the Company's stockholders 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 increase from time to time by the number of shares: (i) subject to outstanding awards granted under the Company's prior equity compensation plans that terminate without delivery of any stock (to the extent such shares would have been available for issuance under such prior plan), and (ii) subject to awards assumed or substituted in connection with the acquisition of another company.

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 have a contractual term of ten years and generally vest over four 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 equal to the fair market value on the date of grant. Repricing of stock options and SARs is prohibited without stockholder approval. Certain change in control transactions may cause awards granted under the 2008 Plan to vest, unless the awards are continued or substituted for in connection with the transaction. At March 31, 2012, approximately 1,303,000 shares of our common stock remained available for issuance pursuant to awards granted under the 2008 Plan.

Share-based compensation related to employees

	Number of Share	Weighted Average Exercise Price	Contractual Term in Years
Outstanding, January 1, 2012	630,000	$ 3.04	
Granted	100,000	$ 1.15	
Exercised	-	-	
Forfeited	(65,000)	$ 2.51	
Outstanding, March 31, 2012	665,000	$ 2.81	9.09
Exercisable, March 31, 2012	95,000	$ 3.55	8.81

(Stated in US Dollars)

16. Share-based compensation expenses (continued)

Share-based compensation related to employees (continued)

During the three months ended March 31, 2012 the Company granted 100,000 shares to one employee at an exercise price of $1.15 per share. During the three month ended March 31, 2012, a total of 65,000 options were forfeited in accordance with the terms and conditions of the 2008 Plan.

The weighted-average fair value of options granted to employees for the three month periods ended March 31, 2012 and 2011 was $0.74 per share and $1.52 per share, respectively as calculated using the Black Scholes pricing model, with the following weighted-average assumptions:

	Three months ended March 31, 2012	Three months ended March 31, 2011
Expected volatility	71.78%	40.01%
Risk-free interest rate	1.09%	2.47%
Expected term from grant date (in years)	6.25	6.16
Dividend rate	-	-
Forfeiture rate	4.86%	1.10%
Fair value	$ 0.74	$ 1.52

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.

Share-based compensation related to nonemployees

	Number of Share	Exercise Price	Contractual Term Years
Outstanding, January 1, 2012	15,000	$ 3.41	
Granted	-	-	
Exercised	-	-	
Forfeited	-	-	
Outstanding, March 31, 2012	15,000	$ 3.41	8.92
Exercisable, March 31, 2012	3,000	$ 3.41	8.92

(Stated in US Dollars)

16. Share-based compensation expenses (continued)

Share-based compensation related to nonemployees (continued)

The measurement date for nonemployee options is the earlier of the date that a performance commitment is reached or the date at which performance is complete. The Company considers that the measurement date is the date the performance is complete (the vesting date of the shares covered by the option).The stock-based compensation cost of options granted to nonemployees is initially measured on the grant date using the Black-Scholes model and is remeasured over the vesting period as earned. The resulting value is recognized as an expense over the period in which services are received.

During the three months ended March 31, 2011 the Company granted options to purchase 15,000 shares of common stock to a consultant at a per share exercise price of $3.41, in exchange for services from the consultant. The Company granted no options to nonemployees during the three months ended March 31, 2012.

The grant date fair values of stock options granted to nonemployees were calculated using the Black-Scholes pricing model with the following weighted-average assumptions:

	Three months ended March 31,	
	2012	2011
Expected volatility	-	39.45%
Risk-free interest rate	-	2.53%
Expected term from grant date(in years)	-	6.50
Dividend rate	-	-
Fair value	-	$ 1.22

Total share-based payment expenses

No share-based compensation expense was capitalized in the periods presented. At March 31, 2012 the gross amount of unrecognized share-based compensation expense relating to unvested share-based awards held by employees was approximately $0.6 million, which the Company anticipates recognizing as a charge against income over a weighted average period of 2.78 years. At March 31, 2012, options to purchase 12,000 held by nonemployees were unvested and subject to remeasurement.

In connection with the grant of stock options to employees and nonemployees, the Company recorded stock-based compensation charges of $40,801 and $272, respectively, for the three-month period ended March 31, 2012 and stock-based compensation charges of $227,712 and $909, respectively, for the three-month period ended March 31, 2011.

16. Share-based compensation expenses (continued)

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 Securities and Exchange Commission, or 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 Company has limited stock trading history and it is not able to reasonably estimate the fair value of its equity share options because it is not practicable for it to estimate the expected volatility of its share price. The expected volatilities used for the three-month periods ended March 31, 2012 and 2011 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.

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 stock-based compensation expense only for those awards that are expected to vest. All stock-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 stock-based compensation expense only for those awards that are expected to vest.

(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-averages 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 and restricted shares. 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 common stocks in the diluted EPS computation in periods of losses from continuing operations, as their effect would be anti-dilutive.

The following tables set forth the computation of basic and diluted earnings per common share for the three months ended March 31, 2012 and 2011.

	Three months ended March 31,	
	2012	***2011***
	(Unaudited)	***(Unaudited)***
	$	***$***
Numerator:		
Net income (loss) attributable to the Company	3,185	(394,668)
Denominator:		
Weighted-average shares outstanding	13,582,106	13,582,106
Effect of dilutive securities	-	-
Denominator:		
Weighted-average shares diluted	13,582,106	13,582,106
Basic earnings (loss) per common share attributable to the Company	-	(0.03)
Diluted earnings (loss) per common share attributable to the Company	-	(0.03)

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. Stock options totaled 680,000 shares that could potentially dilute earnings per share in the future which were not included in the fully diluted computation for the current period because they would have been anti-dilutive since the stock's average market price did not exceed the exercise price. Warrants totaled 47,500 shares that could potentially dilute earnings per share which were not included in the fully diluted computation for the current period, since the stock's average market price did not exceed the exercise price.

18. Share warrants

On September 19, 2008, the Company issued to WestPark Capital warrants to purchase 52,500 shares of common stock at an exercise price of $3.90 per share in connection with the initial public offering. The warrants have a term of five years and are exercisable no sooner than one year and no later than five years.

The fair value of the warrants at September 19, 2008, the issuance date is $276,000. All warrants were evaluated for liability treatment and were determined to be equity instruments.

On December 16, 2009, a warrant holder exercised 5,000 shares of the warrants via a cashless exercise. The Company issued 2,510 shares of common stock upon the exercise of the warrants at no consideration. At March 31, 2012, warrants to purchase 47,500 shares of common stock were still outstanding.

19. 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 $226,042 and $175,305 for the three months ended March 31, 2012 and 2011, respectively.

(Stated in US Dollars)

20. 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 2012 to 2016, with an option to renew the lease. All leases are on a fixed repayment basis. None of the leases includes contingent rentals. Minimum future commitments under these agreements payable as of March 31, 2012 are as follows:

	$
2012	895,816
2013	593,801
2014	309,483
2015	297,698
2016	297,698
	2,394,496

Rent expenses for the three months ended March 31, 2012 and 2011 were $310,246 and $254,139 respectively.

Capital commitments and contingency

The Company had contracted capital commitments of $1,233,059 and $1,755,387, respectively, for the construction of the Huizhou plant as of March 31, 2012 and December 31, 2011.

(Stated in US Dollars)

21. 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 as defined by FASB Accounting Standard Codification Topic 280 (ASC 280) "Segment Reporting".

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:

	Three months ended March 31,	
	2012	***2011***
	(Unaudited)	***(Unaudited)***
	$	***$***
Net revenue		
Hong Kong and China	12,819,940	16,734,474
Asia	1,119,080	1,475,450
Europe	4,346,460	6,469,280
North America	2,296,803	2,194,726
South America	-	32,246
Africa	20,500	-
Others	-	44,490
	20,602,783	26,950,666

	March 31, 2012	***December 31, 2011***
	(Unaudited)	
	$	***$***
Accounts receivable		
Hong Kong and China	11,602,995	14,359,354
Asia	539,571	740,289
Europe	6,433,646	4,973,601
North America	402,907	1,036,100
South America	18,619	18,950
Africa	10,043	1,124
	19,007,781	21,129,418

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 (referred to herein as "HKHTC"), and HKHTC's wholly-owned subsidiaries Shenzhen Highpower Technology Company Limited ("SZ Highpower"), Springpower Technology (Shenzhen) Company Limited ("SZ Springpower"), Icon Energy System Company Limited ("ICON") and Huizhou Energy Technology (Huizhou) Co. ("HZ Highpower") which has not yet commenced operations. SZ Highpower's 60%-owned subsidiary, Ganzhou Highpower Technology Company Limited ("GZ Highpower"), and its other wholly-owned subsidiary, Huizhou Highpower Technology Company Limited ("HZ HTC"), which was founded on March 8, 2012, is scheduled to commence operations in June 2012.

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, 2011 (the "Annual Report").

This Quarterly 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 our management's current views with respect to future events and financial performance and involve risks and uncertainties, including, without limitation, the current economic downturn 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; changes in the laws of the PRC that affect our operations; our ability to complete construction at our new manufacturing facility on time; our ability to control operating expenses and costs related to the construction of our new manufacturing facility; 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 lithium batteries in the time frame and amounts expected; the market acceptance of our lithium products; 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 in 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 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 Highpower Technology, Inc. On October 20, 2010 we changed our name to Highpower International, Inc.

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 May 12, 2012. HKHTC formed another wholly-owned subsidiary, Icon Energy System Company Limited., a company organized under the laws of the PRC, in February 2011, and it commenced operations in July 2011.

SZ Highpower was founded in 2001 in the PRC. SZ Highpower formed a wholly-owned subsidiary, GZ Highpower, which commenced business operations in September 2010. On February 8, 2012, GZ Highpower increased its registered capital from RMB2,000,000 ($293,574) to RMB30,000,000 ($4,762,586). SZ Highpower holds 60% of the equity interest of GZ Highpower and four other founding management members hold the remaining 40%. In March 8, 2012, SZ Highpower founded another wholly-owned subsidiary, Huizhou Highpower Technology Company Limited, under the PRC laws. HZ HTC 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.

In 2010, we began a new materials business in which we buy and resell certain raw materials related to our battery manufacturing operations. This new materials business generates revenue and income and helps us understand our raw material supply chain, control our raw material costs and ensure that we have a steady supply of raw materials for our battery manufacturing operations to reduce our reliance on external suppliers.

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. GAAP.

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 original terms of receivables. Bad debts are written off when identified. We extend unsecured credit to customers in the normal course of business and believe all accounts receivable in excess of the allowances for doubtful receivables to be fully collectible. We do not accrue interest on trade accounts receivable.

Revenue Recognition. We recognize revenue in accordance with ASC Topic 605. All of the following criteria must exist in order for the Company to recognize revenue: (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.

We do not have arrangements for returns from customers and do 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 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 is written down to their fair value for the difference with charges to cost of sales.

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 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 March 31, 2012 and 2011

Net sales for the three months ended March 31, 2012 were $20.6 million compared to $27.0 million for the three months ended March 31, 2011, a decrease of 23.6%. The net decrease of $6.3 million was primarily due to $1.3 million drop in revenue from sales of our Ni-MH batteries and a $6.6 million decrease in revenue from our New Materials business, which was partially offset by an increase of $1.6 million in revenue from our lithium battery sales. Revenues from our New Materials business dropped to $324,993 for the three months ended March 31, 2012 from $6.9 million for the three months ended March 31, 2011, a decrease of 95.3%.

Cost of sales consists of the cost of direct materials, direct labor and overhead allocated. Costs of sales were $16.9 million for the three months ended March 31, 2012, as compared to $23.0 million for the same period in 2011. As a percentage of net sales, cost of sales decreased to 82.2% for the three months ended March 31, 2012 compared to 85.2% for the same period in 2011. This decrease was, among other factors, mainly attributable to a $6.4 million drop in the costs of sales related to our new material business. In addition, the average unit selling price of our Ni-HM batteries and lithium battery increased 6.1% and 8.5%, respectively.

Gross profit for the three months ended March 31, 2012 was $3.7 million, or 17.8% of net sales, compared to $4.0 million, or 14.8% net sales, for the same period in 2011. Management considers gross profit margin a key performance indicator in managing our business. The increase in our gross profit margin for the three months ended March 31, 2012 is primarily due to a 6.1% increase in the average unit selling price of our Ni-MH batteries sold and an 8.5% increase in the average unit selling price of our lithium batteries sold.

To cope with pressure on our gross margins we intend to control production costs by entering into long term contracts to lock in the raw material prices at the appropriate timing. 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. and Europe, and by expanding our sales team with more experienced international sales personnel. We have also begun production capacity expansion for our lithium batteries business as to take advantage of the strong demand globally.

Research and development expenses were approximately $884,346 for the three months ended March 31, 2012 as compared to approximately $605,044 for the comparable period in 2011, an increase of 46.2%. The increase was due to the expansion of our workforce to expand our research and development and management functions.

Selling and distribution costs were $1.2 million, or 5.8% of net sales, for the three months ended March 31, 2012 compared to $1.2 million, or 4.4% of net sales, for the same period in 2011. The percentage increase was mainly due to our net sales decreased to $20.6 million for the quarter ended March 31, 2012, from $27.0 million for the quarter ended March 31, 2011.

General and administrative costs were $2.0 million, or 9.8% of net sales, for the three months ended March 31, 2012, compared to $2.1 million, or 7.8% of net sales, for the same period in 2011.

We experienced losses on the exchange rate difference between the U.S. Dollar and the RMB of approximately $31,330 and $172,936, respectively, in the three months ended March 31, 2012 and 2011. The decrease in the losses on exchange rate was due to the devaluation of the U.S. Dollar relative to the RMB over the respective periods. Although our sales contracts do not automatically adjust to reflect changes in exchange rates, to cope with devaluation of the U.S. Dollar relative to the RMB, each time that we enter into new sales contracts with new or existing customers we adjust the selling price of batteries in anticipation of an increase, and to make up for any potential change, in the exchange rate between the two currencies.

