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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, 2018

OR

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

For The Transition Period From To

COMMISSION FILE NO. 001-34098

**HIGHPOWER INTERNATIONAL, INC.**

*(Exact name of Registrant as specified in its charter)*

**Delaware**  
*(State or other jurisdiction of  
incorporation or organization)*

**20-4062622**  
*(I.R.S. Employer  
Identification Number)*

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

**(86) 755-89686238**  
(COMPANY'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 15,559,658 shares of common stock, par value \$0.0001 per share, outstanding as of May 11, 2018.

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**HIGHPOWER INTERNATIONAL, INC.**  
**FORM 10-Q**  
**FOR THE QUARTERLY PERIOD ENDED March 31, 2018**  
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**Item 1. Consolidated Financial Statements**

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

	<i>March 31,</i> <i>2018</i> <i>(Unaudited)</i> \$	<i>December 31,</i> <i>2017</i> \$
<b>ASSETS</b>		
Current Assets:		
Cash	18,859,355	14,502,171
Restricted cash	32,639,148	25,953,946
Accounts receivable, net	56,240,961	58,252,999
Amount due from a related party	921,862	1,165,838
Notes receivable	67,612	2,606,517
Advances to suppliers	6,511,584	6,050,531
Prepayments and other receivables	5,029,550	4,268,527
Foreign exchange derivatives	661,111	236,436
Inventories	<u>55,347,466</u>	<u>42,946,644</u>
Total Current Assets	<u>176,278,649</u>	<u>155,983,609</u>
Property, plant and equipment, net	48,189,218	46,520,776
Long-term prepayments	4,243,891	3,715,445
Land use rights, net	2,719,885	2,639,631
Other assets	746,938	748,431
Deferred tax assets, net	1,135,550	750,267
Long-term investments	<u>11,209,442</u>	<u>9,906,379</u>
	□	□
<b>TOTAL ASSETS</b>	<u><u>244,523,573</u></u>	<u><u>220,264,538</u></u>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	61,149,301	60,368,012
Deferred government grant	799,040	309,638
Short-term loans	24,760,223	10,128,646
Non-financial institution borrowings	11,152,890	10,756,158
Notes payable	58,833,089	54,859,478
Amount due to a related party	780,702	-
Other payables and accrued liabilities	13,339,920	12,243,345
Income taxes payable	<u>4,537,182</u>	<u>3,609,391</u>
	□	□
Total Current Liabilities	<u>175,352,347</u>	<u>152,274,668</u>
Income taxes payable, noncurrent	-	<u>777,685</u>
	□	□
<b>TOTAL LIABILITIES</b>	<u><u>175,352,347</u></u>	<u><u>153,052,353</u></u>
<b>COMMITMENTS AND CONTINGENCIES</b>	-	-

See notes to condensed consolidated financial statements

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

	<i>March 31,</i> <b>2018</b>	<i>December 31,</i> <b>2017</b>
	<u>(Unaudited)</u>	
	\$	\$
<b>EQUITY</b>		
Stockholders' equity		
Preferred stock		
(Par value: \$0.0001, Authorized: 10,000,000 shares, Issued and outstanding: none)	-	-
Common stock		
(Par value: \$0.0001, Authorized: 100,000,000 shares, 15,509,658 shares issued and outstanding at March 31, 2018 and at December 31, 2017, respectively)	1,551	1,551
Additional paid-in capital	12,951,177	12,709,756
Statutory and other reserves	6,549,815	6,549,815
Retained earnings	43,362,632	44,481,568
Accumulated other comprehensive income	6,306,051	3,469,495
	<u>69,171,226</u>	<u>67,212,185</u>
<b>TOTAL EQUITY</b>	<u>69,171,226</u>	<u>67,212,185</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>244,523,573</u>	<u>220,264,538</u>

See notes to condensed consolidated financial statements

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

	<i>Three months ended March 31,</i>	
	<u>2018</u>	<u>2017</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$	\$
Net sales	49,783,453	41,866,848
Cost of sales	(42,217,126)	(31,932,014)
Gross profit	<u>7,566,327</u>	<u>9,934,834</u>
Research and development expenses	(2,561,837)	(1,813,930)
Selling and distribution expenses	(1,975,096)	(1,638,313)
General and administrative expenses	(4,114,810)	(3,058,562)
Foreign currency transaction loss	(1,014,693)	(313,878)
Total operating expenses	<u>(9,666,436)</u>	<u>(6,824,683)</u>
(Loss) income from operations	<u>(2,100,109)</u>	<u>3,110,151</u>
Changes in fair value of warrant liability	-	(31,552)
Changes in fair value of foreign exchange derivatives	703,715	-
Government grants	329,820	349,515
Other income	23,561	228,578
Equity in earnings of investee	156,250	146,932
Interest expenses	(241,852)	(603,317)
(Loss) income before taxes	<u>(1,128,615)</u>	<u>3,200,307</u>
Income taxes benefit (expense)	9,679	(587,765)
Net (loss) income	<u>(1,118,936)</u>	<u>2,612,542</u>
Less: net income attributable to non-controlling interest	-	76,893
Net (loss) income attributable to the Company	<u>(1,118,936)</u>	<u>2,535,649</u>
Comprehensive income		
Net (loss) income	(1,118,936)	2,612,542
Foreign currency translation gain (loss)	2,836,556	(24,001)
Comprehensive income	<u>1,717,620</u>	<u>2,588,541</u>
Less: comprehensive income attributable to non-controlling interest	-	79,551
Comprehensive income attributable to the Company	<u>1,717,620</u>	<u>2,508,990</u>
(Loss) earnings per share of common stock attributable to the Company		
- Basic	<u>(0.07)</u>	<u>0.17</u>
- Diluted	<u>(0.07)</u>	<u>0.17</u>
Weighted average number of common stock outstanding		
- Basic	<u>15,509,658</u>	<u>15,119,693</u>
- Diluted	<u>15,509,658</u>	<u>15,299,029</u>

See notes to condensed consolidated financial statements

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

	<i>Three Months Ended March 31,</i>	
	<u>2018</u>	<u>2017</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$	\$
<b>Cash flows from operating activities</b>		
Net (loss) income	(1,118,936)	2,612,542
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,475,228	1,274,334
Allowance for doubtful accounts	18,524	5,015
Loss on disposal of property, plant and equipment	21,805	3,262
Deferred tax	(356,616)	124,548
Changes in fair value of foreign exchange derivatives	(414,042)	-
Equity in earnings of investee	(156,250)	(146,932)
Share based compensation	241,421	24,401
Changes in fair value of warrant liability	-	31,552
Changes in operating assets and liabilities:		
Accounts receivable	3,713,692	7,314,824
Notes receivable	2,622,925	235,222
Advances to suppliers	(236,789)	-
Prepayments and other receivables	(601,315)	(485,520)
Amount due from related parties	285,657	161,693
Amount due to a related party	-	193,240
Inventories	(10,779,233)	(3,623,242)
Accounts payable	(1,377,447)	(5,111,874)
Deferred income	475,783	116,359
Other payables and accrued liabilities	665,379	(1,977,117)
Income taxes payable	19,371	330,735
Net cash flows (used in) provided by operating activities	<u>(5,500,843)</u>	<u>1,083,042</u>
<b>Cash flows from investing activities</b>		
Acquisitions of property, plant and equipment	(1,553,979)	(2,873,489)
Prepayment for long-term investment	(317,188)	-
Net cash flows used in investing activities	<u>(1,871,167)</u>	<u>(2,873,489)</u>
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans	14,427,164	2,910,418
Repayments of short-term loans	-	(1,381,758)
Proceeds from non-financial institution borrowings	-	8,726,892
Repayments of non-financial institution borrowings	-	(2,327,171)
Proceeds from notes payable	28,429,600	20,467,907
Repayments of notes payable	(26,488,407)	(13,081,781)
Proceeds from exercise of employee options	-	68,519
Net cash flows provided by financing activities	<u>16,368,357</u>	<u>15,383,026</u>
<b>Effect of foreign currency translation on cash and restricted cash</b>	<u>2,046,039</u>	<u>(72,952)</u>
Net increase in cash and restricted cash	11,042,386	13,519,627
Cash and restricted cash - beginning of period	40,456,117	20,538,033
Cash and restricted cash - end of period	<u>51,498,503</u>	<u>34,057,660</u>
<b>Supplemental disclosures for cash flow information:</b>		
Cash paid for:		
Income taxes	327,565	132,481
Interest expenses	114,588	583,720

See notes to condensed consolidated financial statements

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

**1. The Company and basis of presentation**

The consolidated financial statements include the financial statements of Highpower International, Inc. ("Highpower") and its 100%-owned subsidiary Hong Kong Highpower Technology Company Limited ("HKHTC"), HKHTC's wholly-owned subsidiary Shenzhen Highpower Technology Company Limited ("SZ Highpower"), SZ Highpower's wholly owned subsidiary Huizhou Highpower Technology Company Limited ("HZ HTC") and SZ Highpower's and HKHTC's jointly owned subsidiaries, Springpower Technology (Shenzhen) Company Limited ("SZ Springpower") and Icon Energy System Company Limited ("ICON"). Highpower and its direct and indirect wholly owned subsidiaries are collectively referred to as the "Company".

Basis of presentation

The condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information, the instructions to Form 10-Q and Article 8 of Regulation S-X. They do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. 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 year ended December 31, 2017, filed with the SEC on April 4, 2018.

In the opinion of management, all adjustments (which include normal recurring adjustments) necessary to present a fair presentation of the Company's consolidated financial position as of March 31, 2018, its consolidated results of operations for the three months ended March 31, 2018 and cash flows for the three months ended March 31, 2018, as applicable, have been made. Operating results for the three months period ended March 31, 2018 are not necessarily indicative of the operating results that may be expected for the year ending December 31, 2018 or any future periods.

Concentrations of credit risk

No customer accounted for 10% or more of total sales during the three months ended March 31, 2018 and 2017.

One supplier accounted for 21.2% and 10.5% of the total purchase amount during the three months ended March 31, 2018 and 2017, respectively.

No customer accounted for 10% or more of the accounts receivable as of March 31, 2018. One customer accounted for 10.1% of the accounts receivable as of December 31, 2017.

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

**2. Summary of significant accounting policies**

Long-term investment

For an investee over which the Company holds less than 20% voting interest and has no ability to exercise significant influence, the investments are accounted for under the cost method.

For an investee over which the Company has the ability to exercise significant influence, but does not have a controlling interest, the Company accounted for those using the equity method. Significant influence is generally considered to exist when the Company has an ownership interest in the voting stock of the investee between 20% and 50%. Other factors, such as representation on the investee's board of directors, voting rights and the impact of commercial arrangements, are also considered in determining whether the equity method of accounting is appropriate.

An impairment charge is recorded if the carrying amount of the investment exceeds its fair value and this condition is determined to be other-than temporary. As of March 31, 2018 and December 31, 2017, management believes no impairment charge is necessary.

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 Highpower's other direct and indirect wholly and majority owned subsidiaries in the PRC is the Renminbi ("RMB").

Most of the Company's overseas sales are priced and settled with US\$. 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 earnings 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 accumulated other comprehensive income.

Fair value of financial instruments

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

ASC Topic 820 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.

ASC Topic 820 establishes a fair value hierarchy that requires maximizing the use of observable inputs and minimizing the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

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

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

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

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

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

**2. Summary of significant accounting policies (continued)**

Recently issued accounting standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”), which was subsequently modified in August 2015 by ASU 2015-14, Revenue from Contracts with Customers: Deferral of the Effective Date. This guidance will be effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2017. The core principle of ASU 2014-09 is that companies should recognize revenue when the transfer of promised goods or services to customers occurs in an amount that reflects what the company expects to receive. It requires additional disclosures to describe the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. In 2016, the FASB issued additional ASUs that clarify the implementation guidance on principal versus agent considerations (ASU 2016-08), on identifying performance obligations and licensing (ASU 2016-10), and on narrow-scope improvements and practical expedients (ASU 2016-12) as well as on the revenue recognition criteria and other technical corrections (ASU 2016-20). In 2017, the FASB issued Accounting Standards Update (ASU) 2017-05, Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20), which was originally issued in ASU 2014-09. The amendments in this Update require that an entity to initially measure a retained non-controlling interest in a nonfinancial asset at fair value consistent with a how a retained non-controlling interest in a business is measured.

Under Topic 606, an entity recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. It also impacts certain other areas, such as the accounting for costs to obtain or fulfill a contract. The standard also requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

Management has adopted this standard effective January 1, 2018 using the modified-retrospective approach, in which case the cumulative effect of applying the standard would be recognized at the date of initial application. The adoption of ASC 606 did not have a material impact on the Company’s condensed consolidated balance sheet, statement of operations and statement of cash flows for the three months period ended March 31, 2018. See Note 3 for disclosures required by ASC 606 and the updated accounting policy for revenue recognition.

On February 25, 2016, the FASB issued ASU 2016-02, Leases (Topic 842). It requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Public business entities should apply the amendments in ASU 2016-02 for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted for all public business entities and all nonpublic business entities upon issuance. The Company is currently evaluating the impact of adopting ASU 2016-02 on its consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, Income Statement—Reporting Comprehensive Income (Topic 220). The amendments in this Update allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. Consequently, the amendments eliminate the stranded tax effects resulting from the Tax Cuts and Jobs Act and will improve the usefulness of information reported to financial statement users. However, because the amendments only relate to the reclassification of the income tax effects of the Tax Cuts and Jobs Act, the underlying guidance that requires that the effect of a change in tax laws or rates be included in income from continuing operations is not affected. The amendments in this Update also require certain disclosures about stranded tax effects. Public business entities should apply the amendments in ASU 2018-02 for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption of the amendments in this Update is permitted, including adoption in any interim period, (1) for public business entities for reporting periods for which financial statements have not yet been issued and (2) for all other entities for reporting periods for which financial statements have not yet been made available for issuance. The Company is currently evaluating the impact of adopting ASU 2018-02 on its consolidated financial statements.

In March 2018, the FASB issued ASU No. 2018-05, Income Tax (Topic 740) - Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118. This update adds SEC paragraphs pursuant to the SEC Staff Accounting Bulletin No. 118, which expresses the view of the staff regarding application of Topic 740, Income Taxes, in the reporting period that includes December 22, 2017 - the date on which the Tax Act was signed into law. The Company is currently evaluating the impact of adopting ASU 2018-05 on its consolidated financial statements.

The Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the consolidated financial position, statements of operations and cash flows.