We experienced a gain on derivative instruments of approximately $337,103 in the three months ended March 31, 2012, which included a gain of $50,889 on settled currency forwards and a gain of $286,214 on unsettled currency forwards, as compared to a loss of $390,576 for the comparable period in 2011, which included a loss of $450,591 on the forward contract of nickel, a gain of $56,448 on settled currency forwards and a gain of $3,567 on unsettled currency forwards which was previously presented in other comprehensive income under cash flow hedge in 2011. The correction resulted in a reduction of $3,567 in the net profit for the three months ended March 31, 2011.

Interest expense was approximately $12,318 for the three months ended March 31, 2012, as compared to approximately $89,550 of interest expense for the same period in 2011. The fluctuation was primarily due to a $56,610 increase in interest expense from $152,636 for the three months ended March 31, 2011 to $209,246 in the same period of 2012, resulting from higher borrowing levels and interest rates. We increased our long-term loan to approximately $7.9 million in the three months ended March 31, 2012 as compared to zero in the three months ended March 31, 2011. The increase in interest expense was also due to a $133,842 increase in capitalized interest expenses from $63,086 in the three months ended March 31, 2011 to $196,928 for the three months ended March 31, 2012. The increase was due to an increase in payments for 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 $167,033 for the three months ended March 31, 2012, as compared to approximately $152,136 for the three months ended March 31, 2011, an increase of 9.8%. The increase was due to an increase in bank interest income.

During the three months ended March 31, 2012, we recorded a provision for income tax expense of $53,325, as compared to income tax expense of $5,761 for the same period in 2011. The increase was due to the net income during this period.

Net income attributable to the Company for the three months ended March 31, 2012 was $3,185, compared to net loss attributable to the Company of $394,668 for the same period in 2011.

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 three months ended March 31, 2012, the exchange rate of the RMB to the U.S. Dollar has appreciated 0.2% from the level at the end of December 31, 2011. A 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. Although the PRC government has stated its intention to support the value of the RMB, 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 March 31, 2012, the Company had a series of currency forwards totaling a notional amount $42 million expiring from March 2012 to April 2013. 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 $337,103 attributable to these activities are included in “gain (loss) of derivative instruments” for the three month ended March 31, 2012.

Liquidity and Capital Resources

We had cash and cash equivalents of approximately $15.5 million as of March 31, 2012, as compared to $5.2 million as of December 31, 2011. 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 March 31, 2012, we had in place general banking facilities with six financial institutions aggregating $57.4 million. The maturity of these facilities is generally less than five years. 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 fellow subsidiaries, and contain customary affirmative and negative covenants for secured credit facilities of this type. However, these covenants do not have any impact on our ability to undertake additional debt or equity financing. 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 March 31, 2012, we had utilized approximately $40.5 million under such general credit facilities and had available unused credit facilities of $16.9 million.

For the three months ended March 31, 2012, net cash provided by operating activities was approximately $2.2 million, as compared to net cash provided by operating activities of $1.9 million for the comparable period in 2011. The net cash increase of $0.3 million provided by operating activities is primarily attributable to, among other items, an increase of $1.6 million in cash inflow from accounts receivable, an increase of $1.1 million in cash inflow from notes receivable, an increase of $3.0 million in cash inflow from prepayments, an decrease of $1.3 million in cash outflow from inventories, an increase of $210,906 in other payables and accrued liabilities and an increase of $96,184 in income tax payable, which was significantly offset by a decrease of approximately $4.2 million in accounts payable. The cash inflow increases in accounts receivable and notes receivable and prepayments were, to a great extent, attributable to our increasingly strict recovery policies. The cash inflow increase in inventories was mainly due to a reduction in our purchases of raw materials. The cash outflow increase in accounts payable was due to the maturity of our accounts payable obligations.

Net cash used in investing activities was $4.9 million for the three months ended March 31, 2012 compared to $1.0 million for the comparable period in 2011. The net increase of $3.9 million cash used in investing activities was primarily attributable to an increase in the acquisition of plant and equipment for the new factory under construction in Huizhou, which we expect will be operational in June 2012. We are equipping the factory with new machines with more advanced manufacturing capabilities. In addition, we acquired 58,669 square meters land use right worth of $1,327,923 in Ganzhou, Jiangxi province, China in February 2012.

Net cash provided by financing activities was $13.2 million during the three months ended March 31, 2012, as compared to net cash provided by financing activities of $62,513 for the three months ended March 31, 2011. The net increase of $13.1 million in net cash provided by financing activities for the first three months of 2012 was primarily attributable to an increase of $7.9 million in proceeds from long-term bank loans, an increase of $1.8 million in proceeds from notes payable, an increase of $951,113 in proceeds from non-controlling interest, a decrease of $4.3 million in repayment of short-term bank loans and a decrease of $2.5 million in repayment of notes payable, which was partly offset by an decrease of $865,424 in proceeds from short-term bank loans, a decrease of $2.6 million in proceeds from letter of credit and an increase of $933,614 in restricted cash. The significant increase was mainly due to an increase in our long-term loan to fund the new factory located in Huizhou. We also utilize notes payable to meet our working capital needs. The increase in restricted cash was caused by the increase in our long-term loan.

For the three months ended March 31, 2012 and 2011, our inventory turnover was 5.1 times and 7.2 times, respectively. The average days outstanding of our accounts receivable at March 31, 2012 was 88 days, as compared to 67 days at March 31, 2011. 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 $226,042 and $175,305 in the three months ended March 31, 2012 and 2011, 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 30 to 75 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 60 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

In May 2011, the FASB issued ASU No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs", which is adopted for fiscal years, and interim periods beginning after December 15, 2011 for public entities with retrospective application. There is no material impact on the consolidated financial statements upon adoption.

In June 2011, the FASB issued ASU No. 2011-05, "Presentation of Comprehensive Income". Under the amendments in this ASU, an entity has two options for presenting its total comprehensive income: to present total comprehensive income and its components along with the components of net income in a single continuous statement, or in two separate but consecutive statements. The amendments in this ASU are required to be applied retrospectively and are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, with early adoption permitted. The Company conforms to the new presentation required in this ASU beginning with its Form 10-Q for the three months ended March 31, 2012.

In September 2011, the FASB issued ASU No. 2011-08, Intangibles—Goodwill and Other (Topic 350)—Testing Goodwill for Impairment, to simplify how entities test goodwill for impairment. ASU No. 2011-08 allows entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If greater than 50 percent likelihood exists that the fair value is less than the carrying amount then a two-step goodwill impairment test as described in Topic 350 must be performed. The guidance provided by this update becomes effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The Company adopts this ASU beginning with its Form 10-Q for the three months ended March 31, 2012. There is no 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, 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 Securities Exchange Act of 1934) were effective at the reasonable assurance level as of March 31, 2012.

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 March 31, 2012 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 March 31, 2012 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 March 31, 2012.

Techniques employed by manipulative short sellers in Chinese small cap stocks may drive down the market price of our common stock.

Short selling is the practice of selling securities that the seller does not own but rather has, supposedly, borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is therefore in the short seller's best interests for the price of the stock to decline, many short sellers (sometime known as "disclosed shorts") publish, or arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a stock short.

While traditionally these disclosed shorts were limited in their ability to access mainstream business media or to otherwise create negative market rumors, the rise of the Internet and technological advancements regarding document creation, videotaping and publication by weblog ("blogging") have allowed many disclosed shorts to publicly attack a company's credibility, strategy and veracity by means of so-called research reports that mimic the type of investment analysis performed by large Wall Street firms and independent research analysts. These short attacks have, in the past, led to selling of shares in the market, on occasion in large scale and broad base. Issuers with business operations based in China and that have limited trading volumes are susceptible to higher volatility levels than U.S. domestic large-cap stocks, and can be particularly vulnerable to such short attacks.

These short seller publications are not regulated by any governmental, self-regulatory organization or other official authority in the U.S., are not subject to the certification requirements imposed by the Securities and Exchange Commission in Regulation AC (Regulation Analyst Certification) and, accordingly, the opinions they express may be based on distortions of actual facts or, in some cases, fabrications of facts. In light of the limited risks involved in publishing such information, and the significant profit that can be made from publishing a successful short attack, unless the short sellers become subject to significant penalties, it is more likely than not that disclosed shorts will continue to issue such reports.

We believe that we have been subject to such short attacks, and while we intend to strongly defend our public filings against any such short seller attacks, oftentimes we are constrained, either by principles of freedom of speech, applicable state law (often called "Anti-SLAPP statutes"), or issues of commercial confidentiality, in the manner in which we can proceed against the relevant short seller. You should be aware that in light of the relative freedom to operate that such persons enjoy, should we be targeted again for such an attack, our stock will likely suffer from a temporary, or possibly long term, decline in market price should the rumors created not be dismissed by market participants.

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

First Bank of China Limited, Shenzhen Buji Sub-branch

On January 13, 2012, SZ Highpower entered into an Agreement on Line of Credit (the "First Loan Agreement") for a revolving line of credit in the amount of RMB50,000,000 (US$7.9 million) with Bank of China Limited, Shenzhen Buji Sub-branch, which includes a RMB20,000,000 (US$3.2) million short-term line of working capital financing and a RMB30,000,000 (US$4.7 million) line of bank acceptance. This First Loan Agreement is jointly guaranteed by SZ Springpower, HKHTC and our Chief Executive Officer, Mr. Dang Yu Pan, and expires on January 13, 2013. SZ Highpower may not distribute profits without the lender's consent. In addition, SZ Highpower must maintain an account with Bank of China with a balance that equals or exceeds the amount of the amounts outstanding under the agreement.

The following events constitute a default under the First Loan Agreement: SZ Highpower's failure to perform its payment or settlement obligations as agreed in the agreement or any supplement agreements with the lender relating to the First Loan Agreement (a "single agreement"); SZ Highpower's failure to use the funds for agreed purposes as stated in the First Loan Agreement and any single agreement; breach of any representations in the First Loan Agreement or any single agreements; SZ Highpower's failure to provide a new guarantee or replace a guarantor upon the occurrence of conditions that may influence the financial position or performance of SZ Highpower or a guarantor under the First Loan Agreement; SZ Highpower's termination of the business or engagement in any wind-up, cancellation or bankruptcy issues; SZ Highpower's breach of any other agreements regarding involving its obligations in the First Loan Agreement or in any single agreement; SZ Highpower's default under any other contract with Bank of China or other organizations under Bank of China Limited; or the guarantor's breach of the agreement in the guarantee contract, or default under any other contract with Bank of China or other organizations under Bank of China Limited.

Upon the occurrence of any events of default under the First Loan Agreement, the Bank of China shall has the right to: require SZ Highpower or the guarantors to correct the default within a specified time period; reduce, suspend or terminate in whole or in part the line of credit granted to SZ Highpower; suspend or terminate in whole or in part any business application of SZ Highpower under the First Loan Agreement, single agreement or any other agreement between SZ Highpower and Bank of China; suspend or terminate in whole or in part the issuance and handling of any loan not issued, any trading financing business and letter of guarantee business not handled; declare immediately due and payable the loan, trade financing sum, principal and interest of an advanced sum for letter of guarantee not repaid and other payables under the First Loan Agreement, single agreement or any other agreement between SZ Highpower and Bank of China; terminate or cancel the agreement; terminate or cancel single agreements and other agreements between SZ Highpower and Bank of China in whole or in part; require SZ Highpower to indemnify the losses caused to Bank of China thereby; with prior or after notice, deduct the sum in the account opened in Bank of China to discharge all or part of the liabilities of Bank of China attributable to SZ Highpower; exercise the security interest; require the guarantors to undertake the guarantee responsibilities; and take any other measures deemed necessary by the Bank of China. Where the currency of the account used to satisfy outstanding liabilities is different from the pricing currency of Bank of China's business, the settlement exchange rate applicable to Bank of China at the time of deduction shall be used.

Second Loan from Bank of China Limited, Shenzhen Buji Sub-branch

On January 13, 2012, SZ Highpower entered into another bank facility in the amount of RMB50,000,000 (US$7.9 million) with Bank of China Limited, Shenzhen Buji Sub-branch (the "Second Loan Agreement"). This revolving loan may only be used for construction project purposes. The term of the loan will be 60 months from the date of withdraw; if withdraws are made in installments, the term of the loan will begin from the date of the first withdraw. We must make all withdraws under the agreement within 180 days of the date of the Second Loan Agreement. Interest on the loan will float and will be equal to the three to five year (including five year) benchmark lending rate promulgated by the People's Bank of China. Interest is payable quarterly. We must repay 2% of the amount outstanding under the Second Loan Agreement on each of September 30, 2012 and November 31, 2012, after which time we must repay 6% of the principal amount outstanding on a quarterly basis.This agreement is jointly guaranteed by SZ Springpower, HKHTC and our CEO, Mr. Dang Yu Pan and expires on March 13, 2017. The agreement prohibits SZ Highpower from paying cash dividends to its stockholder, HKHTC. The Company's land use right in Huizhou serves as collateral for the Second Loan Agreement.

Any of the following events constitute a default under the Second Loan Agreement: SZ Highpower's failure to perform the payment and settlement obligations to Bank of China as agreed in the Second Loan Agreement; SZ Highpower's failure to use the loan funds for purposes stated in the Second Loan Agreement; the representations made by SZ Highpower in the Second Loan Agreement or any single agreement are untrue or breached; SZ Highpower's failure to provide a new guarantee or replace a guarantor upon the occurrence of conditions that may influence the financial position or performance of SZ Highpower or a guarantor under the Second Loan Agreement ; SZ Highpower's default under any other contract with Bank of China or other organizations under the Bank of China Limited; the occurrence of an event of default under credit contracts with other financial institutions; a guarantor's breach of the guarantee contract; a guarant's default under any other contract with Bank of China or other organizations under Bank of China Limited; SZ Highpower's termination of its business or engagement in any wind-up, cancellation or bankruptcy issues; SZ Highpower's involvement or potential involvement in significant economic disputes, litigation, arbitration or assets seizure or confiscation, or its involvement in other judicial proceedings or administrative punishment proceedings that have affected or may affect its capacity to perform its obligations under the Second Loan Agreement; an abnormal 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 obligation under the Second Loan Agreement; the project capital is not put into construction according to the schedule or proportion; construction of the project falls behind the schedule in the use of funds; the progress of the project construction lags far behind the schedule, or project construction costs exceed the proportion of the budget recognized by Bank of China; the occurrence of material adverse changes in project construction and operating environment, or condition experiences; the quality of the construction project is not in line with the national or industry standards; a decline in SZ Highpower's credit status, or a deterioration in financial indicators such as profitability, solvency, operating capacity and cash flow, that exceeds the restriction of indicators agreed in the Second Loan Agreement or other financial agreement; Bank of China's discovery of any situation that may affect the financial position or performance capacities of SZ Highpower or a guarantor after the bank's annual review of SZ Highpower's financial position and performance; or SZ Highpower's breach of other agreement on rights and obligations of Bank of China under the Second Loan Agreement.