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

**3. Revenue Recognition**

The Company adopted ASC 606 using the modified retrospective method as applied to customer contracts that were not completed as of January 1, 2018. As a result, financial information for reporting periods beginning after January 1, 2018 are presented under ASC 606, while comparative financial information has not been adjusted and continues to be reported in accordance with the Company's historical accounting policy for revenue recognition prior to the adoption of ASC 606.

Revenue is recognized when (or as) the Company satisfies performance obligations by transferring a promised goods to a customer. Revenue is measured at the transaction price which is based on the amount of consideration that the Company expects to receive in exchange for transferring the promised goods to the customer. Contracts with customers are comprised of customer purchase orders, invoices and written contracts. Given the nature of our business, customer product orders are fulfilled at a point in time and not over a period of time.

The majority of domestic sales contracts transfer control to customers upon receipt of product by customers. The majority of oversea sales contracts transfer control to customers when goods were delivered to the carriers. In most jurisdictions where the Company operates, sales are subject to Value Added Tax ("VAT"). Revenue is presented net of VAT.

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 sales incentive programs.

The following table disaggregates product sales by business segment by geography which provides information as to the major source of revenue. See Note 15 for additional description of our reportable business segments and the products being sold in each segment.

<b>Primary Geographic Markets</b>	<i>Three months ended March 31, 2018</i>		
	<i>Lithium Business</i>	<i>Ni-MH Batteries and</i>	<i>Consolidated</i>
	<i>(Unaudited)</i>	<i>Accessories</i>	<i>(Unaudited)</i>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
China Mainland	22,590,952	5,714,811	28,305,763
Asia, others	12,770,712	2,983,684	15,754,396
Europe	905,169	3,632,734	4,537,903
North America	329,822	835,009	1,164,831
Others	-	20,560	20,560
<b>Total sales</b>	<u>36,596,655</u>	<u>13,186,798</u>	<u>49,783,453</u>

The Company has elected to apply the practical expedient in paragraph ASC 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

We do not have amounts of contract assets since revenue is recognized as control of goods are transferred. Our contract liabilities consist of advance payments from customers. Our contract liabilities are reported in a net position on a customer-by-customer basis at the end of each reporting period. All contract liabilities are expected to be recognized as revenue within one year and are included in Other payables and accrued liabilities in our Condensed Consolidated Balance Sheet.

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

**4. Accounts receivable, net**

	<i>March 31,</i> <i>2018</i>	<i>December 31,</i> <i>2017</i>
	<i>(Unaudited)</i>	
	\$	\$
Accounts receivable	59,443,695	61,431,785
Less: allowance for doubtful accounts	3,202,734	3,178,786
	56,240,961	58,252,999

**5. Inventories**

	<i>March 31,</i> <i>2018</i>	<i>December 31,</i> <i>2017</i>
	<i>(Unaudited)</i>	
	\$	\$
Raw materials	31,539,229	21,428,315
Work in progress	10,503,750	6,931,486
Finished goods	12,960,846	14,284,563
Packing materials	30,817	36,797
Consumables	312,824	265,483
	55,347,466	42,946,644

**6. Property, plant and equipment, net**

	<i>March 31,</i> <i>2018</i>	<i>December 31,</i> <i>2017</i>
	<i>(Unaudited)</i>	
	\$	\$
<b>Cost</b>		
Construction in progress	1,624,402	1,330,643
Furniture, fixtures and office equipment	6,326,512	5,794,983
Leasehold improvement	7,404,622	7,080,409
Machinery and equipment	34,968,872	33,176,416
Motor vehicles	1,651,532	1,498,605
Buildings	20,913,122	20,169,197
	72,889,062	69,050,253
Less: accumulated depreciation	24,699,844	22,529,477
	48,189,218	46,520,776

The Company recorded depreciation expenses of \$1,445,700 and \$1,240,126 for the three months ended March 31, 2018 and 2017, respectively.

During the three months ended March 31, 2018, the Company deducted deferred income related to government grants of \$nil on the carrying amount of property, plant and equipment. During the year ended December 31, 2017, the Company deducted deferred income related to government grants of \$263,948 in calculating the carrying amount of property, plant and equipment.

The buildings comprising the Huizhou facilities were pledged as collateral for bank loans. The net carrying amounts of the buildings were \$9,502,186 and \$9,224,694 as of March 31, 2018 and December 31, 2017, respectively.

The building located in Shenzhen, Guangdong was pledged as collateral for bank loans. The net carrying amount of the buildings was \$405,105 and \$396,843 as of March 31, 2018 and December 31, 2017, respectively.

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES  
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7. **Long-term investment**

	<i>March 31, 2018</i>		<i>December 31, 2017</i>	
	<i>(Unaudited)</i>	<i>Interest%</i>		<i>Interest%</i>
	\$		\$	
<b>Equity method investment</b>				
-Ganzhou Highpower Technology Company Limited (“GZ Highpower”) (1)	8,558,347	31.294%	8,102,520	31.294%
-Shenzhen V-power Innovative Technology Co., Ltd (“V-power”) (2)	780,702	49.000%	-	N/A
<b>Cost method investment</b>				
-Huizhou Yipeng Energy Technology Co Ltd. (“Yipeng”) (3)	1,870,393	4.654%	1,803,859	4.654%
	<u>11,209,442</u>		<u>9,906,379</u>	

(1) Investment in GZ Highpower

On December 21, 2017, after the completion of the capital increase to GZ Highpower by other shareholders, the Company lost the controlling power over GZ Highpower and deconsolidated GZ Highpower. Thereafter, the investment was recorded under the equity method.

The equity in earnings of investee was \$156,250 for the three months ended March 31, 2018.

(2) Investment in V-power

On February 28, 2018, the Company signed an investment agreement (the “Agreement”) with a related company and a group of individuals (the “Founder Team”) with an aggregate amount of RMB4.9 million (approximately \$0.8 million) for 49% of the equity interest of V-power, which was recorded under the equity method. Pursuant to the terms of the Agreement, the Company shall complete the capital injection to V-power no later than December 31, 2018. In addition, the Company agrees to transfer the 15% of original equity interest of V-power to the Founder Team as compensation under voluntary assignment as any of the following requirements met: 1. annual sales revenue higher or equal to RMB30 million before the first capital increase of V-power; 2. valuation of V-power higher or equal to RMB30 million before equity issuance. As of March 31, 2018, no capital injection was made by the Company, and the unpaid amount was recorded as amount due to a related party (See Note 16).

Since V-power did not commence any operation, there was no profit or loss for the three months ended March 31, 2018.

(3) Investment in Yipeng

In 2017, after the completion of the capital injection to Yipeng and the equity transfer payment received by the Company from the other shareholder, the Company’s equity ownership in Yipeng decreased from 35.4% to 4.654%, and the Company lost the ability to exercises significant influence over Yipeng, discontinued the use of equity method and applied the cost method in accounting.

The equity in earnings of investee was \$146,932 for the three months ended March 31, 2017.

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES  
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**8. Taxation**

Highpower and its direct and indirect wholly owned 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

*Tax Reform*

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was signed into legislation. The 2017 Tax Act significantly revises the U.S. corporate income tax by, among other things, lowering the statutory corporate tax rate from 34% to 21%, imposing a mandatory one-time tax on accumulated earnings of foreign subsidiaries, introducing new tax regimes, and changing how foreign earnings are subject to U.S. tax.

On December 22, 2017, the Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 118 ("SAB 118"), which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740, Income Taxes. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Tax Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements.

As of March 31, 2018, the Company has not completed its accounting for certain tax effects of enactment of the Tax Act; however, the Company has made reasonable estimates of the effects on our existing deferred tax balances and the one-time transition tax. The Company expects to finalize these provisional estimates before the end of 2018 after completing our reviews and analysis, including reviews and analysis of any interpretations issued during this re-measurement period.

The one-time transition tax is based on the total post-1986 earnings and profits ("E&P") for which the Company has previously deferred U.S. income taxes. The Company expects to make adjustments to this provisional estimate based on additional clarifying and interpretative technical guidance to be issued related to the calculation of the one-time transition tax.

The Tax Act subjects a U.S. shareholder to tax on Global Intangible Low Taxed Income (GILTI) earned by foreign subsidiaries. The Company has not determined its accounting policy with respect to GILTI and has therefore included the 2018 estimate of current year GILTI as a period cost and included as part of the estimated annual effective tax rate. The 2018 estimated annual effective tax rate also includes the 2018 impact of all other U.S. tax reform provisions that were effective on January 1, 2018.

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES  
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**8. Taxation (continued)**

Hong Kong

HKHTC, which was 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 taxable income.

In China, the companies granted with National High-tech Enterprise (“NHTE”) status enjoy 15% income tax rate. This status needs to be renewed every three years. If these subsidiaries fail to renew NHTE status, they will be subject to income tax at a rate of 25% after the expiration of NHTE status. All the PRC subsidiaries received NHTE status and enjoy 15% income tax rate for calendar year 2018 and 2017.

The components of the provision for income taxes (benefit) expense are:

	<i>Three months ended March 31,</i>	
	<i>2018</i>	<i>2017</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$	\$
Current	346,937	463,217
Deferred	(356,616)	124,548
Total income taxes (benefit) expense	<u>(9,679)</u>	<u>587,765</u>

The reconciliation of income taxes expenses computed at the PRC statutory tax rate to income tax (benefit) expense is as follows:

	<i>Three months ended March 31,</i>	
	<i>2018</i>	<i>2017</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$	\$
(Loss) income before tax	(1,128,615)	3,200,307
Provision for income taxes at PRC statutory income tax rate (25%)	(282,154)	800,077
Impact of different tax rates in other jurisdictions	58,660	3,255
Effect of PRC preferential tax rate	6,453	(391,843)
Other non-deductible expenses	16,576	16,547
Change in valuation allowance of deferred tax assets	190,786	159,729
Effective enterprise income tax	<u>(9,679)</u>	<u>587,765</u>

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**8. Taxation (continued)**

3) Deferred tax assets, net

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.

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
	<b>(Unaudited)</b>	
	<b>\$</b>	<b>\$</b>
Tax loss carry-forward	1,425,204	991,766
Allowance for doubtful receivables	142,521	136,562
Impairment for inventory	269,234	222,289
Difference for sales cut-off	20,576	17,322
Deferred government grant	119,858	46,446
Property, plant and equipment subsidized by government grant	276,510	269,344
Impairment for property, plant and equipment	60,370	58,304
Total gross deferred tax assets	2,314,273	1,742,033
Valuation allowance	(1,178,723)	(991,766)
Total net deferred tax assets	<u>1,135,550</u>	<u>750,267</u>

As of March 31, 2018, the Company had net operating loss carry-forwards in Hong Kong of \$6,404,130 and the United States of \$581,148 without expiration and in the PRC of \$1,643,213, which will expire in 2022.

The Company has deferred tax assets which consisted of tax loss carry-forwards and other items that can be carried forward to offset future taxable income. Management determined it is more likely than not that part of the deferred tax assets could not be utilized, so a valuation allowance was provided for as of March 31, 2018 and December 31, 2017. The net valuation allowance increased by approximately \$0.2 million and \$0.2 million during the three months ended March 31, 2018 and 2017, respectively.

**9. Notes payable**

Notes payable presented to certain suppliers as a payment against the outstanding trade payables.

Notes payable are mainly bank acceptance bills which are non-interest bearing and generally mature within six months. The outstanding bank acceptance bills are secured by restricted cash deposited in banks. Outstanding bank acceptance bills were \$58,833,089 and \$54,859,478 as of March 31, 2018 and December 31, 2017, respectively.

**10. Short-term loans**

As of March 31, 2018 and December 31, 2017, short-term loans consisted of bank borrowings for working capital and capital expenditure purposes and were secured by personal guarantees executed by certain directors of the Company, time deposits with a carrying amount of \$5,941,350 and \$3,982,226, land use right with a carrying amount of \$2,719,885 and \$2,639,631, and buildings with a carrying amount of \$9,907,291 and \$9,621,537, respectively.

The loans were primarily obtained from two banks with interest rates ranging from 5.00% to 6.09% per annum and 5.000% to 5.8725% per annum as of March 31, 2018 and December 31, 2017, respectively. The interest expenses were \$111,713 and \$259,837 for the three months ended March 31, 2018 and 2017, respectively.

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**11. Non-financial institution borrowings**

As of March 31, 2018, the Company obtained borrowings from a third party non-financial institution in an amount of \$1,593,270 and an individual in an amount of \$9,559,620, which were used for working capital and capital expenditure purposes. The interest rates for the borrowings were 5.655% and 5.66% per annum, respectively. The borrowings are personally guaranteed by the Company's Chief Executive Officer, Mr. Dang Yu Pan. The borrowing from the individual, which expired on January 10, 2018 was extended for an additional year.

The interest expense of the above borrowings was \$162,303 and \$143,518 for the three months ended March 31, 2018 and 2017, respectively.

**12. Lines of credit**

The Company entered into various credit contracts and revolving lines of credit, which were used for short-term loans and bank acceptance bills. As of March 31, 2018, the total and unused lines of credit were \$85.1 million and \$14.6 million with maturity dates from April 2018 to July 2019. As of December 31, 2017, the total and unused lines of credit were \$79.8 million and \$31.3 million with maturity dates from March 2018 to July 2019.

These lines of credit were guaranteed by the Company's Chief Executive Officer, Mr. Dang Yu Pan or Mr. Dang Yu Pan and his wife.

**13. Earnings per share**

The following table sets forth the computation of basic and diluted earnings per common share for the three months ended March 31, 2018 and 2017.

	<i>Three months ended March 31,</i>	
	<u>2018</u>	<u>2017</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$	\$
<b>Numerator:</b>		
Net (loss) income attributable to the Company	<u>(1,118,936)</u>	<u>2,535,649</u>
<b>Denominator:</b>		
<b>Weighted-average shares outstanding</b>		
- Basic	15,509,658	15,119,693
- Dilutive effects of equity incentive awards	-	179,336
- Diluted	<u>15,509,658</u>	<u>15,299,029</u>
<b>Net (loss) income per share:</b>		
- Basic	<u>(0.07)</u>	<u>0.17</u>
- Diluted	<u>(0.07)</u>	<u>0.17</u>

Diluted earnings per share takes into account the potential dilution that could occur if securities or other contracts to issue common stock were exercised and converted into common stock. Potential dilutive securities are excluded from the calculation of diluted EPS in loss periods as their effect would be anti-dilutive.

Due to the loss for for three months ended March 31, 2018, 955,542 and 200,000 options and warrants were excluded in the computation of diluted earnings per share, because the effect would be anti-dilutive. For the three months ended March 31, 2017, 145,000 and 540,001 options and warrants were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the shares of common stock.