In the case of the occurrence of any events of default under the Second Loan Agreement, the Bank of China has the right to: require SZ Highpower and the guarantors to correct the default within specified period; reduce, suspend or terminate in whole or in part the line of credit granted to SZ Highpower; suspend or terminate in whole or in part any business application of SZ Highpower under the contract or any other contract between SZ Highpower and Bank of China; suspend or terminate in whole or in part the issuance and handling of any loan not issued or any trading financing business not handled; declare immediately due and payable the principal and interest of the loan, trade financing and other payables under the contract or any other contract between SZ Highpower and Bank of China; modify the terms of loan granting and payment according to SZ Highpower's credit status; terminate or cancel the Second Loan Agreement or other contracts between SZ Highpower and Bank of China in whole or in part; require SZ Highpower to indemnify the losses caused to Bank of China thereby; with prior or after notice, deduct the sum in SZ Highpower' account at Bank of China to discharge all or part of the liabilities of Bank of China attributable to SZ Highpower; require the guarantors to undertake the guarantee responsibility; and take any take other measures deemed necessary by Bank of China. Where the currency of the account used to satisfy outstanding liabilities is different from the pricing currency of Bank of China's business, the settlement exchange rate applicable to Bank of China at the time of deduction shall be used.

Renewal of Loan Agreement with Wing Lung Bank Limited

On March 21, 2012, HKHTC renewed the loan contract with Wing Lung Bank Limited dated August 29, 2011 providing for banking facilities with facility limits of $2,600,000 and HKD20,000,000 ($2,566,109). For the $2,600,000 term loan, the interest rate is 3.0% per annum above London Interbank Offered Rate ("LIBOR") and the maturity date is March 28, 2013. For the HKD20,000,000 term loan, the interest rate is 3% per annum above Hong Kong Interbank Offered Rate ("HIBOR") and the maturity date is September 7, 2012. The lender reserves the right to charge default interest (as well as after judgment) at 7%, over LIBOR or HIBOR, as applicable, on a day to day basis on any sum which is not paid when due. The following events constitute an event of default under the contract: HKHTC's non-payment of amounts when due; failure to comply with any other obligations, subject to agreed remedy periods if such failure is capable of remedy; HKHTC's misrepresentation, cross default or solvency or analogous events; HKHTC's failure to maintain the ownership of borrower; unlawfulness; repudiation or a material adverse change.

Acquisition of Land Use Right

In February 2012, we acquired 58,669 square meters of land equity in Ganzhou, Jiangxi province, China for a total of RMB7,981,864 ($1,330,538) under land use right grant from the Ganzhou Land and Resource Bureau that gives us the right to use the land for 50 years. Our rights with respect to the land use right grant permit us to develop the land and construct buildings for industrial applications. We have the right to transfer or rent the land and use it as collateral for our loans.

Item 6. Exhibits

(a) Exhibits

Exhibit Number	Description of Document
10.1	Bank loan contract dated March 21, 2012 by and between Wing Lung Bank and Hong Kong Highpower Technology Company Limited.
10.2	Agreement and Line of Credit dated January 13, 2012 by and between Bank of China Ltd. Shenzhen Buji Sub-branch and Shenzhen Highpower Technology Company Limited (translated to English).
10.3	Bank Loan Contract for Fixed Assets dated January 13, 2012 by and between Bank of China Ltd. Shenzhen Buji Sub-branch and Shenzhen Highpower Technology Company Limited (translated to English).
10.4	Guaranty Contracts of Maximum Amount dated January 12, 2012 corresponding to Agreement and Line of Credit dated January 13, 2012 and Bank Loan Contract for Fixed Assets dated January 13, 2012 (translated to English).
10.5	Land Use Right Agreement dated January 5, 2012 by and between Ganzhou Land and Resource Bureau and Ganzhou Highpower Technology Company Limited (translated to English).
21.1	List of Subsidiaries.
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.*
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.

Highpower International, Inc.

Dated: May 12, 2012

/s/ Dang Yu Pan

By: Dang Yu Pan

Its: Chairman of the Board and Chief Executive Officer (principal executive officer)

/s/ Henry Sun

By: Henry Sun

Its: Chief Financial Officer (principal financial and accounting officer)

永隆銀行
WING LUNG BANK

放款後動中心
Loans Operations Centre
電話 Tel: (852) 3518 5888
傳真 Fax: (852) 2868 0726
電子郵件 Email: loansopctr@winglungbank.com
www.winglungbank.com

Our Ref: 011L122256-RL

Date: 21 March 2012

Hong Kong Highpower Technology Company Limited
Unit 12 15/F Technology Park
18 On Lai Street
Shek Mun
Shatin

Dear Sir(s)

Re: Term Loan I for USD2,600,000.00 and Term Loan II for HKD20,000,000.00
Facility Letter dated, 29 August 2011 (the "Facility Letter")

We refer to the Facility Letter and are pleased to advise that the captioned facilities will continue to be made available to your company on the terms and conditions stipulated in the Facility Letter except the following terms are replaced as below:-

1.	Final Maturity Date:	Term Loan I: 28 March 2013 Term Loan II: 7 September 2012
2.	Term Loan I Interest Rate:	3% per annum above LIBOR LIBOR means the London Interbank Offered Rate which shall be determined by the Lender by reference to the Reuters LIBOR page (or its replacement) as of 11:00 a.m. (London Time) two London Business Days prior to the beginning of each Interest Period.
3.	Term Loan I Handling Fee:	Non-refundable handling fee of 0.25% flat on the total Term Loan I Facility amount payable to the Lender within 7 Business Days after the Borrower's acceptance of this Letter, but not later than 30 March 2012.

The granting of the banking facility is subject to our usual terms and conditions for banking facilities granted to customers. Kindly confirm your acceptance of the above terms and conditions by signing and returning to us the duplicate of this letter on or before 30 March 2012.

Yours faithfully
For Wing Lung Bank Limited

/s/ [Illegible Signature] /s/ [Illegible Signature]
Authorised Signatures

We accept the above terms and conditions

/s/ Dang Yu Pan
Borrower(s) & Surety(ies): Hong Kong Highpower Technology Company Limited
Date:

CERTIFIED EXTRACT OF BOARD RESOLUTIONS

HONG KONG HIGHPOWER TECHNOLOGY COMPANY LIMITED ("Company")

We certify that the following is a true extract of the resolutions of the Directors of the Company duly passed in accordance with the Company's Articles of Association on ________________________, which resolutions have not been amended, varied, rescinded or revoked and are in full force and effect:

IT WAS RESOLVED that:

1. It is in the commercial interest and corporate benefit of the Company to enter into and accept the provisions of the facility letter ("**Facility Letter**") of Wing Lung Bank Limited ("**Bank**") dated 29 August 2011 as amended by the supplemental facility dated 21 March 2012, together with the Bank's Terms and Conditions for Facilities (as amended by the Bank from time to time) (collectively the "**Documents**").

2. The entry into, borrowing under, incurring and performance by the Company of its obligations under, and the transactions contemplated by, the Documents are authorised.

3. Any________________ of the authorized representatives ("**Authorized Representatives**") whose specimen signatures appear below are authorised for and on behalf of and so as to bind the Company to sign the Facility Letter, to deliver the signed Facility Letter to the Bank, to make any request to utilise any of the facilities under the Facility Letter, and to sign and deliver all other documents, notices and communications required or permitted to be given by or on behalf of the Company under or for the purposes of the Documents or the transactions contemplated thereby.

   Authorized Representatives:

Name (in block letters) / Title	Specimen Signature
	/s/ Dang Yu Pan

4. Any________________ of the Authorized Representatives is/are authorised, in the name and on behalf of the Company and from time to time, to do any and all other things and to sign and deliver any and all documents which such Authorized Representative(s) consider(s) necessary or desirable in connection with finalizing, giving effect to and completing the Documents or the transactions contemplated thereby. If required, the Common Seal of the Company may be affixed onto any documents and any such Authorized Representative(s) may sign such documents.

5. These resolutions be communicated to the Bank and will remain in effect until an amending resolution has been sent to and acted on by the Bank. These resolutions will be binding notwithstanding any change in the Company's constitution. A copy of any resolution of the Directors of the Company, if certified by a Director of the Company, may be accepted and acted on by the Bank without any enquiry.

Certified by:

/s/ Dang Yu Pan
Name in block letters:
Director

Date:

Agreement on Line of Credit

No.: 2012 Zhen Zhong Yin Bu E Xie Zi No. 000127

Party A: Shenzhen Highpower Technology Co., Ltd.

Business License No.: 440307503274740

Legal representative/principal: Dangyu Pan

Domicile: Building A2, Luoshan Industrial Park, Pinghu Town, Longgang District, Shenzhen

Zip Code: 518111

Bank & account No.: Bank of China, Pinghu Sub-branch

Tel.: 89686236 Fax: 89686298

Party B: Bank of China Limited, Shenzhen Buji Sub-branch

Legal representative/Principal: Yong Yang

Domicile: No. 108, Buji Road, Buji Town, Longgang District, Shenzhen

Zip Code: 518112

Tel.: 28274825

Fax: 28270847

Party A and Party B, in order to develop friendly and mutual benefit cooperation relationship, reached the following agreement through negotiation pursuant to principles of voluntariness, equality, mutual benefit and honesty.

Article 1: Scope of business

Party B will provide Party A the line of credit as agreed in the Agreement. Party A may, subject to the preconditions as agreed herein and in relevant single agreement, apply to Party B for revolving use, adjustment or one-time use of the line of credit for the purpose of RMB short-term loan, foreign currency short-term loan, trade financing, Letter of Guarantee, funding business and other credit business (collectively referred to as “single loan business”).

Trade financing, as mentioned herein, includes opening international L/C, opening domestic L/C, import bill advance, loading guarantee, packing credit, export bill advance, discounting acceptance draft under time L/C, buyer bill advance for domestic L/C, seller bill advance for domestic L/C, negotiation of domestic L/C and other international and domestic trade financing businesses.

The letter of guarantee businesses referred to in this agreement includes all kinds of international and domestic businesses.

Article 2: Types and Sum of Line of Credit

Party B agrees to provide the following line of credit to Party A:

Currency: RMB

Sum: (in words) RMB FIFTY MILLION ONLY

(in figures) RMB50,000,000.00

The detailed types and sum are as follows:

1. Line of credit for loan RMB TWENTY MILLION ONLY (RMB 20,000,000.00), which includes:

(1) Line of credit for current capital loan RMB TWENTY MILLION ONLY (RMB 20,000,000.00).

2. Line of bank acceptances: RMB THIRTY MILLION ONLY (RMB30,000,000.00), which includes:

(1) Line of credit for bank acceptances RMB THIRTY MILLION ONLY (RMB30,000,000.00).

Article 3: Use of the line of credit

1. Within the use period of the line of credit as agreed in the agreement, Party A may, without exceeding the scope of line regarding respective single loan business as agreed herein, use the respective line of credit by the following (1) manner:

(1) Revolving use: the detailed types of line of credit are Line of credit for current capital loan and line of credit for bank acceptances

(2) One-time use: the detailed types of line of credit are: ____‖____.

In case Party A intends to adjust the use of line of loan of credit as agreed in Article 2, it shall apply to Party B in written form, subsequent to which Party B shall determine whether or not grant and the details of the adjustment and inform Party A in written form accordingly.

2. As of the effective date of the Agreement, the balance of credit based on Agreement on Line of Credit or similar agreement and single agreement thereof previously effective shall be deemed the credit generated hereunder.

In which, the balance of credit in the line of credit shall be deemed the line of credit hereunder.

3. Unless otherwise agreed, the following businesses shall not be incorporated into the line of credit:

(1) Export bill advance where the L/C is consistent with documents;

(2) Bill advance or financing based on the export L/C acceptable by Party B and accepted/ honored/ confirmed for payment/ confirmed by the opening bank or confirming house, or based on the bill of exchange or sum under domestic L/C;

(3) Where Party A would provide deposit, national debt, or deposit receipt issued by Party B, or the acceptance bill, letter of guarantee and standing L/C acceptable to Party B, the sum of credit corresponding to the said guarantee will not be incorporated into the line of credit;

(4) Other businesses not incorporated into the line of credit otherwise confirmed by both parties in written form.

Though the said items will not be incorporated into the line of credit, the business agreements thereof shall still constitute the single agreement hereunder and the integral part hereof and shall be bound by the Agreement hereof, unless otherwise agreed in the said business agreements.

Article 4: Agreements Executed in Single Loan Business

Party A shall, in case of applying to Party B for the single loan business hereunder, submit respective application and/or execute respective contract/agreement (collectively referred to as “single agreement”) with Party B.

Article 5: Use period of the line of credit

The use period of the line of credit as stated in Article 2 hereof shall be from the effective date to January 13, 2013.

At the expiration of the aforesaid use period, where Party B provides the line of credit to Party A through negotiation, both parties may execute supplemental agreement in written form, define clearly the new line of credit and use period etc. The said supplemental agreement shall constitute integral part of the Agreement hereof, and any items uncovered in supplemental agreement shall be subject to provisions herein. The supplemental agreement shall be of the equal force effect as of the Agreement hereof.

Expiration of the use period as aforementioned shall not influence the force effect of the Agreement and shall not constitute the cause of terminating the Agreement. Single loan business executed between Party A and Party B in light of the Agreement will be performed as per the agreements in the Agreement and in relevant single agreement. Any rights and obligations already generated shall be performed completely.

Article 6: Preconditions for single loan business

Party A shall comply with the following conditions regarding single loan business as required by Party B:

1. Reserve for Party B relevant Company file, document, seal, name list of relevant staff, specimen signature relevant to the Agreement and single agreement, and fill in relevant certificates;

2. Open the account required by single loan business;

3. The guarantee agreed in the Agreement and single agreement has been effectively established;

4. Other preconditions required of the single business agreed in single business agreement;

5. Other conditions to be met by Party A deemed necessary by Party B.

Article 7: Guarantee

With respect to the liabilities of Party A to Party B arising from the Agreement and any single agreements, both parties agree to guarantee the liabilities by the following methods:

(1) Springpower Technology (Shenzhen) Co., Ltd provides the maximum guarantee and sign corresponding Contract on Maximum Guarantee;

(2) Hong Kong Highpower Technology Co., Ltd provides the maximum guarantee and sign corresponding Contract on Maximum Guarantee;

(3) Mr. Dangyu Pan provides the maximum guarantee and sign corresponding Contract on Maximum Guarantee;

Maximum pledge:

(1) Shenzhen Highpower tech. CO., Ltd. provides the maximum pledge and sign corresponding Contract on Maximum Pledge.

In case of any events occurred to Party A or the guarantor which is deemed to be influencing the performance capacity of Party A or the guarantor, or in case the guarantee contract turns to invalid, is cancelled or rescinded, or in case Party A or the guarantor seriously deteriorates in the financial position or is involved in significant litigation or arbitration cases or any other conditions which may influence its performance capacity hereunder, or in case the guarantor breaches the guarantee contract or any other contract executed between Party B, or in case the collateral is depreciated, damaged, lost or sealed which weakens or eliminates the guarantee value, Party B shall have the right to require Party A and Party A shall be obligated to provide new guarantee, to change guarantor etc to guarantee the liabilities hereunder.

Article 8: Representations and commitments

Party A's statements are as follows:

1. Party A is lawfully registered and validly existed and of the full capacity for private rights and the full capacity for civil acts as needed for the execution and performance of the Agreement;

2. Executing and performing the Agreement and single agreements shall be the declaration of Party A's true intention with legal and valid authorization in accordance with the articles of association or other internal management document. Execution and performance of the Agreement and single agreements will not breach any agreement, contract or other legal documents binding Party A. Party A has acquired or will acquired all relevant approvals, permissions, filings or registrations needed by the execution and performance of the Agreement;

3. All documents, financial statements, certificates and other materials provided by Party A hereunder and under any single agreement shall be true, complete, accurate and valid;

4. The background of the transaction hereunder shall be true and legal, which will not be used for illegal purposes like money laundering etc;

5. Party A did not conceal from Party B any event which may influence the financial position and performance capacity of itself and the guarantor.

Party A makes the commitments as follows:

1. Party A will submit the financial statements (including but not limited to annual statements, quarterly statements and monthly statements) on a regular basis or in a timely manner as required;

2. Party A will accept and cooperate with Party B's inspection and monitor over the use condition of the line of credit and relevant production and operation, financial activities;

3. In case Party A executes with the guarantor hereunder any counter-guarantee contract or similar contract, it shall not impair any rights of Party B hereunder;

4. In case of any conditions which may influence the financial position and performance capacity of Party A or the guarantor hereunder, including but not limited to the split-up, merging, pooling, joint venture with foreign investors, cooperation, contract operation, reconstruction, transformation, planning for listing etc of its business manner in any form, reduction of registered capital, significant asset or equity transfer, bearing of significant indebtedness, setup of new significant liability on the collateral, seal-up of the collateral, wind-up, revocation or (being applied) application for bankruptcy etc, or engaging in any significant litigation or arbitration cases, Party A shall timely inform Party B;

5. Party A agrees to follow Party B's relevant regulations and business practices regarding any items not covered in the Agreement and in any single agreement.

6. Other agreement: <u>(1) Party is not allowed to distribute profit without Party B's consent.</u>

(2) <u>The funds Party A deposits in Party B's bank shall not less than the line of credit granted by Party B. In case the borrower fails to perform the above mentioned terms, Party B has the right to raise the interest rate by 10% above the actual lending interest rate, or declare an early maturity of the loan.</u>

Article 9: Internal related transaction and disclosure thereof in Party A's Group

Both parties agreed to follow the item 1 as mentioned hereunder:

1. Party A does not fall into the customer group as determined in Guidelines for the Risk Management by Commercial Banks for Granting Credit to Customer Groups ("Guidelines");

2. Party A falls into the category of customer group as defined by Party B in compliance with Guidelines. Party A shall, subject to provisions of Article 17 of Guidelines, timely report to Party B the conditions of any related transaction over 10% of Party A's net assets, including the related relation of parties concerned, transaction items, transaction nature, sum or respective ratio, pricing policies (incl. transaction without any sum or with only symbolic sum).

Article 10: Defaults and treatment

Any of the following conditions shall constitute or be deemed as the default of Party A hereunder or under any single agreement:

1. Party A fails to perform the payment and settlement obligations to Party B as agreed in the Agreement and single agreement;

2. Party A fails to use the funds acquired for agreed purposes as stated in the Agreement and single agreement;

3. The representations made by Party A in the Agreement and single agreement are untrue or breached the commitment in the Agreement and single agreement.

4. In case of the condition provided in Article 8, item 2 (4) which is deemed by Party B as influencing Party A's financial position and performance capacity, or influencing the guarantor's financial position and performance capacity, while Party A fails to provide new guarantee and replace guarantor as agreed in the Agreement.

5. Party A terminates the business or is engaged in any wind-up, cancellation or bankruptcy issues.

6. Party A breaches any other agreements regarding involving party's obligations in the agreement or in single agreement.

7. Party A was engaged in any default issues under any other contract with Party B or other organizations under Bank of China Limited;

8. The guarantor breaches the agreement in guarantee contract, or is engaged in any default issues under any other contract with Party B or other organizations under Bank of China Limited.

Party B shall, according to the actual situation, have the right to take the following measures jointly or respectively regarding the aforesaid default issues:

1. Require Party A and the guarantor to correct the default action within required duration;

2. Reduce, suspend or terminate in whole or in part the line of credit granted to Party A;

3. Suspend or terminate in whole or in part any business application of Party A under the Agreement, single agreement or any other agreement between Party A and Party B; suspend or terminate in whole or in part the issuance and handling of any loan not issued, any trading financing business and letter of guarantee business not handled;

4. Declare that the loan, trade financing sum, principal and interest of advanced sum for letter of guarantee not repaid and other payables under the Agreement, single agreement or any other agreement between Party A and Party B shall be in whole or in part be mature immediately;

5. Terminate or cancel the Agreement, terminate or cancel single agreements and other agreements between Party A and Party B in whole or in part;

6. Require Party A to indemnify the losses caused to Party B thereby;

7. With prior or after notice, deduct the sum in the account opened in Party B to discharge all or part liabilities of Party B attributable to Party A. Any premature sum in the account shall be deemed mature in advance. Where the currency of the account is different from the pricing currency of Party B's business, the settlement exchange rate applicable to Party B at the time of deduction shall be followed for the translation;

8. Exercise the security interest;

9. Require the guarantors to undertake the guarantee responsibilities;

10. Any other measures deemed necessary by Party B.

Article 11: Rights reservation

Any party's failure in performing the rights under the Agreement, single agreement in whole or in part or in requiring the other party to perform and undertake partial or whole liabilities and obligations shall not constitute the waiver of the rights or release of the liabilities or obligations.

Any party's allowance or extension to the other party or delay in performing the rights under the Agreement or single agreement shall not affect any of its rights under the Agreement, single agreement, laws or regulations and shall not be deemed as the waiver of the rights.

Article 12: Modification, alteration, termination and partial invalidity

The Agreement may be subject to modification or alteration with both parties' negotiation and consensus, and any modification or alteration made thereby shall constitute integral part of the Agreement.

Unless otherwise provided by laws or regulations or otherwise agreed by both parties concerned, the Agreement shall not be terminated prior to the complete performance of the rights and obligations hereunder and under single agreement.

Unless otherwise provided by laws or regulations or otherwise agreed by both parties concerned, the invalidity of any provisions herein shall not influence the validity of any other provisions herein.

Article 13: Applicable laws and dispute settlement

Unless otherwise agreed by parties concerned, the Agreement and single agreement shall be governed by laws of the People's Republic of China.

Unless otherwise agreed by parties concerned, upon the coming into force of the Agreement and single agreement, any and all disputes arising from or in connection with the execution and performance of the Agreement and single agreement shall be subject to negotiation between both parties, failing which any party hereto may solve the dispute under question by the 2 manner mentioned below:

1. Submit to ____/______arbitration committee for arbitration.

2. Appeal to the people's court in the place where Party B resides or where any other organizations under Bank of China Limited performing rights and undertaking obligations under the Agreement or single agreement reside.

3. Appeal to the people's court with jurisdiction.

During the dispute settlement period, any other articles not affected by the dispute shall be performed as well.

Article 14: Attachments

The following attachments and any other attachments and single agreements jointly confirmed by both parties shall constitute integral part of the Agreement and be of the same force effect with the Agreement.

Attachment 1: terms of individual cases.

Article 16: Other agreements

1. Party A, without the consent of Party B in written, shall not transfer any rights and obligations hereunder or under any single agreement to any third party.

2. In case Party B shall, as required by business, entrust other organizations under Bank of China Limited to exercise the rights and undertake obligations under the Agreement and single agreement, Party A shall agree with the arrangement. Other organizations under Bank of China Limited as authorized by Party B shall have the right to exercise all rights under the Agreement and single agreement and shall have the right to appeal to the people's court or to arbitration institution for any dispute under the Agreement or single agreement.

3. The Agreement shall be binding upon both parties and successors and assignees legally generated of both parties without affecting any other provisions herein and in single agreement.

4. Unless otherwise agreed, domicile designated by both parties herein shall be the address of both parties for communication. Both parties commit to inform the other party in written form in case of changing the said domicile.

5. Headings and business names as mentioned herein shall be used only for the convenience of reference, which shall not be regarded as the interpretation of provisions contained herein or rights and obligations of parties hereto.

6. In case Party B can't perform the agreement due to the changes of laws, rule and regulations, Party B has the right to terminate or perform the agreement or single agreement according to the changes of laws, rule and regulations. Party B shall be exempt from responsibilities resulted from these reasons in case the situations appears.

Article 16: Effectiveness of the agreement

The Agreement shall come into force with the signature of both parties' legal representatives, principals or authorized signatories and with both parties' official seals.

The Agreement shall be made in eight copies, out of which Party A shall hold two, Party B shall hold two , the Guarantor shall hold three and the pledge registration authority shall hold one. The eight originals shall be of the same legal force.

Party A: Shenzhen Highpower Technology Co., Ltd.

Signatory: /s/ Dang Yu Pan (Official Seal)

January 13, 2012

Party B: Bank of China Limited, Shenzhen Buji Sub-branch

/s/ [SEAL]

Signatory: Yong Yang (Official Seal)

January 13, 2012

Bank Loan Contract for Fixed Assets

No.: 2012 Zhen Zhong Yin Bu Jie Zi No. 00002

Borrower: Shenzhen Highpower Technology Co., Ltd. (Hereafter referred to as Party A)

Business License No.: 440307503274740

Legal representative/principal: Dangyu Pan

Domicile:Building A2, Luoshan Industrial Park, Pinghu Town, Longgang District, Shenzhen

Zip Code: 518111

Bank & account No.: Bank of China, Pinghu Sub-branch

Tel.: 89686236 Fax: 89686298

Creditor: Bank of China Limited, Shenzhen Buji Sub-branch (Hereafter referred to as Party B)

Legal representative/Principal: Yong Yang

Domicile: No. 108, Buji Road, Buji Town, Longgang District, Shenzhen

Zip Code: 518112

Tel.: 28274825

Fax: 28270847

The Borrower and the Creditor reached the following agreement after equal negotiation. The Creditor agrees to grant the borrower the loan for fixed assets.

Article 1: Amount of the loan

Currency: RMB

Amount: FIFTY MILLION ONLY

RMB50,000,000

Article 2: Term of the loan

Term of the loan: 60 months, effectiveness date shall be the actual withdrawal date, if installment withdrawal, the first withdrawal date shall be the effectiveness date.

The borrower should strictly abide by the agreed withdrawal timeline, in case the actual withdrawal date late than the agreed withdrawal time, the borrower's repayment date shall continue to be the agreed date in the contract.

Article 3: Use of the loan

Use of the loan: payment for construction project

Without written approval of the lender, the borrower could not change the agreed purpose of the use of the loan, including but not limited to that the borrower shall not use the loan for investment in stocks or securities purpose, shall not use the loan for projects that forbidden by any state laws, rules and regulations, or projects without legal approval, or project or purposes prohibited by funding with bank loans.

Article 4 interest rate and calculation of interest

1. Interest rate

The interest rate shall be the following (2) .

(1) Fixed interest rate, annual interest rate || %. The interest rate shall remain the same during the loan period.

(2) Floating interest rate, the starting date shall be the actual withdrawal date. The floating period shall be every / month, re-price again. The re-pricing date shall be the first date of next floating period.

On each withdrawal:

■ floating interest of RMB loan

A. The interest rate for the first period (from the actual withdrawal date to the expiration date of the floating cycle) shall be the three to five years (including five years) benchmark lending rate promulgated by the People's Bank of China.

B. On the re-pricing date, the applicable floating interest rate shall be the benchmark lending rate promulgated by the People's Bank of China.

2. Interest calculation

Interest shall be calculated from the actual withdrawal date, as per actual withdrawal amount and number of days.

Interest calculation formula: Interest = principal * actual days * daily interest rate

Daily interest rate shall be calculated on a 360-day basis,

Conversion formula: daily interest rate = yearly interest rate / 360

3. Interest settlement method

Borrower shall settle the interest according to the following (1).