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**14. 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 (“the 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 contributions made related to the Benefits, the Company has no legal obligation.

The total contributions made, which were expensed as incurred, were \$653,957 and \$504,520 for the three months ended March 31, 2018 and 2017, respectively.

**15. Segment information**

The reportable segments are components of the Company that offer different products and are separately managed, with separate financial information available that is separately evaluated regularly by the Company’s chief operating decision maker (“CODM”), the Chief Executive Officer, in determining the performance of the business. The Company categorizes its business into three reportable segments, namely (i) Lithium Business; (ii) Ni-MH Batteries and Accessories; and (iii) New Materials.

The CODM evaluates performance based on each reporting segment’s net sales, cost of sales, gross profit and total assets. Net sales, cost of sales, gross profit and total assets by segments is set out as follows:

	<i>Three months ended March 31,</i>	
	<u>2018</u>	<u>2017</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$	\$
<b>Net sales</b>		
Lithium Business	36,596,655	27,490,494
Ni-MH Batteries and Accessories	13,186,798	12,527,313
New Materials	-	1,849,041
<b>Total</b>	<u>49,783,453</u>	<u>41,866,848</u>
<b>Cost of Sales</b>		
Lithium Business	30,791,339	21,639,869
Ni-MH Batteries and Accessories	11,425,787	9,188,390
New Materials	-	1,103,755
<b>Total</b>	<u>42,217,126</u>	<u>31,932,014</u>
<b>Gross Profit</b>		
Lithium Business	5,805,316	5,850,625
Ni-MH Batteries and Accessories	1,761,011	3,338,923
New Materials	-	745,286
<b>Total</b>	<u>7,566,327</u>	<u>9,934,834</u>
	<u>March 31,</u>	<u>December 31,</u>
	<u>2018</u>	<u>2017</u>
	<i>(Unaudited)</i>	
	\$	\$
<b>Total Assets</b>		
Lithium Business	191,951,616	171,881,450
Ni-MH Batteries and Accessories	52,571,957	48,383,088
<b>Total</b>	<u>244,523,573</u>	<u>220,264,538</u>

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**15. Segment information (continued)**

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

	<i>Three months ended March 31,</i>	
	<u>2018</u>	<u>2017</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$	\$
<b><i>Net sales</i></b>		
China Mainland	28,305,763	22,161,592
Asia, others	15,754,396	13,695,558
Europe	4,537,903	4,852,730
North America	1,164,831	1,058,132
South America	-	61,737
Others	20,560	37,099
	<u>49,783,453</u>	<u>41,866,848</u>
	<u>March 31,</u>	<u>December 31,</u>
	<u>2018</u>	<u>2017</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$	\$
<b><i>Accounts receivable</i></b>		
China Mainland	40,629,764	37,636,478
Asia, others	11,819,346	15,294,527
Europe	3,299,588	5,189,859
North America	472,145	94,585
South America	-	12,816
Others	20,118	24,734
	<u>56,240,961</u>	<u>58,252,999</u>

HIGHPOWER INTERNATIONAL, INC. AND SUBSIDIARIES  
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**16. Related party balance and transaction**

Related party balance

	<u>March 31,</u> <u>2018</u> <i>(Unaudited)</i> \$	<u>December 31,</u> <u>2017</u> \$
Accounts receivable	921,432	632,704
Other receivable	430	533,134
Amount due from a related party- GZ Highpower	<u>921,862</u>	<u>1,165,838</u>
Other payable-investment (1)	<u>780,702</u>	-
Amount due to a related party- V-power	<u>780,702</u>	-

(1) The Company signed an investment agreement with an aggregate amount of RMB4.9 million (approximately \$0.8 million) in investing for 49% of the equity interest of V-power which was set up on March 1, 2018 (See Note 7).

Related party transaction

	<u>Three months ended March 31,</u> <u>2018</u> <i>(Unaudited)</i> \$	<u>2017</u> <i>(Unaudited)</i> \$
<b>Income:</b>		
Sales	225,787	624,323
-GZ Highpower	225,787	-
-Yipeng	-	624,323
Rental income- Yipeng	-	11,299
<b>Expenses:</b>		
Equipment rental fee- Yipeng	-	162,302
<b>Repayment:</b>		
Other receivable- GZ Highpower	550,256	-

**17. Subsequent event**

The Company has evaluated subsequent events through the issuance of the unaudited condensed consolidated financial statements and no subsequent event is identified that would have required adjustment or disclosure in the consolidated financial statements.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

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, 2017 filed with SEC on April 4, 2018 (the “Annual Report”).

### **Special Note Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that are not historical facts, and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. All statements, other than statements of historical fact included in this Form 10-Q including, without limitation, statements in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” regarding the Company’s financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. Words such as “expect,” “believe,” “anticipate,” “intend,” “estimate,” “seek” and variations and similar words and expressions are intended to identify such forward-looking statements. Such forward-looking statements relate to future events or future performance, but reflect management’s current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the Risk Factors section of the Company’s Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the “SEC”). The Company’s securities filings can be accessed on the EDGAR section of the SEC’s website at [www.sec.gov](http://www.sec.gov). Except as expressly required by applicable securities law, the Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

### **Overview**

Net sales increased by \$7.9 million, or 18.9%, during the first quarter of 2018 compared to the same quarter in 2017. Excluding GZ Highpower, net sales increased 24.1% to \$49.8 million from \$40.1 million. The main driver was our lithium business, including high end consumer products, industrial applications and increased demand for artificial intelligence products .

Lithium business net sales increased by \$9.1 million, or 33.1%, during the first quarter of 2018 compared to the same quarter in 2017.

Ni-MH batteries and accessories net sales increased by \$0.7 million, or 5.3%, during the first quarter of 2018 compared to the same quarter in 2017, which was in line with the whole industry trend.

Gross profit during the first quarter of 2018 was \$7.6 million, or 15.2% of net sales, compared to \$9.9 million, or 23.7% of net sales, for the comparable period in 2017. This decrease was mainly due to high raw material prices.

For 2018, we will continue to drive business growth. As raw material prices may be still at a high level, we will strive to balance our selling price and customer expectation carefully. At same time, we will seek to continuously improve our labor efficiency and improve material usage for better gross margin.

### **Investment in V-power**

On February 28, 2018, the Company signed an investment agreement (the “Agreement”) with an aggregate amount of RMB4.9 million (approximately \$0.8 million) for 49% of the equity interest of V-power. Pursuant to the terms of the Agreement, the Company shall complete the capital injection to V-power no later than December 31, 2018. V-power now focus on the development of electronic vehicle battery management systems (“EV BMS”) , in the future V-power will gradually extend the business to design and produce EV power modules, energy storage systems (“ESS”) and related products.

### **Critical Accounting Policies**

See note 2 to the accompanying unaudited condensed consolidated financial statements for our critical accounting policies.

## Results of Operations

The following table sets forth the unaudited consolidated statements of operations of the Company for the three months ended March 31, 2018 and 2017, both in US\$ and as a percentage of net sales.

### Consolidated Statements of Operations

(Dollars in Thousands, Except Per Share Amounts)

	<u>Three months ended March 31,</u>					
	<u>2018</u>		<u>2017</u>		<u>Increased (decreased)</u>	
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>%</u>	
Net Sales	49,783	100.0%	41,867	100.0%	18.9%	
Cost of Sales	(42,217)	(84.8%)	(31,932)	(76.3%)	32.2%	
Gross profit	<u>7,566</u>	15.2%	<u>9,935</u>	23.7%	(23.8%)	
Research and development expenses	(2,562)	(5.1%)	(1,814)	(4.3%)	41.2%	
Selling and distribution expenses	(1,975)	(4.0%)	(1,638)	(3.9%)	20.6%	
General and administrative expenses	(4,115)	(8.3%)	(3,059)	(7.3%)	34.5%	
Foreign currency transaction loss	(1,015)	(2.0%)	(314)	(0.8%)	223.3%	
(Loss) income from operations	<u>(2,101)</u>	(4.2%)	<u>3,110</u>	7.4%	(167.5%)	
Changes in fair value of warrant liability	-	0.0%	(32)	(0.1%)	(100.0%)	
Changes in fair value of foreign currency derivatives	704	1.4%	-	0.0%	NA	
Government grants	330	0.7%	350	0.8%	(5.6%)	
Other income	24	0.0%	228	0.5%	(89.7%)	
Equity in earnings of investee	156	0.3%	147	0.4%	6.3%	
Interest expenses	(242)	(0.5%)	(603)	(1.5%)	(59.9%)	
(Loss) income before taxes	(1,129)	(2.3%)	3,200	7.6%	(135.3%)	
Income taxes benefit (expense)	10	0.0%	(587)	(1.4%)	(101.6%)	
Net (loss) income	<u>(1,119)</u>	(2.2%)	<u>2,613</u>	6.2%	(142.8%)	
Less: net income attributable to non-controlling interest	-	0.0%	77	0.2%	(100.0%)	
Net (loss) income attributable to the Company	<u>(1,119)</u>	(2.2%)	<u>2,536</u>	6.1%	(144.1%)	
Diluted (loss) earnings per common stock attributable to the Company	<u>(0.07)</u>		<u>0.17</u>			

### *Net sales*

Net sales for the three months ended March 31, 2018 were \$49.8 million compared to \$41.9 million for the comparable period in 2017, an increase of \$7.9 million, or 18.9%. The increase was driven by our lithium business, which was partially offset by Ni-MH batteries and the impact of deconsolidation of GZ Highpower. Lithium business net sales increased by \$9.1 million, or 33.1%, during the three months ended March 31, 2018, compared to the comparable period in 2017, which was due to the increase in the number of lithium batteries units sold. Ni-MH batteries and accessories net sales increased by \$0.7 million, or 5.3%, during the three months ended March 31, 2018, compared to the comparable period in 2017, which was in line with the whole industry trend.

***Gross profit***

Gross profit for the three months ended March 31, 2018 was \$7.6 million, or 15.2% of net sales, compared to \$9.9 million, or 23.7% of net sales, for the comparable period in 2017. This decrease was mainly due to high raw material prices.

***Research and development expenses***

Research and development expenses were \$2.6 million, or 5.1% of net sales, for the three months ended March 31, 2018, compared to \$1.8 million, or 4.3% of net sales, for the comparable period in 2017. The Company will continue to invest on R&D activities in the future.

***Selling and distribution expenses***

Selling and distribution expenses were \$2.0 million, or 4.0% of net sales, for the three months ended March 31, 2018, compared to \$1.6 million, or 3.9% of net sales, for the comparable period in 2017. The percent of net sales remained stable.

***General and administrative expenses***

General and administrative expenses were \$4.1 million, or 8.3% of net sales, for the three months ended March 31, 2018, compared to \$3.1 million, or 7.3% of net sales, for the comparable period in 2017. The increase was mainly due to the increase of the provision for the incentive plan.

***Foreign currency transaction loss***

We experienced a loss of \$1.0 million and \$0.3 million for the three months ended March 31, 2018 and 2017, respectively, on the exchange rate difference between the US\$ and the RMB.

The loss in exchange rate difference was due to the influence of the RMB relative to the US\$ over the respective periods. We used the foreign currency derivative contracts to reduce the impact from the fluctuation on exchange rates.

***Changes in fair value in foreign currency derivatives***

We experienced a gain on derivative instruments of \$0.7 million for the three months ended March 31, 2018.

***Government grants***

Government grants was \$0.3 million for the three months ended March 31, 2018, compared to \$0.4 million for the comparable period in 2017.

***Other income***

Other income was \$23,561 for the three months ended March 31, 2018, compared to \$0.2 million for the comparable period in 2017.

***Equity in earnings of investee***

Equity in earnings of an equity method investee from GZ Highpower was \$0.2 million for the three months ended March 31, 2018, compared to \$0.1 million from Yipeng for the comparable period in 2017.

***Interest expenses***

Interest expense was \$0.2 million for the three months ended March 31, 2018, compared to interest expens of \$0.6 million for the comparable period in 2017.

***Income taxes benefit (expenses)***

Income tax benefit was \$9,679 for the three months ended March 31, 2018. We recorded provision for income tax expense of \$0.6 million for the comparable period in 2017.

### *Net (loss) income*

Net loss attributable to the Company for the three months ended March 31, 2018 was \$1.1 million. Net income attributable to the Company (excluding net gain attributable to non-controlling interest) of \$2.5 million for the comparable period in 2017, a decrease of \$3.6 million, or 144.1%.

### **Reconciliation of Net Income to EBITDA**

A table reconciling earnings before interest, income tax, depreciation and amortization (“EBITDA”), a non-GAAP financial measure, to the appropriate GAAP measure is included with the Company's financial information below. EBITDA was derived by taking earnings before interest expense (net), taxes, depreciation and amortization. The presentation of this additional information is not meant to be considered in isolation or as a substitute for results prepared in accordance with U.S. GAAP. The Company believes this non-GAAP measure is useful to investors as it provides a basis for evaluating the Company's operating results in the ordinary course of its operations. This non-GAAP measure is not based on any comprehensive set of accounting rules or principles. The Company believes that non-GAAP measures have limitations in that they do not reflect all of the amounts associated with its results of operations as determined in accordance with U.S. GAAP and that these measures should only be used to evaluate the Company's results of operations in conjunction with, and not in lieu of, the corresponding GAAP measures.

	<i>Three months ended</i>	
	<i>March 31,</i>	
	<u>2018</u>	<u>2017</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	\$	\$
Net (loss) income attributable to the Company	<u>(1,118,936)</u>	<u>2,535,649</u>
Interest expense	241,852	603,317
Income taxes (benefit) expenses	(9,679)	587,765
Depreciation and amortization	1,475,228	1,274,334
EBITDA	<u>588,465</u>	<u>5,001,065</u>

### **Key financial items excluding GZ Highpower**

The Company deconsolidated GZ Highpower on December 21, 2017. Considered that the Company no longer presents GZ Highpower's and operations and comprehensive incomes upon deconsolidation, the table below shows the comparative figures of key financial items excluding the effect of GZ Highpower:

	<i>Three months ended March, 31</i>	
	<u>2018</u>	<u>2017</u>
	<i>(unaudited)</i>	<i>(unaudited)</i>
	\$	\$
<b>Sales:</b>		
Lithium Business	36,596,655	27,490,494
Ni-MH Batteries and Accessories	13,186,798	12,527,313
Sales to GZ Highpower	-	92,030
Net sales (excluding GZ Highpwr)	<u>49,783,453</u>	<u>40,109,837</u>
Gross profit (excluding GZ Highpwr)	7,566,327	9,327,039
Gross profit margin (excluding GZ Highpwr)	15.2%	23.3%
<b>Net (loss) income:</b>		
Net (loss) income	(1,118,936)	2,612,542
Less: Net income of GZ Highpower	-	256,308
Net (loss) income (excluding GZ Highpwr)	<u>(1,118,936)</u>	<u>2,356,234</u>

## Liquidity and Capital Resources

We had cash of approximately \$18.9 million as of March 31, 2018, compared to \$14.5 million as of December 31, 2017.