(1) Settle the interest on quarterly basis, every 20^{th} of the last month during the quarter shall be the settlement date, and 21^{th} shall be the payment date.

(2) Settle the interest on monthly basis, every 20^{th} of the last month during the quarter shall be the settlement date, and 21^{th} shall be the payment date.

In case the last repayment date of the loan principal is not the interest payment date, the interest payment date shall be the last settlement date of the principal, the borrower should pay off all the interest payable.

4. Penalty interest

(1) Overdue or fails to use the loan in accordance with the contract, from overdue or misappropriate date, the overdue or misappropriated parts shall be subject to penalty interest in accordance with the agreed penalty interest rate under this article until the settlement of interest and principal.

(2) Overdue interest and penalty interest shall be levied compound interest according to the penalty interest rate agreed in this article.

(3) Rate of penalty interest

Penalty interest rate for overdue loan shall be 50% above the floating interest rate, and for misappropriation loan shall be 100% above the floating interest rate.

Article 5 Terms of withdrawal

The borrower's withdrawal shall meet the following conditions:

1. This contract and its attachments have been in force.
2. Borrower has provided the lender with related files, documents, seals, list of signatory, specimen signatures and filled out relevant documents.
3. Borrower has opened the account necessary to fulfill this contract in accordance with lender's requirements.
4. Submit to the lender written withdrawal application and relevant proof document on the purpose of the loan for the withdrawal procedure 5 bank work days prior to any withdrawal.
5. Borrower has provided the lender Resolution and Power of Attorney approved by Board of Director or other authorized department.
6. The capital in proportion to the loan to be issued is in place, actual progress of the project is consistent with the investment.
7. For fixed assets investment project with significant funds, high technology and payment on installment, the lender has the right to require borrower provide written documents on the progress of the project and quality signed by supervision, evaluation and quality control departments.
8. The borrower has provide guarantee in accordance with the requirement of the lender, and the guarantee contract has taken effect and completed statutory approval, registration and filing procedures.
9. Other withdrawal conditions agreed by both parties or regulated by laws.

The lender has the right refuse the application for withdrawal of the borrower if the above-mentioned conditions are not met except the lender agrees to issue the loan.

Article 6 withdrawal time and manner

The borrower shall withdraw the entire loan within 180 days.

Article 7 payment of the loan

1. The borrower open the following account in the bank of the lender, and the issuance and payment of the loan shall be handled through this account.

Account name: Shenzhen Highpower Technology Company Limited

Account No.: 744557938816

2. Loan payment manner

(1) The loan payment manner shall be in accordance with laws and regulations and the agreements under this contract.

(2) The lender shall issue the loan in accordance with the withdrawal application and pay the fund to the borrower for agreed use.

3. Specific requirements of the loan fund payment

(1) Borrower shall specify the necessary payment information in the withdrawal application.

(2) The borrower shall provide the lender proof documents before any withdrawal and guarantee all the data provided are true, complete and valid.

(3) The performance of the payment obligation of the lender

A. The lender pays the loan to the borrower's account after audit of the documents submitted by the borrower.

B. In case of the lender finds out that the documents provided by the borrower are not in line with the contract or exist other defects, the lender shall have the right to require the borrower to supplement, replace, explain or resubmit relevant documents. The lender has the right to refuse the issuance and payment of related loan before the borrower provides qualified documents.

(4) The borrower shall not circumvent the trust of the lender in a piecemeal way.

Article 8 repayment

1. Unless agreed otherwise by both sides, the borrower shall repay the loan under the contract according to the following (3)

(1) Pay off the loan under the contract on the expiration date of the loan.

(2) Repay the loan under the contract as per the following repayment plan

Repayment time	Repayment amount

(3) Other repayment plan: installment repayment plan, repay 2% of the actual withdrawal amount on September 30, 2012 and November 31, 2012, respectively, then repay the principal once every quarter with the amount of 6% of actual withdrawal amount, pay off the loan on expiration date.

(4) In case of needs to change the above-mentioned repayment plan, the borrower has to submit written application to the lender. The changes to the plan shall be confirmed by both parties in written form.

2. Unless agreed otherwise by both parties, the lender has the right to determine the repayment order of principal or interest under the circumstance that the borrower defaults on both principal and interest at the same time.

3. Unless agreed otherwise, the borrower can make the repayment ahead of expiration date, but shall inform the lender in written form 10 bank work days prior to the repayment.

4. The borrower shall repay the loan by depositing full amount in the following account 2 bank work days before maturity of each sum of principal and interest, and the lender shall have the right to deduct the principal and interest from this account on every due date of each sum of principal and interest.

Account name: Shenzhen Highpower Technology Co., Ltd

Account number: 744557938816

Article 9: Guarantee

1. The way of guarantee under this contract shall be:

■ Springpower Technology (Shenzhen) Co., Ltd provides the maximum guarantee and sign corresponding Contract numbered 0001 on Maximum Guarantee; this contract is the principal contract under the guarantee contract.

■ Hong Kong Highpower Technology Co., Ltd provides the maximum guarantee and sign corresponding Contract numbered 0002 on Maximum Guarantee; this contract is the principal contract under the guarantee contract.

■ Mr. Dangyu Pan provides the maximum guarantee and sign corresponding Contract numbered 0003 on Maximum Guarantee; this contract is the principal contract under the guarantee contract.

■ Shenzhen Highpower tech. CO., Ltd. provides the maximum pledge and sign corresponding Contract numbered 0001 on Maximum Pledge; this contract is the principal contract under the guarantee contract.

In case of any events occurred to Party A or the guarantor which is deemed to be influencing the performance capacity of Party A or the guarantor, or in case the guarantee contract turns to invalid, is cancelled or rescinded, or in case Party A or the guarantor seriously deteriorates in the financial position or is involved in significant litigation or arbitration cases or any other conditions which may influence its performance capacity hereunder, or in case the guarantor breaches the guarantee contract or any other contract executed between Party B, or in case the collateral is depreciated, damaged, lost or sealed which weakens or eliminates the guarantee value, Party B shall have the right to require Party A and Party A shall be obligated to provide new guarantee, to change guarantor etc to guarantee the liabilities hereunder.

Article 10 Insurance (This article is optional; the choice is 2: 1. applicable; 2. not applicable)

The borrower shall insure the project or trade-related equipment, construction, transport of goods and risks during the operation period under this contract in the specified insurance company, and the insurance shall meet the lenders requirements, the amount of the insurance shall not less than the principal of the loan.

The borrower shall hand over the original policy to the lender after the contract came into force.

Article 11: Representations and commitments

1. Party A's statements are as follows:

(1) Party A is lawfully registered and validly existed and of the full capacity for private rights and the full capacity for civil acts as needed for the execution and performance of the Agreement;

(2) Executing and performing the Agreement and single agreements shall be the declaration of Party A's true intention with legal and valid authorization in accordance with the articles of association or other internal management document. Execution and performance of the Agreement and single agreements will not breach any agreement, contract or other legal documents binding Party A. Party A has acquired or will acquired all relevant approvals, permissions, filings or registrations needed by the execution and performance of the Agreement;

(3) All documents, financial statements, certificates and other materials provided by Party A hereunder and under any single agreement shall be true, complete, accurate and valid;

(4) The background of the transaction hereunder shall be true and legal, which will not be used for illegal purposes like money laundering etc;

(5) Party A did not conceal from Party B any event which may influence the financial position and performance capacity of itself and the guarantor.

(6) Program and issues of the loan shall in line with the nation's industrial, land, environment protection laws, rule and regulations and related policies.

(7) Party A is up to the nation's environment protection standards, and no pollution risks exist.

(8) Other issues represented by Party A: ||.

2. Party A makes the commitment as follows:

(1) Party A will submit the financial statements (including but not limited to annual statements, quarterly statements and monthly statements) on a regular basis or in a timely manner as required;

(2) The withdrawal, payment and use of the loan shall be in accordance with the contract.

(3) In case Party A have or shall enter into any counter-guarantee agreement or similar agreement on guarantee obligation with the guarantor, the agreement shall not impair any rights of Party B under this contract.

(4) Party A will accept and cooperate with Party B's inspection and monitor over the use condition of the line of credit and relevant production and operation, financial activities;

(5) In case of any conditions which may influence the financial position and performance capacity of Party A or the guarantor hereunder, including but not limited to the split-up, merging, pooling, joint venture with foreign investors, cooperation, contract operation, reconstruction, transformation, planning for listing etc of its business manner in any form, reduction of registered capital, significant asset or equity transfer, bearing of significant indebtedness, setup of new significant liability on the collateral, seal-up of the collateral, wind-up, revocation or (being applied) application for bankruptcy etc, or engaging in any significant litigation or arbitration cases, Party A shall have to get Party B's written approval in advance.

(6) As to debt liquidation order, Party B takes precedence over the share holders of Party A.

(7) In case the net income is zero or a negative number. Party A shall not pay any dividends to share holders.

■ Party A shall not pay any dividends to shares holders during the period from the effectiveness date of the contract to the date Party A pay off principal and interest and related costs.

(8) Party shall not dispose its own assets in a reduce solvency way, and commit the total amount for external guarantees shall not exceed one time its net assets.

(9) Apart from in line with the usage agreed in this contract or agreed by Party B, Party A shall not transfer the funds to accounts of the same name or accounts of related parties'.

In case Party A transfer funds under the contract to accounts of the same name or related parties, relevant supporting documents shall be provided.

(10) Others committed by Party A: Huizhou industrial park shall be collateral to Party B after receiving real estate certificate, or else Party B shall have the right to recover the loan ahead of schedule.

Article 12: Internal related transaction and disclosure thereof in Party A's Group

Both parties agreed to follow the item 1 as mentioned hereunder:

1. Party A does not fall into the customer group as determined in Guidelines for the Risk Management by Commercial Banks for Granting Credit to Customer Groups ("Guidelines");

2. Party A falls into the category of customer group as defined by Party B in compliance with Guidelines. Party A shall, subject to provisions of Article 17 of Guidelines, timely report to Party B the conditions of any related transaction over 10% of Party A's net assets, including the related relation of parties concerned, transaction items, transaction nature, sum or respective ratio, pricing policies (incl. transaction without any sum or with only symbolic sum).

Article 13: Defaults and treatment

1. Any of the following conditions shall constitute or be deemed as an event of default of Party A hereunder:

(1) Party A fails to perform the payment and settlement obligations to Party B as agreed in the Agreement.

(2) Party A fails to use the funds acquired for agreed purposes as stated in the agreement.

(3) The representations made by the borrower in the agreement are untrue or breached the commitment made in the contract.

(4) In case of the condition stated in Article 11, item 2 (5) which is deemed by Party B as influencing Party A's financial position and performance capacity, or influencing the guarantor's financial position and performance capacity, while Party A fails to provide new guarantee and replace guarantor as agreed in the agreement.

(5) Party A is engaged in any default issues under any other contract with Party B or other organizations under the Bank of China Limited; occurrence of an event of default under credit contracts with other financial institutions.

(6) The guarantor breaches the agreement in guarantee contract, or is engaged in any default issues under any other contract with Party B or other organizations under Bank of China Limited.

(7) Party A terminates the business or is engaged in any wind-up, cancellation or bankruptcy issues.

(8) Party A is involved or may be involved in significant economic disputes, litigation, arbitration or its assets are confiscated or seized, or subjects to other judicial proceedings, administrative punishment procedures executed by administration authorities such as tax authorities, which have affected or may affect its capacity to perform the liabilities under the contract.

(9) Major individual investor, key management member of Party A changes abnormally, missing, or subject to investigation or restriction by judiciary, which have or may affect Party A's performance of obligation under the contract.

(10) The project capital isn't put into the construction according to the schedule or proportion.

(11) Project progress falls behind the schedule in the use of fund.

(12) The progress of the project construction lags far behind the schedule, or project construction costs exceed the proportion of the budget recognized by Party B; or project construction and operating environment, condition experiences material adverse changes.

(13) The quality of the project is not in line with the national or industry standards.

(14) Party A experiences credit status decline, or deterioration in financial indicators such as profitability, solvency, operating capacity and cash flow, and exceed the restriction of indicators agreed in this contract or other financial agreement.

(15) Party B reviews the financial position and performance capacities of Party A on a yearly basis, and find out situations that may affect the financial position or performance capacities of Party or the guarantor.

(16) Party A breaches other agreement on rights and obligations of Party B under this contract.

2. Party B shall, according to the actual situation, have the right to take the following measures jointly or respectively regarding the aforesaid default issues:

(1) Require Party A and the guarantor to correct the default action within required duration;

(2) Reduce, suspend or terminate in whole or in part the line of credit granted to Party A;

(3) Suspend or terminate in whole or in part any business application of Party A under this contract or any other contract between Party A and Party B; suspend or terminate in whole or in part the issuance and handling of any loan not issued, any trading financing business not handled;

(4) Declare that the principal and interest of loan, trade financing and other payables under the contract or any other contract between Party A and Party B shall be in whole or in part be mature immediately;

(5) Modify the terms of loan granting and payment according to Party A's credit status.

(6) Terminate or cancel this contract, terminate or cancel other contract between Party A and Party B in whole or in part;

(7) Require Party A to indemnify the losses caused to Party B thereby;

(8) With prior or after notice, deduct the sum in the account opened in Party B to discharge all or part liabilities of Party B attributable to Party A. Any premature sum in the account shall be deemed mature in advance. Where the currency of the account is different from the pricing currency of Party B's business, the settlement exchange rate applicable to Party B at the time of deduction shall be followed for the translation;

(9) Require the guarantors to undertake the guarantee responsibility;

(10) Any other measures deemed necessary by Party B.

Article 14: Rights reservation

Any party's failure in performing the rights under the contract in whole or in part or in requiring the other party to perform and undertake partial or whole liabilities and obligations shall not constitute the waiver of the rights or release of the liabilities or obligations.

Any party's allowance or extension to the other party or delay in performing the rights under the contract shall not affect any of its rights under the contract, laws or regulations, and shall not be deemed as the waiver of the rights.