To provide liquidity and flexibility in funding our operations, we borrow funds under bank facilities and other external sources of financing. As of March 31, 2018, we had lines of credit with eight financial institutions aggregating \$85.1 million. The maturities of these facilities vary from April 2018 to July 2019. The facilities are subject to regular review and approval. Certain of these bank facilities are guaranteed by our Chief Executive Officer, Mr. Dang Yu Pan, pledged by land use right and buildings, and contain customary affirmative and negative covenants for secured credit facilities of this type. Interest rates are generally based on the banks' reference lending rates. No significant commitment fees are required to be paid for the bank facilities. As of March 31, 2018, we had utilized approximately \$70.5 million under such general credit facilities and had available unused credit facilities of \$14.6 million.

Net cash used in operating activities was approximately \$5.5 million for the three months ended March 31, 2018, compared to net cash provided by operating activities of \$1.1 million for the comparable period in 2017. The net cash increase of \$6.6 million used in operating activities is primarily due to an increase of \$7.2 million in cash outflow from inventories and an increase of \$2.6 million in cash inflow from other payables and accrued liabilities.

Net cash used in investing activities was \$1.9 million for the three months ended March 31, 2018, compared to net cash used in investing activities of \$2.9 million for the comparable period in 2017. The net cash decrease of \$1.0 million used in investing activities is primarily due to an increase of \$1.3 million in cash outflow from acquisition of property, plant and equipment.

Net cash provided by financing activities was \$16.4 million for the three months ended March 31, 2018, compared to \$15.4 million for the comparable period in 2017. The net increase of \$1.0 million in net cash provided by financing activities was primarily attributable to an increase of \$13.4 million in cash outflow from repayment of notes payable and an increase of \$11.5 million in cash inflow from proceeds from short-term bank loans.

Our inventory turnover was 3.4 times and 5.3 times for the three months ended March 31, 2018 and 2017, respectively. The average days outstanding of our accounts receivable was 103 days at March 31, 2018, compared to 77 days at December 31, 2017. The lower inventory turnover was mainly due to the our reserve on main raw material because of the high raw material price.

We believe that available cash and unused credit facilities should enable the Company to meet presently anticipated cash needs for at least the next 12 months after the date that the financial statements are issued.

## Recent Accounting Standards

Please refer to Note 2 (Recently issued accounting standards).

## 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*

#### *(a) Evaluation of disclosure controls and procedures*

Disclosure controls and procedures are controls and other procedures that are designed and adopted by management to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is properly recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that all necessary information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

As of the end of the period covered by this Quarterly Report, we conducted an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act). Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective.

#### *(b) Changes in Internal Control over Financial Reporting*

There were no significant changes in our internal controls over financial reporting that occurred during the quarter ended March 31, 2018, or are reasonably likely to materially affect, our internal control over financial reporting.

## **Part II. Other Information**

### **Item 1. Legal Proceedings**

On January 19, 2018, the Company and FirsTrust engaged in a court-sponsored mediation and on April 6, 2018, they entered into a Settlement and Mutual Release Agreement pursuant to which they provided mutual releases, agreed to dismiss the actions and Highpower agreed to pay to FirsTrust \$450,000. The settlement amount is being paid in two installments. The first installment of \$212,500 was paid in the form of 50,000 shares of common stock that were issued on April 9, 2018 and the second installment of \$237,500 will be paid on July 19, 2018 in cash or shares of common stock, at the Company's discretion. The number of shares to be issued for the second installment, if applicable, will be based on the closing price of the common stock listed on Nasdaq on July 16, 2018.

### **Item 1A. Risk Factors**

Any investment in our common stock involves a high degree of risk. Investors should carefully consider the risks described herein and in our Annual Report on Form 10-K for the year ended December 31, 2017 as filed with the SEC on April 4, 2018 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.

### **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

*Working capital loan contract between SZ Highpower and Industrial and Commercial Bank of China Ltd. Shenzhen Henggang Sub-branch*  
*Working capital loan contract between SZ Springpower and Industrial and Commercial Bank of China Ltd. Shenzhen Henggang Sub-branch*

On March 19, 2018, SZ Highpower entered into a working capital loan contract with Industrial and Commercial Bank of China Ltd., Shenzhen Henggang Sub-branch providing for an aggregate loan of RMB10,000,000 (\$1,593,270) to be used as current funds for production and operations. SZ Highpower must withdraw the facility before June 15, 2018, after which time the bank may cancel all or part of the facility. The term of the loan is 12 months from the first withdrawal date. The interest rate is 5.633%, which equals to the one year benchmarked by interbank rates, float 31%. The loan is guaranteed by HK HTC, SZ Springpower and our Chief Executive Officer, Dang Yu Pan. The balance of loan was \$1,593,270 as of March 31, 2018.

On January 23, 2018, SZ Springpower entered into a working capital loan contract with Industrial and Commercial Bank of China Ltd., Shenzhen Henggang Sub-branch providing for an aggregate loan of RMB10,000,000 (\$1,593,270) to be used as current funds for production and operations. SZ Springpower must withdraw the facility before January 11, 2019, after which time the bank may cancel all or part of the facility. The term of the loan is 12 months from the first withdrawal date. The interest rate is 5.22%, which equals to the one year benchmarked by interbank rates, plus 0.92%. The loan is guaranteed by HK HTC, HZ HTC, and our Chief Executive Officer, Dang Yu Pan. The Company's building in Shenzhen also serves as collateral for the loan. The balance of loan was \$1,593,270 as of March 31, 2018.

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

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

*Working Capital Loan Contract between SZ Highpower and Bank of China, Buji Sub-branch*  
*Working Capital loan contract between SZ Springpower and Bank of China, Buji Sub-branch*

On January 24, 2018, SZ Highpower entered into a working capital loan contract with Bank of China, Buji Sub-branch providing for an aggregate loan of RMB10,000,000 (\$1,593,270) to be used by SZ Highpower to purchase raw materials. The term of the loan is 11 months from the first withdrawal date. SZ Highpower must withdraw the facility in 30 days from February 1, 2018, after which time the bank may cancel all or part of the facility. The interest rate will equal the one year benchmarked by interbank rates, plus 1.79%. The loan is guaranteed by SZ Springpower and our Chief Executive Officer, Dang Yu Pan. The Company's real estate properties and land use rights in Huizhou also serve as collateral for the loan. The balance of loan was \$1,593,270 as of March 31, 2018.

On March 15, 2018, SZ Highpower entered into a working capital loan contract with Bank of China, Buji Sub-branch providing for an aggregate loan of RMB30,000,000 (\$4,779,810) to be used by SZ Highpower to purchase raw materials. The term of the loan is 296 days from the first withdrawal date. SZ Highpower must withdraw the facility in 30 days from March 20, 2018, after which time the bank may cancel all or part of the facility. The interest rate will equal the one year benchmarked by interbank rates, plus 1.79%. The loan is guaranteed by SZ Springpower and our Chief Executive Officer, Dang Yu Pan. The Company's real estate properties and land use rights in Huizhou also serve as collateral for the loan. The balance of loan was \$4,779,810 as of March 31, 2018.

On March 7, 2018, SZ Springpower entered into a working capital loan contract with Bank of China, Buji Sub-branch providing for an aggregate loan of RMB20,000,000 (\$3,186,540) to be used by SZ Springpower to purchase raw materials. The term of the loan is 10 months from the first withdrawal date. SZ Highpower must withdraw the facility in 30 days from March 8, 2018, after which time the bank may cancel all or part of the facility. The interest rate will equal the one year benchmarked by interbank rates, plus 1.79%. The loan is guaranteed by SZ Highpower, HZ HTC and our Chief Executive Officer, Dang Yu Pan. The balance of loan was \$3,186,540 as of March 31, 2018.

The following constitute events of default under the loan contracts: failure to comply with repayment obligations under the agreement or any affiliated credit lines contract; failure to use borrowed funds according to the specified purposes; any statement made by the borrower in the agreement is untrue or in violation of any commitments in the loan agreement or affiliated loan contracts; failure to provide an additional guarantor as required by the loan agreement; significant business difficulties or risks, deteriorated financial losses or losses of assets, or other financial crisis; breach of covenants in other credit agreements with the bank or affiliated institutions of the bank; any guarantor breaches a contract or defaults under any agreement with the bank or affiliated institutions of the bank; termination of its business or engagement due to any wind-up, cancellation or bankruptcy issues; 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 affiliated specific credit line contract; an abnormal change in any major individual investor or key management member of the borrower or such a person or entity's becoming subject to investigation or restriction by the judiciary, which have or may affect the borrower's performance of obligation under affiliated specific credit line contract; Bank of China's discovery of any situation that may affect the financial position or performance capacities of the borrower or a guarantor after the bank's annual review of the borrower's financial position and performance; failure to provide the relevant documentation acceptable to Bank of China about the inflows and outflows of large-sum and abnormal capital in capital recovery account; or being in violation of other rights and obligations under the affiliated specific credit line contract.

Upon the occurrence of an event of default, the bank may: request the borrower or any guarantor to rectify the event of default within a specified time period; reduce, temporarily suspend or permanently terminate the borrower's credit limit in whole or in part; temporarily suspend or permanently terminate in part or in whole the borrower's application for specific credit line under the agreement; announce the immediate expiration of all the credit lines granted under the affiliated specific credit line contract as well as other contracts; terminate or release the contract, terminate or release in part or in whole any of the affiliated specific credit line contract as well as the other contracts executed between the borrower and the bank; require compensation from the borrower on the losses thereafter caused; hold the borrower's deposit account at the bank in custody for repayment of amounts due under the contract; exercise the real rights for security; request repayment from a guarantor; or take any other procedures deemed necessary by the bank.

*Comprehensive Credit Contract between SZ Highpower and China Everbright Bank Co., Ltd., Shenzhen Branch*  
*Comprehensive Credit Contract between SZ Springpower and China Everbright Bank Co., Ltd., Shenzhen Branch*

On January 24, 2018, each of SZ Highpower and SZ Springpower entered into a comprehensive credit line contract with China Everbright Bank Co., Ltd., Shenzhen Branch. SZ Highpower's loan agreement provides for a revolving line of credit of up to RMB20,000,000 (\$3,186,540) and SZ Springpower's loan agreement provides for a revolving line of credit of up to RMB30,000,000 (\$4,779,810). Each Company may issue bank acceptance, from time to time as needed, but must make a specific drawdown application on or before January 23, 2019, after which time the bank may cancel all or part of the facilities. SZ Highpower's loan is guaranteed by SZ Springpower, HZ HTC, ICON and our Chief Executive Officer, Dang Yu Pan and his wife. SZ Springpower's loan is guaranteed by SZ Highpower, HZ HTC and ICON and our Chief Executive Officer, Dang Yu Pan and his wife. The used facility of SZ Highpower and SZ Springpower was \$3,186,540 and \$4,779,810 as of March 31, 2018 which was used for bank acceptance.

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

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

*Basic Credit Line Contract Between SZ Springpower and Industrial Bank Co., Ltd., Shenzhen Longgang Branch.*

On March 15, 2018, SZ Springpower entered into a basic credit line contract with Industrial Bank Co., Ltd., Shenzhen Longgang Branch, which provides for a revolving line of credit of up to RMB40,000,000 (\$6,373,080). SZ Springpower may issue bank acceptance from time to time as needed on or before March 15, 2019. The loan is guaranteed by SZ Highpower and our Chief Executive Officer, Dang Yu Pan. The used facility was \$5,006,054 as of March 31, 2018 which was used for bank acceptance.

The following constitute events of default under the loan contract: any information provided by or representation or warranty made by SZ Springpower proves to have been untrue, inaccurate, incomplete or misleading; a deterioration or obvious weakening of SZ Springpower's credit standing or ability to repay the loan; a cross default under certain agreements involving SZ Springpower or a guarantor, or their affiliated related parties; SZ Springpower's violation of any obligations in an affiliated specific credit line contract; SZ Springpower's failure to timely repay the principal, interest and fees under the contract and any specific contract; SZ Springpower's suspension of payment, or failure or indication that it is unable to repay, the debt due; SZ Springpower's termination of its business, liquidation, bankruptcy, dissolution, or revocation or cancellation of its business permit; SZ Springpower's involvement in a major business dispute or deteriorated financial situation; or the emergence of any other situation that endangers, damage, or may endanger, damage the bank's rights and benefits.

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

## Item 6. Exhibits

Exhibit Number	Description of Document
<a href="#"><u>10.1</u></a>	<a href="#"><u>Working Capital Loan Contract dated March 19, 2018, between Shenzhen Highpower Technology Co., Ltd and Industrial and Commercial Bank of China Ltd. Shenzhen Henggang Branch (translated to English).</u></a>
<a href="#"><u>10.2</u></a>	<a href="#"><u>Working Capital Loan Contract dated January 23, 2018, between Springpower Technology (Shenzhen) Co., Ltd. and Industrial and Commercial Bank of China Ltd. Shenzhen Henggang Branch (translated to English).</u></a>
<a href="#"><u>10.3</u></a>	<a href="#"><u>Working Capital Loan Contract dated January 24, 2018, between Shenzhen Highpower Technology Co., Ltd and Bank of China, Buji Sub-branch (translated to English).</u></a>
<a href="#"><u>10.4</u></a>	<a href="#"><u>Working Capital Loan Contract dated March 15, 2018, between Shenzhen Highpower Technology Co., Ltd and Bank of China, Buji Sub-branch (translated to English).</u></a>
<a href="#"><u>10.5</u></a>	<a href="#"><u>Working Capital Loan Contract dated March 7, 2018, between Springpower Technology (Shenzhen) Co., Ltd. and Bank of China, Buji Sub-branch (translated to English).</u></a>
<a href="#"><u>10.6</u></a>	<a href="#"><u>Comprehensive Credit Contract dated January 24, 2018, between Shenzhen Highpower Technology Co., Ltd and China Everbright Bank Shenzhen branch (translated to English).</u></a>
<a href="#"><u>10.6(a)</u></a>	<a href="#"><u>Guaranteed Maximum Contract dated January 24, 2018, between Springpower Technology (Shenzhen) Co., Ltd. and China Everbright Bank Co., Ltd, Shenzhen Branch (translated to English).</u></a>
<a href="#"><u>10.6(b)</u></a>	<a href="#"><u>Guaranteed Maximum Contract dated January 24, 2018, between Huizhou Highpower Technology Co., Ltd and China Everbright Bank Co., Ltd, Shenzhen Branch (translated to English).</u></a>
<a href="#"><u>10.6(c)</u></a>	<a href="#"><u>Guaranteed Maximum Contract dated January 24, 2018, between Icon Energy systems (Shenzhen) Co., Ltd. and China Everbright Bank Co., Ltd, Shenzhen Branch (translated to English).</u></a>
<a href="#"><u>10.6(d)</u></a>	<a href="#"><u>Guaranteed Maximum Contract dated January 24, 2018, between Pan Dangyu and China Everbright Bank Co., Ltd, Shenzhen Branch (translated to English).</u></a>
<a href="#"><u>10.6(e)</u></a>	<a href="#"><u>Guaranteed Maximum Contract dated January 24, 2018, between Yin Zhoutao and China Everbright Bank Co., Ltd, Shenzhen Branch (translated to English).</u></a>
<a href="#"><u>10.7</u></a>	<a href="#"><u>Comprehensive Credit Contract dated January 24, 2018, between Springpower Technology (Shenzhen) Co., Ltd and China Everbright Bank Shenzhen branch (translated to English).</u></a>
<a href="#"><u>10.7(a)</u></a>	<a href="#"><u>Guaranteed Maximum Contract dated January 24, 2018, between Shenzhen Highpower Technology Co., Ltd. and China Everbright Bank Co., Ltd, Shenzhen Branch (translated to English).</u></a>
<a href="#"><u>10.7(b)</u></a>	<a href="#"><u>Guaranteed Maximum Contract dated January 24, 2018, between Huizhou Highpower Technology Co., Ltd and China Everbright Bank Co., Ltd, Shenzhen Branch (translated to English).</u></a>
<a href="#"><u>10.7(c)</u></a>	<a href="#"><u>Guaranteed Maximum Contract dated January 24, 2018, between Icon Energy systems (Shenzhen) Co., Ltd. and China Everbright Bank Co., Ltd, Shenzhen Branch (translated to English).</u></a>
<a href="#"><u>10.7(d)</u></a>	<a href="#"><u>Guaranteed Maximum Contract dated January 24, 2018, between Pan Dangyu and China Everbright Bank Co., Ltd, Shenzhen Branch (translated to English).</u></a>
<a href="#"><u>10.7(e)</u></a>	<a href="#"><u>Guaranteed Maximum Contract dated January 24, 2018, between Yin Zhoutao and China Everbright Bank Co., Ltd, Shenzhen Branch (translated to English).</u></a>
<a href="#"><u>10.8</u></a>	<a href="#"><u>Basic Credit Line Contract dated March 15, 2018, between Springpower Technology (Shenzhen) Co., Ltd. and Industrial Bank Co., Ltd., Shenzhen Longgang Branch (translated to English).</u></a>
<a href="#"><u>10.8(a)</u></a>	<a href="#"><u>Maximum Amount Guaranty Contract dated March 15, 2018, between Shenzhen Highpower Technology Co., Ltd. and Industrial Bank Co., Ltd., Shenzhen Longgang Branch (translated to English).</u></a>
<a href="#"><u>10.8(b)</u></a>	<a href="#"><u>Maximum Amount Guaranty Contract dated March 15, 2018, between Dangyu Pan and Industrial Bank Co., Ltd., Shenzhen Longgang Branch (translated to English).</u></a>
<a href="#"><u>31.1</u></a>	<a href="#"><u>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.</u></a>
<a href="#"><u>31.2</u></a>	<a href="#"><u>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.</u></a>

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 11, 2018

By: /s/ Dang Yu Pan  
Dang Yu Pan

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

By: /s/ Sunny Pan  
Sunny Pan

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

## Working Capital Loan Contract

Number :0400000928-2018nian(Henggang) No. 00016

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

**The lender:** Industrial and Commercial Bank of China Ltd. Shenzhen Henggang Branch  
Person in charge: Duoping Yang  
Residence (address): \*\*\*  
Zip Code: 518115

**Borrower:** Shenzhen Highpower Technology CO., LTD.  
Legal representative: Dangyu Pan Contact: Sun Xun Tel:\*\*\*  
Residence (address): Building A2, shanxia luoshan Industrial Zone, pinghu town, longgang District, shenzhen  
Zip Code: 518000  
Tel: 0755 -89686236 Fax: 0755-89686819 E-mail: /

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

**The first part Basic Provisions****Article 1 the use of the loan**

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

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

**Article 2 the loan amount and duration**

2.1 The amount under this contract is RMB10,000,000.00 (RMB TEN MILLION ONLY)

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

**Article 3 rate, interest and cost****3.1 to determine the RMB loan interest rates**

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

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

(2) Floating interest rates. Interest rate shall be determined by base rate plus floating rate. Base rate is the corresponding base lending rate announced by the People's Bank of China on the effective date of the contract with underlying term the same as in section 2.2. The floating rate is up **31% of the base rate**, and shall not change within the loan period. After withdrawal, the interest rates shall be adjusted every **3 months**. The date to determine the second period's interest rate is the corresponding date when the first period ends. If the corresponding date does not exist, then choose the last day of that month. Interest rate of each withdrawals shall be adjusted according to .

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

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

(3) Floating interest rates. Interest rate shall be determined by base rate plus floating rate. Base rate is up to % of national interbank lending rates, and the rate cannot change during the period.

### **3.2 to determine the foreign exchange loan interest rates**

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

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

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

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

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

(3) Other: /

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

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

#### **Article 4 withdrawal(This section does not apply to loan cycles)**

4.1 Funds should be withdrawn based on the actual needs, the borrower can make single or multiple withdrawals to the loan amount limit before 15<sup>th</sup> Jun 2018.

4.2 If the borrower does not withdraw according to the contract, the lender has the right to cancel all or part of the remaining unused balance.

#### **Article 5 repayment**

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

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

**Article 6 cycle loan special agreement** not applicable.

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### **Article 7 guarantees**

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

Maximum amount of guarantee contract name: "the maximum guaranteed contract" (ID: ICBC 0400000928-2015henggangbaozi 0009)

Guarantor: Hong Kong Highpower Technology Co., Ltd.

Maximum amount of guarantee contract name: "the maximum guaranteed contract" (ID: ICBC 0400000928-2015henggangbaozi 0010)

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

Maximum amount of guarantee contract name: "the maximum guaranteed contract" (ID: ICBC 0400000928-2015henggangbaozi 0011)

Guarantor: Dangyu Pan

**Article 8 financial agreement** not applicable

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### **Article 9 dispute resolution**

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

### **Article 10 other**

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

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

Annex 1: Notice of Withdrawal(Format)

Annex 2: commission payment protocol

### **Article 11 other matters agreed by the parties**

Article 11 Other provisions agreed by both parties

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## **The second part Specific Provisions**

### **Article 1 rate and interest**

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

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

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

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

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

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

## **Article 2 loan withdrawal and release**

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

- (1) Except loans on credit, the Borrower has provided appropriate guarantee according to the Lender's requirements, and related guarantee procedures are completed;
- (2) No breaches occurred under this contract or other contracts signed by the Borrower and the Lender.;
- (3) Evidence of use of funds provided by the borrower conforms to the agreed use of funds;
- (4) Provide any other materials needed by the lender.

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

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

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

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

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

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### **Article 3 repayment**

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

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

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

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

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

### **Article 4 cycle loan (not applicable)**

### **Article 5 guarantee**

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

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

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

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

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

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

### **Article 6 account management**

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

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

#### **Article 7 representations and warranties**

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

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

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

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

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

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

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

7.7 The borrower has not concealed to the lender any litigation, arbitration or claim involved.

#### **Article 8 borrower commitment**

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

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

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

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

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

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

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

- (1) The change on articles of incorporation, business scope, registered capital, the legal representative;
- (2) Out of business, dissolution, liquidation, business for rectification, revocation of business license is revoked or application (by application) bankruptcy;
- (3) Or may be involved in major economic disputes, litigation, arbitration, or the property was legally seized, detained or regulation;
- (4) Shareholders, directors and senior management is currently involved in serious cases or economic disputes.

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

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

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

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

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

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

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

#### **Article 9 lender commitment**

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

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

#### **Article 10 breach of contract**

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

- (1)The borrower fails to repay principal, interest, and other payables in accordance with the provisions specified in this contract, or fails to fulfill any other obligations in this contract, or contrary to the statements, guarantee and commitments in this contract;
  - (2)The guarantees in this contract have adversely changed to the Lender's loan, and the Borrower is not available to provide other guarantees approved by the lender;
  - (3) Fail to pay off any other debts due by the Borrower, or fails to fulfill or breach other obligations in this contract, or likely to affect the performance of the obligations in this contract;
  - (4) The financial performance of the profitability, debt payment ability, operating capacity and cash flow of the Borrower exceed the agreed standards, or deterioration has been or may affect the obligations in this contract;
  - (5) The Borrower's ownership structure, operation, external investment has changed adversely, which have affected or may affect the fulfillment of the obligations in this contract;
  - (6) Borrower involves or may involve significant economic disputes, litigation, arbitration, or asset seizure, detention or enforcement, or judicial or administrative authorities for investigation or take disciplinary measures in accordance with the laws, or illegal with relevant state regulations or policies in accordance with the laws, or exposure by media, which have affected or may affect the fulfillment of the obligations in this contract;
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(7) The borrower's principal individual investors, key management officer's change, disappearances or restriction of personal liberty, likely to affect the performance of the obligations in this contract;

(8) The borrower using false contracts with related parties, using no actual transaction to extract the lender's funds or credit, or evasion of lender's loan right through related party transactions;

(9) Borrowers have been or may be out of business, dissolution, liquidation, business reorganizations, business license has been revoked or bankruptcy;

(10) Borrowers breaches food safety, production safety, environmental protection and other environmental and social risk management related laws and regulations, regulatory requirements or industry standards, resulting in accidents, major environmental and social risk events, likely to affect the performance of the obligations in this contract;

(11) In this contract, the borrowing is paid by credit, the borrower's credit rating, level of profitability, asset-liability ratio, net cash flow of operating and other indicators do not meet the credit conditions of the lender; or without the lender's written contract, pledges guarantee or provides assurance guarantees to other party, likely to affect the performance of the obligations in this contract;

(12) Other adverse situations may affect in the realization of loan right in this contract.

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

(1) Require the borrower to remedy the default within a certain time limit

(2) Terminate other financing funds in other contract issued to the borrower by the lender, cancel part or all of undrawn borrowings and other financing amount of borrower;

(3) Announce the outstanding loan and other financing amount between the lender and the borrower in this contract, and take back the outstanding amounts;

(4) Requires the borrower to compensate the loss of the lender caused by the breach of contract;

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

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

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

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

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

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

#### **Article 11 deduction**

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

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

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

#### **Article 12 transfer of rights and obligations**

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

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

#### **Article 13 Effect, Change and Terminate of This Contract**

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

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

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

#### **Article 14 law and dispute resolution**

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

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**Article 15** confirmation of address for Litigation/arbitration

15.1 The Lender and the Borrower confirm the mailing address and method indicated in the first page of this Contract as the Borrower's effective address and method for service of Litigation/arbitration (including but not limited to summons, notice of trial, written judgment, order, mediation agreement and notice for performance within a time limit, etc.).

15.2 the borrower agree to arbitration or court use this contract page written arbitration/litigation document to fax, E-mail, except written judgments or orders and conciliation statements.

15.3 the service agreement shall apply to the procedures of arbitration and litigation in the first instance, second instance and retrial and implementation stages. To the above address of service agency or court of arbitration for delivery can be directly by mail.

15.4 The Borrower ensures that the address for service given above is accurate and effective. In case of change of the address for service given above, the Borrower ensures to notify the Lender in written form in time, or the service given according to the address given above shall remain effective and the Borrower shall bear all legal consequences arising therefrom.

**Article 16 complete contract**

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

**Article 17 notice**

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

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

**Article 18 Special provisions for value-added tax**

18.1 The costs/interest and expenses (to be determined pursuant to the specific contract) that the Borrower pay the Lender under this Contract shall be a tax-included price.

18.2 If the Borrower requests the Lender to issue a value-added tax invoice, the Borrower shall register information with the Lender. The information registered shall include full name of the Borrower, identification number or social credit code of the taxpayer, address, telephone number, opening bank and account number. The Borrower shall ensure that the relevant information provided for the Lender is accurate, correct and complete. The Borrower shall, according to the Lender's requirements, provide relevant supporting materials. The specific requirements shall be announced by the Lender through website notice or website announcement.

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18.3 If the Borrower collects a value-added tax invoice itself, the Borrower shall provide the Lender with a power of attorney sealed, designate a person for collecting and define the identification card number of the person. The person designated shall take the original of his identification card for collecting the value-added tax invoice. In case of change of the person designated for collecting, the Borrower shall issue to the Lender a new power of attorney sealed. In the event that the Borrower selects to collect the value-added tax invoice by post, the Borrower shall also provide the correct mailing information for service. In case of change of the mailing information, the Borrower shall notify the Lender timely in written form.

18.4 If the Lender is unable to issue a value-added tax invoice timely due to force majeure, such as natural disaster, government act and social exceptional events, or due to causes attributable to tax authorities, the Lender shall have the right to postpone issue of a value-added tax invoice, without bearing any liability.

18.5 If the Borrower is unable to receive a relevant copy of the value-added tax invoice due to causes not attributable to the Lender, such as loss, damage or delay of the invoice after the Borrower collects or the Lender submits to a third party to post the invoice, or if the Borrower is unable to make deduction due to delay of the value-added tax invoice, the Lender shall not bear liability of compensation for the Borrower's relevant economic losses.

18.6 Should a special red-letter invoice of value-added tax be issued resulting from sales return, suspension of taxable service or wrong information of invoice, or authentication failure of deduction copy and invoice copy, where the Lender should submit an Information Table for Issuing a Special Red-Letter Invoice of Value-Added Tax to a tax authority in accordance with relevant laws, regulations and policy documents, the Borrower shall submit an Information Table for Issuing a Special Red-Letter Invoice of Value-Added Tax to the tax authority, and the Lender shall issue a special red-letter invoice of value-added tax after the tax authority makes review and notifies the Lender.

18.7 In case of adjustment of the national tax rate during the execution period of this Contract, the Lender shall have the right to adjust the price agreed herein according to the change of the national tax rate.