Article 15: Modification, alteration, termination and partial invalidity

The Agreement may be subject to written modification or alteration with both parties' negotiation and consent, and any modification or alteration made thereby shall constitute integral part of the Agreement.

Unless otherwise provided by laws or regulations or otherwise agreed by both parties concerned, the Agreement shall not be terminated prior to the complete performance of the rights and obligations hereunder and under single agreement.

Unless otherwise provided by laws or regulations or otherwise agreed by both parties concerned, the invalidity of any provisions herein shall not influence the validity of any other provisions herein.

Article 16: Applicable laws and dispute settlement

This contract shall be governed by laws of the People's Republic of China.

Upon the coming into force of the contract, any and all disputes arising from or in connection with the execution and performance of the contract can be solved through negotiation. In case the negation fails, either party may take the following (2) manner:

1. Submit to ___/_____arbitration committee for arbitration.

2. Appeal to the people's court in the place where Party B resides or where any other organizations under Bank of China Limited in accordance with laws.

3. Appeal to the people's court with jurisdiction.

During the dispute settlement period, any other articles not affected by the dispute shall be performed continually.

Article 17: Attachments

The following attachments and any other attachments and single agreements jointly confirmed by both parties shall constitute integral part of the Agreement and be of the same legal effect as the contract.

Attachment 1: Withdraw form (template).

Attachment 2: ….

Article 18: Other agreements

1. Party A, without written consent of Party B, shall not transfer any rights and obligations hereunder to any third party.

2. In case Party B shall, as required by business, entrust other organizations under Bank of China Limited to exercise the rights and undertake obligations under the Agreement and single agreement, Party A shall agree with the arrangement. Other organizations under Bank of China Limited as authorized by Party B shall have the right to exercise all rights under the Agreement and shall have the right to appeal to the people's court or to arbitration institution for any dispute under the Agreement.

3. The Agreement shall be binding upon both parties and successors and assignees legally generated of both parties without affecting any other provisions herein under this contract.

4. Unless otherwise agreed, domicile designated by both parties herein shall be the address of both parties for communication. Both parties commit to inform the other party in written form in case of changing the said domicile.

5. Transactions under this contract are based on respective interests. If in accordance with laws, regulations and regulatory requirement, other parties of the transaction constitutes the related party of Party B, all related parties shall not seek to affect the fairness of the transaction with the relationship.

6. Headings and business names as mentioned herein shall be used only for the convenience of reference, which shall not be regarded as the interpretation of provisions contained herein or rights and obligations of parties hereto.

7. Party B has the right, in accordance with laws, rules and regulations, to submit the information relating to this contract and other relevant information of Party A to the credit system of the People's Bank of China and other legally established credit information database for qualified institution or individual use. Party B also has the right, for the purpose of entering into and performing this contract, to check relevant information of Party A through credit system of the People's Bank of China and other legally established credit information database.

8. In case of legal holidays, the withdrawal date, repayment date shall be postponed to the first work day after the holidays.

9. In case Party B can't perform the agreement due to the changes of laws, rule and regulations, Party B has the right to terminate or perform the agreement or single agreement according to the changes of laws, rule and regulations. Party B shall be exempt from responsibilities resulted from these reasons in case the situations appears.

Article 19: Effectiveness of the agreement

The Agreement shall come into force with the signature of both parties' legal representatives, principals or authorized signatories and with both parties' official seals.

The Agreement shall be made in sextuplicate, each of Party A and Party B shall hold three, each original shall be of the same legal force.

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

Signatory: /s/ Dang Yu Pan (Official Seal)

January 13, 2012

Party B: Bank of China Limited, Shenzhen Buji Sub-branch

/s/ [SEAL]

Signatory: Yong Yang (Official Seal)

January 13, 2012

Guaranty Contract of Maximum Amount

No.:0002 Account Guarantee Agreement Issued in 2012 by Bank of China (Shenzhen Buji Sub-branch)

Guarantor: Hong Kong Highpower Technology Co., Ltd
No of business license/ID No: 440306503295562
Legal Representative/Person in Charge: Dangyu Pan /
Domicile: Unit 12, 15/F, Technology Park, 18 On Lai Street, Shek Mun, Shatin, N.T. Hong Kong .
Zip Code: 518000
Related Bank of Opening and Account Number:
Bank of China Pinghu sub-branch
Tel: 89686238 Fax: 89686298

Creditor: Shenzhen Buji Subbranch of Bank of China Limited
Legal Representative/Person in Charge: Hang Yang
Domicile: No. 108, Buji Road, Buji Town, Longgang District, Shenzhen
Tel: 28274825 Fax: 28270847
Zip Code: 518112

In order to ensure that the liabilities described in Article I of the contract can be performed, the guarantor is ready to provide the creditor with assurance. This contract is established based on the equal negotiation between the two sides. Unless agreed otherwise, explanations of clauses in this contract shall depend on the principal contract.

Article 1 Principal Contract

Principal contract of the contract are as follows:

1. The *Agreement of Line of Credit* numbered 000127 Account Guarantee Agreement Issued in 2012 signed between the creditor and the debtor, and the individual agreements that have been signed or to be signed based on this agreement, and revisions or supplements agreed to belong to the principal contract of this contract.
2. The *fixed asset loan contract* numbered 00002 Account Guarantee Agreement Issued in 2012 signed between the creditor and the debtor, the individual agreements that have been signed or to be signed based on this agreement, and revisions or supplements agreed to belong to the principal contract of this contract.

Article 2 Principal Creditor's Rights and Its Valid Period

Unless agreed otherwise in accordance with laws, actually occurred claims under this principal contract during the following periods, and the effected claims between the debtor and creditor before this contract came into effect, constitute the principal claims under this contract

1. From the day when *Agreement of Line of Credit* mentioned in Article I comes into force to the day when the line of credit defined in the agreement and its revisions or supplements expires.

Article 3 Guaranteed Maximum Amount of Credit

1. The maximum principal balance guaranteed by this contract is:
   Type of currency: RMB .
   (In words) ONE HUNDRED MILLION ONLY
   (In figures) RMB100,000,000.00
2. On the day when the principal claims defined in Article II expire, those defined as guaranteed principal claims in the contract, then the resulting interest (including legal interest, contract interest, compound interest, default interest), penal sum, claim for damages, cost for realizing creditor's rights (including but not limit to court cost, attorney fee, notary fee, executive fee, etc) based on the principal creditor's right, loss to the creditor caused by the debtor's breach and other payable costs all belong to the guaranteed creditor's rights, specific amount of which shall be determined when being paid.

   The sum of the creditor's rights defined according to the above two articles is the maximum amount of credit guaranteed by the contract.

Article 4 Guarantee Modes

The guarantee mode of this contract is No. 1 of the followings:

1. Joint liabilities guarantee;
2. General guaranty.

Article 5 Occurrence of Guarantee Responsibilities

If the debtor does not pay off the debt to the creditor on any normal paying day or advanced day under the principal contract, the creditor has the right to ask the guarantor to bear the guarantee responsibilities.

The normal paying day referred to in the above article means the day of principal repayments, interest paying day agreed in the principal contract or the date when the debtor should pay any fund to the creditor according to the contract. The advanced paying day mentioned in the above article refers to the paying day put forward by the debtor and agreed by the creditor and the date the creditor requests the debtor to clear off the principal and interest or any other fund ahead of time in line with the contract or certain agreement.

In case the main liabilities consists of other collaterals or guarantees besides that of the contract, it does not affect the creditor's any right and performance under the contract and the guarantor shall not defend the creditor for this reason.

Article 6 Guarantee Period

The guarantee period of the contract is within two years since the expiration date of occurrence period of the principal liabilities specified in Article II of the contract.

During the guarantee period, the creditor has the right to require the guarantor to bear the guaranteeing responsibilities for all or part of, a number of or single, together or individual principal creditor's rights.

Article 7 Suit Time Limit of Guarantee Liabilities

If the creditor is not repaid under the mode of guaranteeing with responsibilities and the creditor requests the guarantor to bear guaranteeing responsibilities before the expiring date of the guaranteeing period specified in Article VI of the contract, then since the day when the creditor asks the guarantor to bear guaranteeing responsibilities, the guaranteeing liabilities shall start to be calculated and the time effect of suit is workable.

Under the general guaranteeing mode, if the creditor suits the debtor or applies for arbitration before the expiring date of the guaranteeing period specified in Article VI of the contract, then from the date of entry into force of adjudication or judgment of arbitration, the guaranteeing liabilities shall start to be calculated and the time effect of suit is workable.

Article 8 Relationship between this Contract and the Principal Contract

If the Principal contract contains *Agreement of Line of Credit or General Agreement of Loan Business,* in which the service life of line of credit and the clause of partnership are extended, the written approval of the guarantor is hereby needed; if the guarantor does not agree or rejects, the guarantor only bears the guaranteeing responsibilities for the principal creditor's rights occurring in the service life of the original line of credit or the clause of partnership of the business within the guaranteed maximum amount of credit specified in Article III of the contract and the guaranteeing period is also the original one.

As for modifications of the other contents or matters of *Agreement of Line of Credit or General Agreement of Loan Business,* modifications to the single-agreement under them or of single main contract, the approval of the guarantor is unnecessary, and the guarantor also bears the guaranteeing responsibilities for the modified main contract within the guaranteed maximum amount of credit specified in Article III of the contract.

In case the creditor and the guarantor reach a consensus through consultation, the guaranteed maximum amount of credit specified in Article 3 of the contract can be modified in written form.

Article 9 Declaration and Commitments

The guarantor made the following declarations and commitments:

1. The guarantor was legally registered and validly exists, and has the capacity to sign and carry out the contract under this contract.

2. The guarantor thoroughly understands the content of the principal contract, so signing and implementing the contract is the guarantor's genuine intention, for which the guarantor has got the legal and effective authorization in line with the statute or regulations of other internal administrative documents.
   Signing this contract shall not breach any binding contracts, agreements or other legal documents.
3. All the documents and data provided for the creditor by the guarantor shall be accurate, true, complete and valid;
4. The guarantor shall receive supervision and inspection carried out by the creditor regarding finance situation, and provide assistance and cooperation;
5. The guarantor does not conceal other heavy debts signed before this contract.
6. In the event of the occurrences that possibly affecting the finance position and capacity to perform the contract, including but not limit to any forms of changes in schism, amalgamation, joint operation, cooperation with foreign business, cooperation, contract operation, recombination, reconstruct, planning go to public, reduction of registered capital, major capital or share holding transfer, bearing heavy debts, disbandment, revocation, forced into bankruptcy, etc or being involved in major lawsuits or arbitrations, the guarantor shall timely inform the creditor.

Article 10 Event of Default and Processing

One of the following events constitutes or can be considered as the guarantor's default of the contract:

1. The guarantor's failure to timely perform the guarantee responsibilities according to the agreement under the contract;
2. The declarations made in the contract are not true or breach the commitments made in the contract;
3. The occurrence described in Clause 6 of Article 9, which has a major impact on the guarantor's financial position and capacity to perform the contract;
4. The guarantor terminates business or experience revocation or bankruptcy.
5. The guarantor violates other agreements relating to rights and obligations of litigants under this contract.
6. The guarantor has events of default under other contract signed with the creditor or other agencies of Bank of China Limited.

When the events of default specified in the above clauses appear, the creditor has the right to separately or simultaneously take the following actions as the case maybe:

1. Require the guarantor to correct the breach within a limited time;
2. Wholly or partly scale down, suspend or terminate the guarantor's line of credit;
3. Wholly or partly suspend or terminate other business applications of the guarantor under the contract; wholly or partly suspend or terminate the granting and handling of the non-granted credit and non-handled trade financing;
4. Announce that the whole or part of the guarantor's outstanding loan, interest on principal of trade financing and other payable fund under the contract become immediately due;
5. Terminate or cancel the contract, and wholly or partly terminate or cancel other contracts signed between the guarantor and the creditor;

6. Require the guarantor to compensate the loss of the creditor caused by the breach;
7. To deduct the fund from the guarantor's account opened at the creditor's side to wholly or partly clear off the guarantor's debt to the creditor. The undue funds in the account shall be considered to be due ahead of time. In case the currency type of the account is different from that of the creditor's, the deduction shall be in line with the quotation of exchange rate.
8. Other actions that the creditor considers necessary.

Article 11 Reservation of Rights

If one party does not exercise all or part of the rights under the contract, or does not require the other party to exercise, bear part of or all the obligations, responsibilities, it shall not mean the party gives up the rights or exempts from the obligations, responsibilities.
If one party allows any tolerance, extension and delay in implementing the rights under the contract upon the other party, it shall not affect the party to process any right in line with the contract, related law and regulations, and it also shall not considered giving up the right.

Article 12 Modification, Revision and Termination

The contract agreed by both parties can be modified and revised in written form, and any modification and revision shall become the inseparable part of the contract.

Unless specified by law or regulations or agreed by the litigants otherwise, the contract shall not terminate before all the involved rights and obligations are completely performed.

Unless specified by law or regulations or agreed by the litigants otherwise, invalidity of any clause of the contract has no impact on the legal force of other clauses of the contract.

Article 13 Application of Law and Dispute Resolution

Laws of the People's Republic of China are applicable to the contract.

All the controversies, disputes resulted from performing the contract shall be resolved through negotiation of both parties, if failure, then the both parties shall adopt the resolution of disputes in line with the agreement in the main contract.

During the resolving period, if the dispute has no impact on the implementing of other clauses, other clauses shall continue to be performed.

Article 14 Appendix

Appendixes confirmed by both parties shall become the inseparable part of the contract, sharing the same legal force with the contract.