#### Article 19 Miscellaneous

19.1 No failure to exercise or partially exercise or delay in exercising any right hereunder by the Lender shall be deemed as a waiver or change of this right or any other right or affect the Lender to further exercise this right or other rights.

19.2 The invalidity or enforceability of any provision of the Contract shall neither affect the validity or enforceability of any other provision hereof nor affect the validity of the entire Contract.

19.3 According to the provisions of relevant laws and regulations or the requirements of the financial regulatory institutions, the Lender shall have the right to provide the information related to this Contract and the Borrower's other relevant information for the credit consulting system of the People's Bank of China and other credit information database established by law, for the eligible institutions or individuals for consultation and use. For the purpose of conclusion and performance of this Contract, the Lender shall also have the right to inquire the Borrower's relevant information through the credit consulting system of the People's Bank of China and other credit information database established by law.

19.4 The terms of "the affiliated parties", "the relationship between affiliated parties", "the affiliated party transaction", "the main individual investor" and "the key managerial personnel" stated in the Contract shall have the same meanings as those defined in the Accounting Standards for Enterprises No. 36 - Disclosure of Affiliated Parties (Finance and Accounting (2006) No. 3) issued by the Ministry of Finance and future amendment thereto.

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19.5 The term “environmental and social risk” means the danger and relevant risk which are likely to cause by the Borrower and its affiliated party during construction, production and operation activities, including the environmental and social problems related to energy consumption, pollution, land, health, safety, resettlement of inhabitants, ecological protection and climate change.

19.6 The documents and vouchers for the loan hereunder made and kept by the Lender according to its business rules shall constitute effective evidences of proving the claim and debt relationship between the Borrower and the Lender and shall be binding upon the Borrower.

19.7 In this Contract, (1) this Contract referred to herein shall include any amendment or supplementation to this Contract; (2) the headings to the articles hereof are for ease of reference only, and in no event shall the substance of any paragraph be interpreted and the contents and scope be restricted by such headings; (3) if the date of withdrawal or repayment is not a banking day, it shall be extended to the next banking day.

Both parties confirm: the Borrower and the Lender have made full consultation on all terms and conditions of this Contract. The Lender has reminded the Borrower to pay special attention to the provisions for the rights and obligations of both parties and have overall and correct understanding of these provisions. At the Borrower’s request, the Lender has interpreted and explained relevant provisions. The Borrower has carefully read and fully understood of all terms and conditions of this Contract (including Part 1 Basic Provisions and Part 2 Specific Provisions). Both the Borrower and the Lender have completely consistent understanding of all terms and conditions of this Contract and have no objection to the contents of this Contract.

Lender (Seal):

Person in Charge/Authorized Agent: (Seal)

Borrower (Seal):

Legal Representative/Authorized Agent: (Seal)

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## Working Capital Loan Contract

Number :0400000928-2018nian(Henggang) No. 00002

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

**The lender:** Industrial and Commercial Bank of China Ltd. Shenzhen Henggang Branch  
Person in charge: Duoping Yang Residence (address): \*\*\*  
Zip Code: 518115

**Borrower:** Springpower Technology (Shenzhen) Co., Ltd.  
Legal representative: Dangyu Pan Contact: Sun Xun  
Residence (address): Factory A, Chaoshun Industrial Zone, Renmin Road, Fumin Residential Area, Guanlan, BaoAn District,  
Zip Code: 518000  
Tel: 0755 -89686236 Fax: 0755-89686819 E-mail: /

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

**The first part Basic Provisions****Article 1 the use of the loan**

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

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

**Article 2 the loan amount and duration**

2.1 The amount under this contract is RMB10,000,000.00 (RMB TEN MILLION ONLY)

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

**Article 3 rate, interest and cost****3.1 to determine the RMB loan interest rates**

RMB loan interest rates shall be determined according to the following **(3)**

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

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

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

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

(3) Floating interest rates. Interest rate shall be determined by base rate plus floating rate. Base rate is up 0.92% of national interbank lending rates, and the rate cannot change during the period.

### **3.2 to determine the foreign exchange loan interest rates**

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

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

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

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

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

(3) Other: /

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

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

#### **Article 4 withdrawal(This section does not apply to loan cycles)**

4.1 Funds should be withdrawn based on the actual needs, the borrower can make single or multiple withdrawals to the loan amount limit before 11<sup>th</sup> Jan 2019.

4.2 If the borrower does not withdraw according to the contract, the lender has the right to cancel all or part of the remaining unused balance.

#### **Article 5 repayment**

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

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

**Article 6 cycle loan special agreement** not applicable.

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**Article 7 guarantees**

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

Maximum amount of guarantee contract name: "the maximum guaranteed contract" (ID: ICBC 0400000928-2015henggangbaozi 0014)

Guarantor: Huizhou Highpower Technology Co., Ltd.

Maximum amount of guarantee contract name: "the maximum guaranteed contract" (ID: ICBC 0400000928-2015henggangbaozi 0013)

Guarantor: Hong Kong Highpower Technology Co., Ltd.

Maximum amount of guarantee contract name: "the maximum guaranteed contract" (ID: ICBC 0400000928-2015henggangbaozi 0012)

Guarantor: Dangyu Pan

Maximum amount of guarantee contract name: "the maximum Collateral contract" (ID: ICBC 0400000928-2016henggangdizi 0024)

Guarantor: Shenzhen highpower technology Co., Ltd.

**Article 8 financial agreement** not applicable

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**Article 9 dispute resolution**

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

**Article 10 other**

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

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

Annex 1: Notice of Withdrawal

Annex 2: commission payment protocol

**Article 11 other matters agreed by the partie**

Article 11 Other provisions agreed by both parties

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## **The second part Specific Provisions**

### **Article 1 rate and interest**

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

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

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

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

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

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

### **Article 2 loan withdrawal and release**

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

- (1) Except loans on credit, the Borrower has provided appropriate guarantee according to the Lender's requirements, and related guarantee procedures are completed;
- (2) No breaches occurred under this contract or other contracts signed by the Borrower and the Lender.;
- (3) Evidence of use of funds provided by the borrower conforms to the agreed use of funds;
- (4) Provide any other materials needed by the lender.

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

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

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

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

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

### **Article 3 repayment**

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

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

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

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

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

### **Article 4 cycle loan (not applicable)**

### **Article 5 guarantee**

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

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

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

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

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

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

#### **Article 6 account management**

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

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

#### **Article 7 representations and warranties**

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

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

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

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

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

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

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

#### **Article 8 borrower commitment**

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

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

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

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

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

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

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

- (1) The change on articles of incorporation, business scope, registered capital, the legal representative;
- (2) Out of business, dissolution, liquidation, business for rectification, revocation of business license is revoked or application (by application) bankruptcy;
- (3) Or may be involved in major economic disputes, litigation, arbitration, or the property was legally seized, detained or regulation;
- (4) Shareholders, directors and senior management is currently involved in serious cases or economic disputes.

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

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

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

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

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

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

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

#### **Article 9 lender commitment**

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

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

#### **Article 10 breach of contract**

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

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

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

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

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

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

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

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

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

#### **Article 11 deduction**

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

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

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

#### **Article 12 transfer of rights and obligations**

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

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

#### **Article 13 Effect, Change and Terminate of This Contract**

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

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

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

#### **Article 14 law and dispute resolution**

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

#### **Article 15 confirmation of address for Litigation/arbitration**

15.1 The Lender and the Borrower confirm the mailing address and method indicated in the first page of this Contract as the Borrower's effective address and method for service of Litigation/arbitration (including but not limited to summons, notice of trial, written judgment, order, mediation agreement and notice for performance within a time limit, etc.).

15.2 the borrower agree to arbitration or court use this contract page written arbitration/litigation document to fax, E-mail, except written judgments or orders and conciliation statements.

15.3 the service agreement shall apply to the procedures of arbitration and litigation in the first instance, second instance and retrial and implementation stages. To the above address of service agency or court of arbitration for delivery can be directly by mail.

15.4 The Borrower ensures that the address for service given above is accurate and effective. In case of change of the address for service given above, the Borrower ensures to notify the Lender in written form in time, or the service given according to the address given above shall remain effective and the Borrower shall bear all legal consequences arising therefrom.

#### **Article 16 complete contract**

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

#### **Article 17 notice**

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

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

#### **Article 18 Special provisions for value-added tax**

18.1 The costs/interest and expenses (to be determined pursuant to the specific contract) that the Borrower pay the Lender under this Contract shall be a tax-included price.

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18.2 If the Borrower requests the Lender to issue a value-added tax invoice, the Borrower shall register information with the Lender. The information registered shall include full name of the Borrower, identification number or social credit code of the taxpayer, address, telephone number, opening bank and account number. The Borrower shall ensure that the relevant information provided for the Lender is accurate, correct and complete. The Borrower shall, according to the Lender's requirements, provide relevant supporting materials. The specific requirements shall be announced by the Lender through website notice or website announcement.

18.3 If the Borrower collects a value-added tax invoice itself, the Borrower shall provide the Lender with a power of attorney sealed, designate a person for collecting and define the identification card number of the person. The person designated shall take the original of his identification card for collecting the value-added tax invoice. In case of change of the person designated for collecting, the Borrower shall issue to the Lender a new power of attorney sealed. In the event that the Borrower selects to collect the value-added tax invoice by post, the Borrower shall also provide the correct mailing information for service. In case of change of the mailing information, the Borrower shall notify the Lender timely in written form.

18.4 If the Lender is unable to issue a value-added tax invoice timely due to force majeure, such as natural disaster, government act and social exceptional events, or due to causes attributable to tax authorities, the Lender shall have the right to postpone issue of a value-added tax invoice, without bearing any liability.

18.5 If the Borrower is unable to receive a relevant copy of the value-added tax invoice due to causes not attributable to the Lender, such as loss, damage or delay of the invoice after the Borrower collects or the Lender submits to a third party to post the invoice, or if the Borrower is unable to make deduction due to delay of the value-added tax invoice, the Lender shall not bear liability of compensation for the Borrower's relevant economic losses.

18.6 Should a special red-letter invoice of value-added tax be issued resulting from sales return, suspension of taxable service or wrong information of invoice, or authentication failure of deduction copy and invoice copy, where the Lender should submit an Information Table for Issuing a Special Red-Letter Invoice of Value-Added Tax to a tax authority in accordance with relevant laws, regulations and policy documents, the Borrower shall submit an Information Table for Issuing a Special Red-Letter Invoice of Value-Added Tax to the tax authority, and the Lender shall issue a special red-letter invoice of value-added tax after the tax authority makes review and notifies the Lender.

18.7 In case of adjustment of the national tax rate during the execution period of this Contract, the Lender shall have the right to adjust the price agreed herein according to the change of the national tax rate.

#### Article 19 Miscellaneous

19.1 No failure to exercise or partially exercise or delay in exercising any right hereunder by the Lender shall be deemed as a waiver or change of this right or any other right or affect the Lender to further exercise this right or other rights.

19.2 The invalidity or enforceability of any provision of the Contract shall neither affect the validity or enforceability of any other provision hereof nor affect the validity of the entire Contract.

19.3 According to the provisions of relevant laws and regulations or the requirements of the financial regulatory institutions, the Lender shall have the right to provide the information related to this Contract and the Borrower's other relevant information for the credit consulting system of the People's Bank of China and other credit information database established by law, for the eligible institutions or individuals for consultation and use. For the purpose of conclusion and performance of this Contract, the Lender shall also have the right to inquire the Borrower's relevant information through the credit consulting system of the People's Bank of China and other credit information database established by law.

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19.4 The terms of “the affiliated parties”, “the relationship between affiliated parties”, “the affiliated party transaction”, “the main individual investor” and “the key managerial personnel” stated in the Contract shall have the same meanings as those defined in the Accounting Standards for Enterprises No. 36 - Disclosure of Affiliated Parties (Finance and Accounting (2006) No. 3) issued by the Ministry of Finance and future amendment thereto.

19.5 The term “environmental and social risk” means the danger and relevant risk which are likely to cause by the Borrower and its affiliated party during construction, production and operation activities, including the environmental and social problems related to energy consumption, pollution, land, health, safety, resettlement of inhabitants, ecological protection and climate change.

19.6 The documents and vouchers for the loan hereunder made and kept by the Lender according to its business rules shall constitute effective evidences of proving the claim and debt relationship between the Borrower and the Lender and shall be binding upon the Borrower.

19.7 In this Contract, (1) this Contract referred to herein shall include any amendment or supplementation to this Contract; (2) the headings to the articles hereof are for ease of reference only, and in no event shall the substance of any paragraph be interpreted and the contents and scope be restricted by such headings; (3) if the date of withdrawal or repayment is not a banking day, it shall be extended to the next banking day.

Both parties confirm: the Borrower and the Lender have made full consultation on all terms and conditions of this Contract. The Lender has reminded the Borrower to pay special attention to the provisions for the rights and obligations of both parties and have overall and correct understanding of these provisions. At the Borrower’s request, the Lender has interpreted and explained relevant provisions. The Borrower has carefully read and fully understood of all terms and conditions of this Contract (including Part 1 Basic Provisions and Part 2 Specific Provisions). Both the Borrower and the Lender have completely consistent understanding of all terms and conditions of this Contract and have no objection to the contents of this Contract.

Lender (Seal): Industrial and Commercial Bank of China Limited Shenzhen Henggang Sub-branch  
Person in Charge/Authorized Agent: Yang Duoping (Seal)

Borrower (Seal): Springpower Technology (Shenzhen) Co., Ltd.  
Legal Representative/Authorized Agent: Pan Dangyu (Seal)

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**Working Capital Loan Contract**

Reference No. : 2018nianzhengzhongyinyinbujiezi No.0007

Party A: Shenzhen Highpower Technology Co., Ltd  
Business License: 914403007432179488  
Legal Representative: Dangyu Pan  
Address: Building 1, 68 Xinxia Street, Pinghu, Longgang, Shenzhen;  
Postal code: 518000  
Deposit A/C and financial institutions: Bank of China, Pinghu Sub-branch, Shenzhen, 744557938816  
Telephone: 0755-89686236; Facsimile: 0755-89686298

Party B: Bank of China, Buji Sub-branch.  
Legal Representative: ZHENG XIAOCHUAN  
Address: 108, Buji Road, Buji Town, Longgang District, Shenzhen; Postal code: 518000  
Telephone: 0755-22334749; Facsimile: 0755-28850638

Borrowers and lenders through equal consultation, the lender to the borrower liquidity loan agreement and conclude the contract. This contract is the affiliated specific credit contract under the "Comprehensive Credit Line Contract" (Reference No.: 2016zhengzhongyinyinbuxiezi No. 0000444), which is signed by Shenzhen Highpower Technology Co., Ltd and Bank of China, Buji Sub-branch.

**Clause 1 Amount**

Party B agrees to provide the following loan:  
Currency in: RMB  
Amount: RMB Ten million only  
RMB 10,000,000.00

**Clause 2 Period**

The period of the loan is 12 months starting from the first withdrawal date in part or in whole. It is Party A's obligation to withdraw funds on the date as agreed. Any late withdrawal will not result in delay/extension of repayment.

**Clause 3 Use of loan**

Purpose of loan: Purchase of raw materials

Party A is prohibited from changing the use of loan without Party B's written approval. The restrictions include but are not limited to changing the use of loan to fixed assets or equity investments, as well as production activities prohibited by the central governments.

**Clause 4 lending rate and interest calculations**

1. Lending rate is floating rate, which is reset every 12 months starting from the first withdrawal date. The rate resetting date is the first day of each floating period.

For each withdrawal in installments:

**■ RMB floating rate**

A. First withdrawal (during the first floating period) interest rate is the twelve-month benchmark lending interest rate, set by Interbank rates, plus 179;

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B. On the interest resetting date, the new interest rate is the spot one-year lending interest rate, benchmarked by Interbank rates, plus 179 on all outstanding loan amounts.

## 2. Interest calculation

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

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

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

## 3. The method of interest settlement

Interest settlement takes place on the 20th of each month, the 21st is the interest payment date.

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

## 4. Penalty interest

(1) For the loan overdue or violated use the loan purpose, penalty interest rate will apply to the loan amount that is overdue or misappropriated from the date of overdue or misappropriation until the principal and interest are paid off.

On both overdue and misappropriation of loans, a higher penalty interest rate shall be charged.

(2) If the borrower does not pay interest and/or penalty interest by the interest payment date, the interest is calculated based on Clause 3 and 4.

### (3) Penalty rate

#### ■ The penalty interest rate on floating-rate loans

According to the floating period and the method of floating as agreed in Clause 1, the penalty interest rate of the overdue loan shall be the agreed interest rate plus 50%, and the penalty interest rate of the misappropriated loan shall be the agreed interest rate plus 100%;

## Clause 5 Withdrawal Conditions

Withdrawal must meet the following conditions:

1. This contract and its attachments have become effective.
2. Party A has provided guarantees requested by Party B, and the guarantee contract has become effective and has accomplished legal procedures of approval and registration.
3. Party A has provided Party B with loan documents, seals, personnel list, specimen signature, and complete the relevant evidence.
4. Party A has opened the account for fulfilling this contract requested by Party B.
5. Party A should submit written withdrawal application, documentary proof for using of loans and complete the relevant formalities for withdrawal before 5 banking days.
6. Party A has submitted resolution books and power of attorney signed by the board or other authorities to Party B.

Withdrawal can be refused by Party B if Party A has not met the above conditions, but agreed by Party B.

## Clause 6 Date and method of withdrawal

1. All loans should be withdrawn in 30 days from 1<sup>th</sup> Feb 2018.
  2. Party B has the right to refuse the withdrawal application of unused loan which is over the date of withdrawal.
-

## Clause 7 Payment of the loan

### 1. The account

The loan should be granted and paid through the account opened by Party A:

Account Name: Shenzhen Highpower Technology Co., Ltd.

Account number: 744557938816

### 2. The way of payment

(1) The way of payment should be in accordance with laws and regulations, regulatory requirements and the contract. The way of single payment of the Loan should be approved in written withdrawal application. Party B has the right to change the way of payment or stop providing the loan if the way of payment in the application doesn't meet the requirement.

(3) Borrower makes the payment on its own.

(4) The change of payment. The way of payment should be changed when the payment, credit rating or other conditions of Party A has changed after submitting withdrawal application. Party A should provide the written change application, should resubmit the withdrawal application and documentary proof for using of loans if the sum, payment object or the use of loans has changed.

### 3. The specific requirements of entrusted payment

(1) Entrusted payment. Party B pay to the specified account directly which is written in this contract, including the name of account, account number and the sum of payment.

(2) To provide the transaction information. Party A should provide the account of loans, the account information of counterparty and relevant documents when entrusted payment. All document provided to Party B should be true, integral and effective, or Party B does not assume any responsibility for failed transaction, and occurred repayment obligations do not be affected.

(3) Party B's obligations under the entrusted payment

A. Party B pay to the specified account after examination and approval of Party A's commission books and other related transaction information when entrusted payment.

B. If Party B found that the proof materials and other related trading purposes material provided by Party A does not comply with this contract or the presence of other defects, Party B has the right to require Party A to supplement, replace, description or re-submit the relevant materials. Before these materials are submitted, Party B has the right to refuse the issuance and payment of the relevant amounts.

C. Party B will assume no responsibility and the generated obligations of Party A will be not affected if Party B cannot pay the loan to the counterparty in time in accordance with payment order of Party A because of the refund by opening bank of the counterparty. Party A hereby authorizes Party B to freeze the fund returned by opening bank of the counterparty. In this case, Party A shall resubmit the payment order and use proven materials and other related transaction materials.

(4) Party A shall not piecemeal way to circumvent the trustee to pay Party B.

5. Party B has right to redefine the terms of payment and loan disbursement or stop the loan if the following situations occurred:

(1) Party A violates the contract to circumvent entrusted payment of Party B by piecemeal way.

(2) Party A's credit status drops or main business profitability is not good.

(3) The use of loan is abnormal.

(4) Party A fails to provide the records and information of the loan requested by Party B timely.

(5) Party A contravenes this section to use the loan.

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## Clause 8 Repayment

1. Party A shall specify the following account as capital recovery account and provide the information of this account. Party B has the right to ask Party A to explain inflows and outflows of large-sum and abnormal capital, as well as monitor capital recovery account.

Account Name: Shenzhen Highpower Technology Co., Ltd.

Account number: 744557938816

2. Except otherwise agreed, on the expiry date, Party A must repay all the loans under this contract.

If Party A wants to change the plan of repayment, a written application confirmed in writing by both parties jointly should be submitted in 10 banking days before the loans maturity.

3. Unless otherwise agreed, Party A has the right to decide repayment order of the principal or interest. If there are several expiring loans or overdue loans which are repaid in installment way under this contract, Party B has the right to decide the liquidation sequence of a repayment. Party B has the right to decide the priority of the repayment order if multiple contracts expire at the same time.

4. Unless otherwise agreed, Party A can repay in advance, but Party A should notice Party B in written 15 banking days advance. The amount of the first advance payment used to repay the final maturity of the loan, in reverse order to repay the loans.

5. Party A must deposit funds in the following account three banking days advance of every expiring principle with interest. Party B has the right to take the funds from the account on the expiry date.

Account Name: Shenzhen Highpower Technology Co., Ltd.

Account number: 744557938816

## Clause 9 Guarantee

1. To ensure that borrowing under this agreement is repaid, the following guarantees shall be adopted:

1) This contract is the main contract of Guaranty Contract of Maximum Amount (NO: 2016ZHENZHONGYINBUBAOEZI00444A) signed by SPRINGPOWER TECHNOLOGY (SHENZHEN) CO., LTD. (Guarantor) and Party B. Guarantor provides the maximum amount guarantee.

2) This contract is the main contract of Guaranty Contract of Maximum Amount (NO: 2016ZHENZHONGYINBUBAOEZI00444B) signed by DAGNYU PAN (Guarantor) And Party B. Guarantor provides the maximum amount guarantee.

3) This contract is the main contract of Pledge Contract of Maximum Amount (NO: 2016ZHENZHONGYINBUDIEZI0044) signed by SHENZHEN HIGHPOWER TECHNOLOGY CO., LTD. And Party B.

2. Under certain circumstance, Party B believes that will affect the capacity for fulfilling the contract of Party A or Guarantor, or Guarantee Contracts are invalid, revoked or dissolved, or the financial position of Party A/Guarantor deteriorate or Party A/Guarantor involved in litigation issues, or other factors which might affect its repayment ability, or guarantors were found default in other contracts with Party B, or devaluation, dismiss or damage of collaterals which might cause the value of the collaterals slaked or losses, Party B reserves the right to request Party A and Party A has the obligation to add or replace the guarantor.

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## Clause 10 Statement and Commitment

### 1. Party A's statement:

- 1) Party A is legally register and exist with full capacity for civil rights and civil conduct;
- 2) Signing and performing the contract is the true will of Party A, Party A has been granted all legal and valid authorizations before signing the contract. The contract does not form a default for other contracts signed and performed by Party A and other legal documents. It is Party A's responsibility to complete all required approvals, registrations, permits and filings.
- 3) All document and information, financial statement, certificates and other materials provided by Party A to Party B are true, complete, accurate and effective.
- 4) All the transactions mentioned by Party A for apply specific credit line should be real and not for illegal purposes such as: money laundry.
- 5) No hidden events regarding Party A and guarantor's financial and repayment abilities.
- 6) Party A and the loan project reach the national environmental standards, not in the list of the enterprises which have problems of energy consumption and pollution, don't have the risk of energy consumption and pollution.

### 2. Party A's commitment:

- 1) Party A shall submit the financial statements and other relevant information regularly, including but not limited to annual, quarterly and monthly financial reports.
- 2) Any counter-guarantee agreement between the guarantors and Party A will not affect the Party B's underlying rights under this contract.
- 3) Cooperated in Party B's exam and inspection on the utilization of the loan as well as Party A's financials and operations.
- 4) Under circumstances Party A or Guarantor's capability of performing the contract might be affected, Party A should notify Party B in written in time. Those circumstances included but not limited to merger, division, decrease of capital, equity transfer, investment, a substantial increase of debt financing, a major asset and credit assignment.

Party A should notify Party B in time, when the following things occurred:

- A. changes of articles of association, the scope of business, registered capital and legal representative of Party A or Guarantor.
- B. Any form of management mode change, including joint operation, invest and cooperate with foreigners, contract management, reorganization, restructuring, listing plan.
- C. Party A is involved in major litigation or arbitration, or property or collateral is seized, detained or regulated, or set new guarantee in collateral.
- D. Out of business, dissolution, liquidation, suspend business for rectification, cancellation, revocation of the business license or (be) filed for bankruptcy.
- E. Shareholders, directors and senior management personnel suspected of serious cases or economic disputes.
- F. Default events in other contracts.
- G. Operating difficulties and financial situation has deteriorated.

(5) The repayment to Party B prior to shareholders, and is comparable to other creditors of the same kind debts.

Party A is prohibited to repay the loan to shareholders before paying off the principal and interests under the contract.

(6) If Party A fails to pay principal, interests and fees on time in the fiscal year, any form of dividends is forbidden.

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(7) Party A cannot dispose of assets to reduce its debt paying ability and promises the total amount of external guarantee is not 1 time higher than its net assets, and the total amount of external guarantee and the amount of single guarantee shall not exceed the limitation set by the articles of association.

(8) Except the use agreed in this contract or agreed by Party B, Party A is prohibited to transfer the loans to other accounts or related accounts.

Party A should provide documentary proof when the loan is transferred to other accounts or related accounts.

(9) Party B has the right to call the loan advanced according to the situation of capital return of Party A.

Clause 11 disclosure of the affiliated transaction inside Party A 's group

Party A is a Group customer confirmed by Party B according to the "Commercial Bank Group guidelines for customer credit risk management business"(hereinafter referred to as "guideline"). During the credit period, Party A shall promptly report to Party B about more than 10% of net assets associated with the transaction, including but not limited to: the parties to the transaction of the association; trading program and nature of the transaction; the amount of the transaction or the corresponding ratio; pricing policies (including no amount or only nominal amounts of transactions).

Under any of the following circumstances, Party B shall have the right to unilaterally decide to suspend the unused loan and recover part or all of the principal and interest of the loan in advance: use the false contracts which are signed with affiliated parties to discount or pledge at bank and to obtain bank funds or credit with notes receivable and accounts receivable without actual trade background; the occurrence of major mergers, acquisitions and reorganization which are considered by Party B may affect the loan safety; evasion or discarding of bank debts on purpose through affiliated transactions; other circumstances stipulated in article eighteenth of "guidelines".

Clause 12 Breach of Covenants

Each of the following events and issues constitute Party A in the event of default under the contract:

1. Party A did not perform the repayment obligation under this contract;
  2. Party A has not used the credit funds according to agreed purposes, or has not paid the loan by agreed way in this contract;
  3. Party A's statements in this contract are untrue or in violation with commitments made by Party A in this contract.
  4. Under the circumstance defined in 2.(4) of Clause 10, Party A refused to provide additional guarantee or replacement of a new guarantor.
  5. Deterioration of credit, or profitability, debt paying ability, operating ability, cash flow and other financial indicators of Party A deteriorate, breaking the contract index constraint agreed or other financial covenants.
  6. Party A breaches other contracts signed with Party B or other affiliated institutions of Bank of China.
  7. Guarantors breach contracts, or have default events with Party B or other affiliated institutions of Bank of China.
  8. The termination of business or dissolution, revocation or bankruptcy of Party A.
  9. Party A is or may be involved in major economic disputes, litigation, arbitration, or its assets were seized, detained or enforced, or investigated or punished by the judicial organ or taxation, industry and commerce administrative organs in accordance with the law, has been or may affect its ability to fulfill the obligations under this contract.
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10. Abnormal change, missing, legal restriction of personal liberty and investigation by judicial authorities of Party A's major individual investors, key management personnel, which have been or may affect Party A to fulfill the obligations under this contract.
11. Party B finds the problems which may affect the borrower or guarantor's financial situation and performance capabilities when reviewing Party A's financial condition and performance capabilities every year (every year from the effective date of the contract);
12. Party A cannot provide materials to Party B to explain large and abnormal capital inflow and outflow in the account.
13. Party A is in violation with other rights and obligations agreed in this contract.

When any of the above situations occurred, Party B will perform the following in separate or all at the same time according to the specific situation:

- 1) Require Party A or Guarantor to rectify defaults within a definite time.
- 2) Reduce completely or partly, pause or terminate Party A's Credit limit.
- 3) Pause or terminate completely or partly Party A's business applications in this contract or in other contracts between Party A and Party B specific credit line under this contract. Pause or terminate completely or partly, or cancel or stop offering, paying and settling the unissued loans and unsettled trade financing.
- 4) Announce the immediate expiration on all or part of the outstanding loans, principle and interest of trade financing and other accounts payable under this contract or other contracts between Party A and Party B.
- 5) Terminate or release this contract, terminate or release contracts between Party A and Party B completely or partly.
- 6) Require compensation from Party A on the losses caused by Party A to Party B.
- 7) Deduct the fund from Party A's deposit accounts to pay off the debts to Party B under this contract. All the undue funds in the accounts were considered as acceleration of maturity. If the currency in deposit account is different from the currency of Party B's loans, the exchange rate on the date of the hold in custody will be applied.
- 8) Real rights of pledge will be executed.
- 9) Require Guarantors assume liability of guaranty.
- 10) Other necessary or probable procedures on Party B's concern.