Article 15 Other Agreements

1. Without the written approval of the creditor, the guarantor should not transfer any right, obligation to a third party;
2. If the creditor entrusts the Bank of China Limited or other banks to implement the rights and obligations of the contract because of business need, the guarantor shall approve this, so the Bank of China Limited or other banks entrusted by the creditor has the right to implement all the rights of the contract and file a suit or submit to the arbitration agency for adjudication as to the disputes resulted from the contract;
3. If other agreements of contract are not affected, the contract has the same legal force to the both parties, and the generated successors by law and transferees;
4. Unless agreed Otherwise, the residential address named herein by both parties shall be the mailing address and contact address, for which both parties shall promise to timely inform the other party in case the mailing address or contact address is changed;
5. Titles and business names in the contract are only adopted out of convenience, which shall not be used to explain the clause contents and rights, obligations of the litigants.

Article 16 Entry into Force of the Contract

This contract shall take effect since being signed and sealed by legal representatives, persons in charge and the entrusted signer of both parties. This contract is in eight copies, and Party A has three, Party B has three, all of which are of the same legal effect.

Guarantor: Hongkong Highpower Technology Co., Ltd
Authorized Signatory: /s/ Dangyu Pan
January 13, 2012

Creditor: Bank of China Limited Shenzhen Buji Sub-branch,
Authorized Signatory: /s/ [SEAL]
January 13, 2012

Guaranty Contract of Maximum Amount

No.:0003 Account Guarantee Agreement Issued in 2012 by Bank of China (Shenzhen Buji Sub-branch)

Guarantor: Dangyu Pan
Type of Certificate: ID card
No of business license/ID No:
Legal Representative/Person in Charge: /
Domicile: Dormitory of Shenzhen Highpower Technology Co., Ltd.
Post Code: 518000
Related Bank of Opening and Account Number: /
Phone: 89686238 Fax: 89686298

Creditor: Shenzhen Buji Subbranch of Bank of China Limited
Legal Representative/Person in Charge: Yong Yang
Domicile: No. 108, Buji Road, Buji Town, Longgang District, Shenzhen
Phone: 28274825 Fax: 28270847
Post Code: 518112

In order to ensure that the liabilities described in Article I of the contract can be performed, the guarantor is ready to provide the creditor with assurance. This contract is established based on the equal negotiation between the two sides. Unless agreed otherwise, explanations of clauses in this contract shall depend on the principal contract.

Article 1 Principal Contract

Principal contract of the contract are as follows:

3. The *Agreement of Line of Credit* numbered 000127 Account Guarantee Agreement Issued in 2012 signed between the creditor and the debtor, and the individual agreements that have been signed or to be signed based on this agreement, and revisions or supplements agreed to belong to the principal contract of this contract.
4. The *fixed asset loan contract* numbered 00002 Account Guarantee Agreement Issued in 2012 signed between the creditor and the debtor, the individual agreements that have been signed or to be signed based on this agreement, and revisions or supplements agreed to belong to the principal contract of this contract.

Article 2 Principal Creditor's Rights and Its Valid Period

Unless agreed otherwise, in accordance with laws, actually occurred claims under this principal contract during the following periods, and the effected claims between the debtor and creditor before this contract came into effect, constitute the principal claims under this contract

2. From the day when *Agreement of Line of Credit* mentioned in Article I comes into force to the day when the line of credit defined in the agreement and its revisions or supplements expires.

Article 3 Guaranteed Maximum Amount of Credit

3. The maximum principal balance guaranteed by this contract is:
   Type of currency: RMB .
   (In words) ONE HUNDRED MILLION ONLY
   (In figures) RMB100, 000,000.00
4. On the day when the principal claims defined in Article II expire, those defined as guaranteed principal claims in the contract, then the resulting interest (including legal interest, contract interest, compound interest, default interest), penal sum, claim for damages, cost for realizing creditor's rights (including but not limit to court cost, attorney fee, notary fee, executive fee, etc) based on the principal creditor's right, loss to the creditor caused by the debtor's breach and other payable costs all belong to the guaranteed creditor's rights, specific amount of which shall be determined when being paid.

   The sum of the creditor's rights defined according to the above two articles is the maximum amount of credit guaranteed by the contract.

Article 4 Guarantee Modes

The guarantee mode of this contract is No. 1 of the followings:

3. Joint liabilities guarantee;
4. General guaranty.

Article 5 Occurrence of Guarantee Responsibilities

If the debtor does not pay off the debt to the creditor on any normal paying day or advanced day under the principal contract, the creditor has the right to ask the guarantor to bear the guarantee responsibilities.
The normal paying day referred to in the above article means the day of principal repayments, interest paying day agreed in the principal contract or the date when the debtor should pay any fund to the creditor according to the contract. The advanced paying day mentioned in the above article refers to the paying day put forward by the debtor and agreed by the creditor and the date the creditor requests the debtor to clear off the principal and interest or any other fund ahead of time in line with the contract or certain agreement.
In case the main liabilities consists of other collaterals or guarantees besides that of the contract, it does not affect the creditor's any right and performance under the contract and the guarantor shall not defend the creditor for this reason.

Article 6 Guarantee Period

The guarantee period of the contract is within two years since the expiration date of occurrence period of the principal liabilities specified in Article II of the contract.

During the guarantee period, the creditor has the right to require the guarantor to bear the guaranteeing responsibilities for all or part of, a number of or single, together or individual principal creditor's rights.

Article 7 Suit Time Limit of Guarantee Liabilities

If the creditor is not repaid under the mode of guaranteeing with responsibilities and the creditor requests the guarantor to bear guaranteeing responsibilities before the expiring date of the guaranteeing period specified in Article VI of the contract, then since the day when the creditor asks the guarantor to bear guaranteeing responsibilities, the guaranteeing liabilities shall start to be calculated and the time effect of suit is workable.

Under the general guaranteeing mode, if the creditor suits the debtor or applies for arbitration before the expiring date of the guaranteeing period specified in Article VI of the contract, then from the date of entry into force of adjudication or judgment of arbitration, the guaranteeing liabilities shall start to be calculated and the time effect of suit is workable.

Article 8 Relationship between this Contract and the Principal Contract

If the Principal contract contains *Agreement of Line of Credit or General Agreement of Loan Business,* in which the service life of line of credit and the clause of partnership are extended, the written approval of the guarantor is hereby needed; if the guarantor does not agree or rejects, the guarantor only bears the guaranteeing responsibilities for the principal creditor's rights occurring in the service life of the original line of credit or the clause of partnership of the business within the guaranteed maximum amount of credit specified in Article III of the contract and the guaranteeing period is also the original one.

As for modifications of the other contents or matters of *Agreement of Line of Credit or General Agreement of Loan Business,* modifications to the single-agreement under them or of single main contract, the approval of the guarantor is unnecessary, and the guarantor also bears the guaranteeing responsibilities for the modified main contract within the guaranteed maximum amount of credit specified in Article III of the contract.

In case the creditor and the guarantor reach a consensus through consultation, the guaranteed maximum amount of credit specified in Article III of the contract can be modified in written form.

Article 9 Declaration and Commitments

The guarantor made the following declarations and commitments:

7. The guarantor has the capacity to sign and carry out the contract; the guarantor has the financial capacity to implement the guarantee responsibilities under this contract.
8. The guarantor thoroughly understands the content of the principal contract, so signing and implementing the contract is the guarantor's genuine intention, for which the guarantor has got the legal and effective authorization in line with the statute or regulations of other internal administrative documents.

9. Signing and implementation of the contract shall not violate any contract, agreement or other law documents which have restricting power to the guarantor;
10. All the documents and data provided for the creditor by the guarantor shall be accurate, true, complete and valid;
11. The guarantor shall receive supervision and inspection carried out by the creditor regarding finance situation, and provide assistance and cooperation;
12. The guarantor does not conceal other heavy debts signed before this contract.
13. In the event of the occurrences that possibly affect the finance position and capacity to perform the contract, including but not limit to any forms of changes in property reduction; property transfer; donation; shoulder liabilities; major diseases etc, or being involved in major lawsuits or arbitrations, the guarantor should timely inform the creditor.
14. □ If the guarantor is married, be sure to get the *Letter of Consent* signed by the guarantor's spouse.

Article 10 Authorization of personal information

Guarantor's authorization: Creditor has the right to inquire guarantor's credit report in the individual credit database of People's Bank of China in the event of the following happens:

1. Audit the guarantor's personal credit applications.
2. Audit the guarantor's personal guarantee applications.
3. Manage guarantor's personal credit or personal guarantee that already exists under the guarantor's name.
4. Handling credit applications of Legal representative or other organizations or they act as guarantor; there is a need to check the credit status the guarantor as legal representative or investor.

Meanwhile authorize the creditor to submit the guarantor's personal credit information to the personal credit database of the People's Bank of China.

Article 11 Event of Default and Processing

One of the following events constitutes or can be considered as the guarantor's default of the contract:

7. The guarantor does not timely perform the guaranteeing responsibilities according to the agreement of the contract;
8. The declarations made in the contract are not true or breach the commitments made in the contract;
9. The occurrence described in Clause 7 of Article IX, which has a major impact on the guarantor's financial position and capacity to perform the contract;
10. The guarantor violates other agreements relating to rights and obligations of litigants under this contract.
11. The guarantor has other events of default under the contract with the creditor or Bank of China Limited or other banks.

When the events of default specified in the above clauses appear, the creditor has the right to separately or simultaneously take the following actions as the case maybe:

9. Require the guarantor to correct the breach within a limited time;
10. Wholly or partly scale down, suspend or terminate the guarantor's line of credit;
11. Wholly or partly suspend or terminate other business applications of the guarantor under the contract; wholly or partly suspend or terminate the granting and handling of the non-granted credit and non-handled trade financing;
12. Announce that the whole or part of the guarantor's outstanding loan, interest on principal of trade financing and other payable fund under the contract become immediately due;
13. Terminate or cancel the contract, and wholly or partly terminate or cancel other contracts between the guarantor and the creditor;
14. Require the guarantor to compensate the loss of the creditor caused by the breach;
15. The creditor only needs the advance notice or post notice to deduct the fund from the guarantor's account opened at the creditor's side to wholly or partly clear off the guarantor's debt to the creditor. The undue funds in the account shall be considered to be due ahead of time. In case the currency type of the account is different from the creditor's money of account, the deduction is in line with the exchange rate of the foreign exchange sale and purchase.
16. Other actions that the creditor considers necessary.

Article 12 Reservation of Rights

If one party does not exercise all or part of the rights under the contract, or does not require the other to exercise, bear part of or all the obligations, responsibilities, it shall not mean the party gives up the rights or exempts from the obligations, responsibilities.

If one party allows any tolerance, extension and delay in implementing the rights under the contract upon the other party, it shall not affect the party to process any right in line with the contract, related law and regulations, and it also shall not considered giving up the right.

Article 13 Modification, Revision and Termination

The contract agreed by both parties can be modified and revised in written form, and any modification and revision shall become the inseparable part of the contract.

Unless it is specified by law or regulations otherwise, or agreed by the litigants, the contract shall not terminate before all the involved rights and obligations are completely performed.

Unless it is specified by law or regulations otherwise, or agreed by the litigants, invalidity of any clause of the contract has no impact on the legal force of other clauses of the contract.

Article14 Application of Law and Dispute Resolution

Laws of the People's Republic of China are applicable to the contract.

All the controversies, disputes resulted from performing the contract shall be resolved through negotiation of both parties, if failure, then the both parties shall adopt the resolution of disputes in line with the agreement in the main contract.

During the resolving period, if the dispute has no impact on the implementing of other clauses, other clauses shall continue to be performed.

Article 15 Appendix

Appendixes confirmed by both parties shall become the inseparable part of the contract, sharing the same legal force with the contract.

Article 16 Other Agreements

6. Without the written approval of the creditor, the guarantor should not transfer any right, obligation to a third party;
7. If the creditor entrusts the Bank of China Limited or other banks to implement the rights and obligations of the contract because of business need, the guarantor shall approve this, so the Bank of China Limited or other banks entrusted by the creditor has the right to implement all the rights of the contract and file a suit or submit to the arbitration agency for adjudication as to the disputes resulted from the contract;
8. If other agreements of contract are not affected, the contract has the same legal force to the both parties, the generated successors by law and transferees;
9. Unless agreed Otherwise, the residential address named herein by both parties shall be the mailing address and contact address, for which both parties shall promise to timely inform the other party in case the mailing address or contact address is changed;
10. Titles and business names in the contract are only adopted out of convenience, which shall not be used to explain the clause contents and rights, obligations of the litigants.

Article 17 Effect of the Contract

This contract shall take effect since being signed and sealed by legal representatives, persons in charge and the entrusted signer of both parties. This contract is in quadruplicate, and Party A has two, Party B has two, all of which are of the same effect.

Guarantor: /s/ Dangyu Pan	Creditor: Bank of China Limited Shenzhen Buji Sub-Branch
Guarantor (spouse):/s/ Zhoutao Yin	
Authorized Signatory:Pan Dangyu	Authorized Signatory: /s/ [SEAL]
January 13, 2012	January 13, 2012

Letter of Consent

I, (name: Zhoutao Yin, type of certificate: ID card, No. of certificate:) am the spouse of the guarantor Dangyu Pan, who guarantees the *Guarantee contract of maximum amount.* I agree to use the husband and wife jointly owned properties to take guarantee responsibilities under the foregoing *Guarantee contract of maximum amount.*

Spouse of the guarantor:/s/ Zhoutao Yin
2012 01 13

Guaranty Contract of Maximum Amount

No.:0001 Account Guarantee Agreement Issued in 2012 by Bank of China (Shenzhen Buji Sub-branch)

Guarantor: Spring Power Technology (Shenzhen) Co., Ltd
No of business license/ID No: 440306503295562
Legal Representative/Person in Charge: Dangyu Pan /
Domicile: Building A1, Chaoshun Industrial Zone, Renming Road, Guanlan Street, Baoan District, Shenzhen
Post Code: 518000
Related Bank of Opening and Account Number:
Bank of China Pinghu sub-branch
Phone: 89686238 Fax: 89686298

Creditor: Shenzhen Buji Subbranch of Bank of China Limited
Legal Representative/Person in Charge: Hang Yang
Domicile: No. 108, Buji Road, Buji Town, Longgang District, Shenzhen
Phone: 28274825 Fax: 28270847
Post Code: 518112

In order to ensure that the liabilities described in Article I of the contract can be performed, the guarantor is ready to provide the creditor with assurance. This contract is established based on the equal negotiation between the two sides. Unless agreed otherwise, explanations of clauses in this contract shall depend on the principal contract.

Article 1 Principal Contract

Principal contract of the contract are as follows:

5. The *Agreement of Line of Credit* numbered 000127 Account Guarantee Agreement Issued in 2012 signed between the creditor and the debtor, and the individual agreements that have been signed or to be signed based on this agreement, and revisions or supplements agreed to belong to the principal contract of this contract.
6. The *fixed asset loan contract* numbered 00002 Account Guarantee Agreement Issued in 2012 signed between the creditor and the debtor, the individual agreements that have been signed or to be signed based on this agreement, and revisions or supplements agreed to belong to the principal contract of this contract.

Article 2 Principal Creditor's Rights and Its Valid Period

Unless agreed otherwise in accordance with laws, actually occurred claims under this principal contract during the following periods, and the effected claims between the debtor and creditor before this contract came into effect, constitute the principal claims under this contract

3. From the day when *Agreement of Line of Credit* mentioned in Article I comes into force to the day when the line of credit defined in the agreement and its revisions or supplements expires.

Article 3 Guaranteed Maximum Amount of Credit

5. The maximum principal balance guaranteed by this contract is:
   Type of currency: RMB .
   (In words) ONE HUNDRED MILLION ONLY
   (In figures) RMB100,000,000.00
6. On the day when the principal claims defined in Article II expire, those defined as guaranteed principal claims in the contract, then the resulting interest (including legal interest, contract interest, compound interest, default interest), penal sum, claim for damages, cost for realizing creditor's rights (including but not limit to court cost, attorney fee, notary fee, executive fee, etc) based on the principal creditor's right, loss to the creditor caused by the debtor's breach and other payable costs all belong to the guaranteed creditor's rights, specific amount of which shall be determined when being paid.

   The sum of the creditor's rights defined according to the above two articles is the maximum amount of credit guaranteed by the contract.

Article 4 Guarantee Modes

The guarantee mode of this contract is No. 1 of the followings:

5. Joint liabilities guarantee;
6. General guaranty.

Article 5 Occurrence of Guarantee Responsibilities

If the debtor does not pay off the debt to the creditor on any normal paying day or advanced day under the principal contract, the creditor has the right to ask the guarantor to bear the guarantee responsibilities.

The normal paying day referred to in the above article means the day of principal repayments, interest paying day agreed in the principal contract or the date when the debtor should pay any fund to the creditor according to the contract. The advanced paying day mentioned in the above article refers to the paying day put forward by the debtor and agreed by the creditor and the date the creditor requests the debtor to clear off the principal and interest or any other fund ahead of time in line with the contract or certain agreement.

In case the main liabilities consists of other collaterals or guarantees besides that of the contract, it does not affect the creditor's any right and performance under the contract and the guarantor shall not defend the creditor for this reason.

Article 6 Guarantee Period

The guarantee period of the contract is within two years since the expiration date of occurrence period of the principal liabilities specified in Article II of the contract.

During the guarantee period, the creditor has the right to require the guarantor to bear the guaranteeing responsibilities for all or part of, a number of or single, together or individual principal creditor's rights.

Article 7 Suit Time Limit of Guarantee Liabilities

If the creditor is not repaid under the mode of guaranteeing with responsibilities and the creditor requests the guarantor to bear guaranteeing responsibilities before the expiring date of the guaranteeing period specified in Article VI of the contract, then since the day when the creditor asks the guarantor to bear guaranteeing responsibilities, the guaranteeing liabilities shall start to be calculated and the time effect of suit is workable.

Under the general guaranteeing mode, if the creditor suits the debtor or applies for arbitration before the expiring date of the guaranteeing period specified in Article VI of the contract, then from the date of entry into force of adjudication or judgment of arbitration, the guaranteeing liabilities shall start to be calculated and the time effect of suit is workable.

Article 8 Relationship between this Contract and the Principal Contract

If the Principal contract contains *Agreement of Line of Credit or General Agreement of Loan Business,* in which the service life of line of credit and the clause of partnership are extended, the written approval of the guarantor is hereby needed; if the guarantor does not agree or rejects, the guarantor only bears the guaranteeing responsibilities for the principal creditor's rights occurring in the service life of the original line of credit or the clause of partnership of the business within the guaranteed maximum amount of credit specified in Article III of the contract and the guaranteeing period is also the original one.

As for modifications of the other contents or matters of *Agreement of Line of Credit or General Agreement of Loan Business,* modifications to the single-agreement under them or of single main contract, the approval of the guarantor is unnecessary, and the guarantor also bears the guaranteeing responsibilities for the modified main contract within the guaranteed maximum amount of credit specified in Article III of the contract.

In case the creditor and the guarantor reach a consensus through consultation, the guaranteed maximum amount of credit specified in Article 3 of the contract can be modified in written form.

Article 9 Declaration and Commitments

The guarantor made the following declarations and commitments:

15. The guarantor was legally registered and validly exists, and has the capacity to sign and carry out the contract under this contract.
16. The guarantor thoroughly understands the content of the principal contract, so signing and implementing the contract is the guarantor's genuine intention, for which the guarantor has got the legal and effective authorization in line with the statute or regulations of other internal administrative documents.

Signing this contract shall not breach any binding contracts, agreements or other legal documents.

17. All the documents and data provided for the creditor by the guarantor shall be accurate, true, complete and valid;
18. The guarantor shall receive supervision and inspection carried out by the creditor regarding finance situation, and provide assistance and cooperation;
19. The guarantor does not conceal other heavy debts signed before this contract.
20. In the event of the occurrences that possibly affecting the finance position and capacity to perform the contract, including but not limit to any forms of changes in schism, amalgamation, joint operation, cooperation with foreign business, cooperation, contract operation, recombination, reconstruct, planning go to public, reduction of registered capital, major capital or share holding transfer, bearing heavy debts, disbandment, revocation, forced into bankruptcy, etc or being involved in major lawsuits or arbitrations, the guarantor shall timely inform the creditor.

Article 10 Event of Default and Processing

One of the following events constitutes or can be considered as the guarantor's default of the contract:

12. The guarantor's failure to timely perform the guarantee responsibilities according to the agreement under the contract;
13. The declarations made in the contract are not true or breach the commitments made in the contract;
14. The occurrence described in Clause 6 of Article 9, which has a major impact on the guarantor's financial position and capacity to perform the contract;
15. The guarantor terminates business or experience revocation or bankruptcy.
16. The guarantor violates other agreements relating to rights and obligations of litigants under this contract.
17. The guarantor has events of default under other contract signed with the creditor or other agencies of Bank of China Limited.

When the events of default specified in the above clauses appear, the creditor has the right to separately or simultaneously take the following actions as the case maybe:

17. Require the guarantor to correct the breach within a limited time;
18. Wholly or partly scale down, suspend or terminate the guarantor's line of credit;
19. Wholly or partly suspend or terminate other business applications of the guarantor under the contract; wholly or partly suspend or terminate the granting and handling of the non-granted credit and non-handled trade financing;
20. Announce that the whole or part of the guarantor's outstanding loan, interest on principal of trade financing and other payable fund under the contract become immediately due;
21. Terminate or cancel the contract, and wholly or partly terminate or cancel other contracts signed between the guarantor and the creditor;
22. Require the guarantor to compensate the loss of the creditor caused by the breach;

23. To deduct the fund from the guarantor's account opened at the creditor's side to wholly or partly clear off the guarantor's debt to the creditor. The undue funds in the account shall be considered to be due ahead of time. In case the currency type of the account is different from that of the creditor's, the deduction shall be in line with the quotation of exchange rate.
24. Other actions that the creditor considers necessary.

Article 11 Reservation of Rights

If one party does not exercise all or part of the rights under the contract, or does not require the other party to exercise, bear part of or all the obligations, responsibilities, it shall not mean the party gives up the rights or exempts from the obligations, responsibilities.

If one party allows any tolerance, extension and delay in implementing the rights under the contract upon the other party, it shall not affect the party to process any right in line with the contract, related law and regulations, and it also shall not considered giving up the right.

Article 12 Modification, Revision and Termination

The contract agreed by both parties can be modified and revised in written form, and any modification and revision shall become the inseparable part of the contract.

Unless it is specified by law or regulations otherwise, or agreed by the litigants, the contract shall not terminate before all the involved rights and obligations are completely performed.

Unless it is specified by law or regulations otherwise, or agreed by the litigants, invalidity of any clause of the contract has no impact on the legal force of other clauses of the contract.

Article13 Application of Law and Dispute Resolution

Laws of the People's Republic of China are applicable to the contract.

All the controversies, disputes resulted from performing the contract shall be resolved through negotiation of both parties, if failure, then the both parties shall adopt the resolution of disputes in line with the agreement in the main contract.

During the resolving period, if the dispute has no impact on the implementing of other clauses, other clauses shall continue to be performed.

Article 14 Appendix

Appendixes confirmed by both parties shall become the inseparable part of the contract, sharing the same legal force with the contract.

Article 15 Other Agreements

11. Without the written approval of the creditor, the guarantor should not transfer any right, obligation to a third party;
12. If the creditor entrusts the Bank of China Limited or other banks to implement the rights and obligations of the contract because of business need, the guarantor shall approve this, so the Bank of China Limited or other banks entrusted by the creditor has the right to implement all the rights of the contract and file a suit or submit to the arbitration agency for adjudication as to the disputes resulted from the contract;

13. If other agreements of contract are not affected, the contract has the same legal force to the both parties, the generated successors by law and transferees;
14. Unless agreed Otherwise, the residential address named herein by both parties shall be the mailing address and contact address, for which both parties shall promise to timely inform the other party in case the mailing address or contact address is changed;
15. Titles and business names in the contract are only adopted out of convenience, which shall not be used to explain the clause contents and rights, obligations of the litigants.

Article 16 Entry into Force of the Contract

This contract shall take effect since being signed and sealed by legal representatives, persons in charge and the entrusted signer of both parties. This contract is in sextuplicate, and Party A has three, Party B has three, all of which are of the same legal effect.

Guarantor: Spring Power Technology (Shenzhen) Co., Ltd
Authorized Signatory: /s/ Dangyu Pan
January 13, 2012

Creditor: Bank of China Limited Shenzhen Buji Sub-branch ,
Authorized Signatory: /s/ [SEAL]
January 13, 2012

Land Use Right Agreement

Party A : Ganzhou Land and Resource Bureau

Address: No. 110, Zhangjiang North Avenue, Ganzhou City

Zip Code: 341000

Tel: 0797-8155059

Fax: 0797-8155000

Party B: Ganzhou Highpower Technology Company Limited

Address: B3-4, Lianchuang City Garden, Zhangjiang North Revenue, Zhanggong District, Ganzhou City

Zip Code: 341000

Tel: 137677224415

- Party A transfer FIFTY EIGHT THOUSAND SIX HUNDRED AND SIXTY EIGHT POINT SIXTY ONE (58,668.61) square meters land use right numbered 2011-59-3 to Party B under the agreement.
- The land is located in Shuixi base E-06-01, E-06-02
- Party agrees to transfer the land to Party A before January 28, 2012.
- The term of the land use right is 50 years.
- The amount of the land use right under this agreement is RMB SEVEN MILLION NINE HUNDRED AND EIGHT ONE THOUSAND EIGHT HUNDRED AND SIXTY FOUR ONLY (RMB7,981,864), WITH ONE HUNDRED AND THIRTY SIX POINT ZERO FIVE ONLY (RMB136.05) per square meter.
- The deposit of the land use right is RMB ONE MILLION FIVE HUNDRED AND NINETY SIX THOUSAND THREE HUNDRED AND SEVENTY THREE ONLY (RMB1,596,373).

- Party B should pay the first installment RMB SEVEN MILLION NINE HUNDRED AND EIGHT ONE THOUSAND EIGHT HUNDRED AND SIXTY FOUR ONLY (RMB 7,981,864) before January 28, 2012.

- Party B agrees to commence construction project on the land under this agreement before January 28, 2013, and complete the construction before January 28, 2015.

- The PRC laws are applicable to this agreement.

- For any dispute arising from the performance of this agreement, both sides should settle the dispute through negotiation. Otherwise, both sides can appeal to the People's Court.

- This agreement shall come into force since the signing date.

- Items of amount, square meters shall be presented in both words and figures.

- This agreement shall be in duplicate. Party A holds one, and Party B holds one, each of which enjoys equal legal force.

Party A: Ganzhou Land and Resource Bureau
Legal representative:
Signature (seal): /s/ [SEAL]
January 5, 2012

Party B: Ganzhou Highpower Technology Company Limited
Legal representative:
Signature (seal): /s/ [SEAL]
January 5, 2012

EXHIBIT 21.1

Subsidiaries of the Registrant

Subsidiary Name	Country
Hong Kong Highpower Technology Company Limited ("HKHT")	Hong Kong
Icon Energy System Co. Ltd.	People's Republic of China
Shenzhen Highpower Technology Co., Ltd. ("Shenzhen Highpower") (1)	People's Republic of China
HZ Highpower Technology Co., Ltd. (1)	People's Republic of China
Springpower Technology (Shenzhen) Co., Ltd. (formerly known as Sure Power Technology (Shenzhen) Co., Ltd.) (1)	People's Republic of China
Ganzhou Highpower Technology Co., Ltd. (2)	People's Republic of China
Huizhou Highpower Technology Limited (2)	People's Republic of China

(1) This company is a wholly-owned subsidiary of HKHT.
(2) This company is a wholly-owned subsidiary of Shenzhen Highpower.

Exhibit 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

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: May 12, 2012

/s/ Dang Yu Pan
By: Dang Yu Pan
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Exhibit 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

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: May 12, 2012

/s/ Henry Sun
Henry Sun
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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 March 31, 2012, 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)
May 12, 2012

/s/ Henry Sun

Henry Sun
Chief Financial Officer
(Principal Financial and Accounting Officer)
May 12, 2012

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.