#### Clause 13 Rights reserved

One party does not perform part or all of the rights under this contract, nor does not require the other party to perform, undertake part or all of the obligations and responsibilities, which does not mean the abdication of the right or exemption of the obligation and responsibility.

Any tolerance, extension or delay from one party to another party for exercising of rights under this contract does not affect the rights one party enjoys according to this contract and laws and regulations, and does not mean the abdication of the right.

#### Clause 14 Changes, Modification, Termination

Upon negotiation and agreed by both parties, this contract can be changed and modified by written. Any of the changes and modifications should form the inseparable part of this contract.

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Unless otherwise provided for in any law or regulation or stipulated between the parties, this contract would not be terminated prior to all the rights and obligations are fulfilled.

Unless otherwise provided for in any law or regulation or stipulated between the parties, the invalidation of single terms under this contract should not affect the validation of other terms under this contract.

#### Clause 15 Applicable Law and Resolution for Dispute

1. This contract is applicable to the laws of People's Republic of China.

During the performance of this contract or in connection with all disputes relating to this contract, the two parties settled through friendly consultations. If negotiation cannot reach agreement, both parties can apply to the local people's court of Party A or other affiliated institutions of Bank of China.

#### Clause 16 Attachments

The Appendix hereof and the other appendix confirmed by both parties shall form an integral part of this contract, and shall be of legally equal effect with this contract.

1. Withdrawal application;

#### Clause 17 Other terms and conditions

1. Without Party B's written approval, Party A is not allowed to transfer the rights and obligations under this contract to the 3rd Parties.
  2. Party A should give the consent that Party B might somehow authorize other affiliated institution of Bank of China to perform the obligation. The performing party entitles all the rights and obligations under this contract, the performing party reserves the rights to appeal a resolution of dispute if necessary.
  3. The contract has equivalent restrictions to the successors or inherits of both parties.
  4. Unless otherwise agreed, the domicile addresses stated in this contract are for corresponding use; both parties should notify each other in writing about any changes of its domicile addresses.
  5. The transactions under the contract based on independent interests. According to relevant laws, regulations and regulatory requirements, other parties of the transaction constitutes a connected party or associated persons, any party shall not seek to use this relationship to affect the fair of transaction.
  6. The title and name of business in this contract is only for business purposes, will not be used for interpretation of the contract terms, the rights and obligations.
  7. In accordance with the provisions of the relevant laws and regulations, supervision, Party B has the right to provide the information of this contract and other relevant information to the credit system of the people's Bank of China and other legally established credit information database, for organizations or individuals who have the appropriate qualifications to query and use.
  8. If the drawdown date or the repayment date is in legal holidays, then it is delayed to the first working day after the holidays.
  9. If required by the governing institutions, Party B might not be able to perform the obligations agreed in this contract, Party B has the right to stop or change the contract or its clauses, and Party B is exempted from punishment under this circumstance.
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Clause 18 Effective of the contract

This contract enters into force upon the date when it is signed or sealed and affixed with official seals by the legal representatives or entrusted agents of Party A and Party B.

This contract is signed in quadruplicate, each party holds two copies, which have the equal legal effect.

/s/ [Stamp of Party A]  
Signature

/s/ [Stamp of Party B]  
Signature

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**Working Capital Loan Contract**

Reference No. : 2018nianzhengzhongyinyinbujiezi No.0016

Party A: Shenzhen Highpower Technology Co., Ltd  
Business License: 914403007432179488  
Legal Representative: Dangyu Pan  
Address: Building 1, 68 Xinxia Street, Pinghu, Longgang, Shenzhen;  
Postal code: 518000  
Deposit A/C and financial institutions: Bank of China, Pinghu Sub-branch, Shenzhen, 744557938816  
Telephone: 0755-89686236; Facsimile: 0755-89686298

Party B: Bank of China, Buji Sub-branch.  
Legal Representative: ZHENG XIAOCHUAN  
Address: 108, Buji Road, Buji Town, Longgang District, Shenzhen; Postal code: 518000  
Telephone: 0755-22334749; Facsimile: 0755-28850638

Borrowers and lenders through equal consultation, the lender to the borrower liquidity loan agreement and conclude the contract. This contract is the affiliated specific credit contract under the "Comprehensive Credit Line Contract" (Reference No.: 2016zhengzhongyinebuxiezi No. 0000444), which is signed by Shenzhen Highpower Technology Co., Ltd and Bank of China, Buji Sub-branch.

**Clause 1 Amount**

Party B agrees to provide the following loan:

Currency in: RMB

Amount: RMB THIRTY million only

RMB 30,000,000.00

**Clause 2 Duration**

The period of the loan is 296 days starting from the first withdrawal date in part or in whole. It is Party A's obligation to withdraw funds on the date as agreed. Any late withdrawal will not result in delay/extension of repayment.

**Clause 3 Use of loan**

Purpose of loan: Purchase of raw materials

Party A is prohibited from changing the use of loan without Party B's written approval. The restrictions include but are not limited to changing the use of loan to fixed assets or equity investments, as well as production activities prohibited by the central governments.

**Clause 4 lending rate and interest calculations**

1. Lending rate is floating rate, which is reset every 12 months starting from the first withdrawal date. The rate resetting date is the first day of each floating period.

For each withdrawal in installments:

**■ RMB floating rate**

A. First withdrawal (during the first floating period) interest rate is the twelve-month benchmark lending interest rate, set by Interbank rates, plus 179;

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B. On the interest resetting date, the new interest rate is the spot one-year lending interest rate, benchmarked by Interbank rates, plus 179 on all outstanding loan amounts.

## 2. Interest calculation

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

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

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

## 3. The method of interest settlement

Interest settlement takes place on the 20th of each month, the 21st is the interest payment date.

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

## 4. Penalty interest

(1) For the loan overdue or violated use the loan purpose, penalty interest rate will apply to the loan amount that is overdue or misappropriated from the date of overdue or misappropriation until the principal and interest are paid off.

On both overdue and misappropriation of loans, a higher penalty interest rate shall be charged.

(2) If the borrower does not pay interest and/or penalty interest by the interest payment date, the interest is calculated based on Clause 3 and 4.

### (3) Penalty rate

#### ■ The penalty interest rate on floating-rate loans

According to the floating period and the method of floating as agreed in Clause 1, the penalty interest rate of the overdue loan shall be the agreed interest rate plus 50%, and the penalty interest rate of the misappropriated loan shall be the agreed interest rate plus 100%;

## Clause 5 Withdrawal Conditions

Withdrawal must meet the following conditions:

1. This contract and its attachments have become effective.
2. Party A has provided guarantees requested by Party B, and the guarantee contract has become effective and has accomplished legal procedures of approval and registration.
3. Party A has provided Party B with loan documents, seals, personnel list, specimen signature, and complete the relevant evidence.
4. Party A has opened the account for fulfilling this contract requested by Party B.
5. Party A should submit written withdrawal application, documentary proof for using of loans and complete the relevant formalities for withdrawal before 5 banking days.
6. Party A has submitted resolution books and power of attorney signed by the board or other authorities to Party B.

Withdrawal can be refused by Party B if Party A has not met the above conditions, but agreed by Party B.

## Clause 6 Date and method of withdrawal

1. All loans should be withdrawn in 30 days from 20<sup>th</sup> Mar 2018.
  2. Party B has the right to refuse the withdrawal application of unused loan which is over the date of withdrawal.
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## Clause 7 Payment of the loan

### 1. The account

The loan should be granted and paid through the account opened by Party A:

Account Name: Shenzhen Highpower Technology Co., Ltd.

Account number: 744557938816

### 2. The way of payment

(1) The way of payment should be in accordance with laws and regulations, regulatory requirements and the contract. The way of single payment of the Loan should be approved in written withdrawal application. Party B has the right to change the way of payment or stop providing the loan if the way of payment in the application doesn't meet the requirement.

(3) Borrower makes the payment on its own.

(4) The change of payment. The way of payment should be changed when the payment, credit rating or other conditions of Party A has changed after submitting withdrawal application. Party A should provide the written change application, should resubmit the withdrawal application and documentary proof for using of loans if the sum, payment object or the use of loans has changed.

### 3. The specific requirements of entrusted payment

(1) Entrusted payment. Party B pay to the specified account directly which is written in this contract, including the name of account, account number and the sum of payment.

(2) To provide the transaction information. Party A should provide the account of loans, the account information of counterparty and relevant documents when entrusted payment. All document provided to Party B should be true, integral and effective, or Party B does not assume any responsibility for failed transaction, and occurred repayment obligations do not be affected.

(3) Party B's obligations under the entrusted payment

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B. If Party B found that the proof materials and other related trading purposes material provided by Party A does not comply with this contract or the presence of other defects, Party B has the right to require Party A to supplement, replace, description or re-submit the relevant materials. Before these materials are submitted, Party B has the right to refuse the issuance and payment of the relevant amounts.

C. Party B will assume no responsibility and the generated obligations of Party A will be not affected if Party B cannot pay the loan to the counterparty in time in accordance with payment order of Party A because of the refund by opening bank of the counterparty. Party A hereby authorizes Party B to freeze the fund returned by opening bank of the counterparty. In this case, Party A shall resubmit the payment order and use proven materials and other related transaction materials.

(4) Party A shall not piecemeal way to circumvent the trustee to pay Party B.

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(1) Party A violates the contract to circumvent entrusted payment of Party B by piecemeal way.

(2) Party A's credit status drops or main business profitability is not good.

(3) The use of loan is abnormal.

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1. Party A shall specify the following account as capital recovery account and provide the information of this account. Party B has the right to ask Party A to explain inflows and outflows of large-sum and abnormal capital, as well as monitor capital recovery account.

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Account number: 744557938816

2. Except otherwise agreed, on the expiry date, Party A must repay all the loans under this contract.

If Party A wants to change the plan of repayment, a written application confirmed in writing by both parties jointly should be submitted in 10 banking days before the loans maturity.

3. Unless otherwise agreed, Party A has the right to decide repayment order of the principal or interest. If there are several expiring loans or overdue loans which are repaid in installment way under this contract, Party B has the right to decide the liquidation sequence of a repayment. Party B has the right to decide the priority of the repayment order if multiple contracts expire at the same time.

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5. Party A must deposit funds in the following account three banking days advance of every expiring principle with interest. Party B has the right to take the funds from the account on the expiry date.

Account Name: Shenzhen Highpower Technology Co., Ltd.

Account number: 744557938816

## Clause 9 Guarantee

1. To ensure that borrowing under this agreement is repaid, the following guarantees shall be adopted:

1) This contract is the main contract of Guaranty Contract of Maximum Amount (NO: 2016ZHENZHONGYINBUBAOEZI00444A) signed by SPRINGPOWER TECHNOLOGY (SHENZHEN) CO., LTD. (Guarantor) and Party B. Guarantor provides the maximum amount guarantee.

2) This contract is the main contract of Guaranty Contract of Maximum Amount (NO: 2016ZHENZHONGYINBUBAOEZI00444B) signed by DAGNYU PAN (Guarantor) And Party B. Guarantor provides the maximum amount guarantee.

3) This contract is the main contract of Pledge Contract of Maximum Amount (NO: 2016ZHENZHONGYINBUDIEZI0044) signed by SHENZHEN HIGHPOWER TECHNOLOGY CO., LTD. And Party B.

2. Under certain circumstance, Party B believes that will affect the capacity for fulfilling the contract of Party A or Guarantor, or Guarantee Contracts are invalid, revoked or dissolved, or the financial position of Party A/Guarantor deteriorate or Party A/Guarantor involved in litigation issues, or other factors which might affect its repayment ability, or guarantors were found default in other contracts with Party B, or devaluation, dismiss or damage of collaterals which might cause the value of the collaterals slaked or losses, Party B reserves the right to request Party A and Party A has the obligation to add or replace the guarantor.

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### 1. Party A's statement:

- 1) Party A is legally register and exist with full capacity for civil rights and civil conduct;
- 2) Signing and performing the contract is the true will of Party A, Party A has been granted all legal and valid authorizations before signing the contract. The contract does not form a default for other contracts signed and performed by Party A and other legal documents. It is Party A's responsibility to complete all required approvals, registrations, permits and filings.
- 3) All document and information, financial statement, certificates and other materials provided by Party A to Party B are true, complete, accurate and effective.
- 4) All the transactions mentioned by Party A for apply specific credit line should be real and not for illegal purposes such as: money laundry.
- 5) No hidden events regarding Party A and guarantor's financial and repayment abilities.
- 6) Party A and the loan project reach the national environmental standards, not in the list of the enterprises which have problems of energy consumption and pollution, don't have the risk of energy consumption and pollution.

### 2. Party A's commitment:

- 1) Party A shall submit the financial statements and other relevant information regularly, including but not limited to annual, quarterly and monthly financial reports.
- 2) Any counter-guarantee agreement between the guarantors and Party A will not affect the Party B's underlying rights under this contract.
- 3) Cooperated in Party B's exam and inspection on the utilization of the loan as well as Party A's financials and operations.
- 4) Under circumstances Party A or Guarantor's capability of performing the contract might be affected, Party A should notify Party B in written in time. Those circumstances included but not limited to merger, division, decrease of capital, equity transfer, investment, a substantial increase of debt financing, a major asset and credit assignment.

Party A should notify Party B in time, when the following things occurred:

- A. changes of articles of association, the scope of business, registered capital and legal representative of Party A or Guarantor.
- B. Any form of management mode change, including joint operation, invest and cooperate with foreigners, contract management, reorganization, restructuring, listing plan.
- C. Party A is involved in major litigation or arbitration, or property or collateral is seized, detained or regulated, or set new guarantee in collateral.
- D. Out of business, dissolution, liquidation, suspend business for rectification, cancellation, revocation of the business license or (be) filed for bankruptcy.
- E. Shareholders, directors and senior management personnel suspected of serious cases or economic disputes.
- F. Default events in other contracts.
- G. Operating difficulties and financial situation has deteriorated.

(5) The repayment to Party B prior to shareholders, and is comparable to other creditors of the same kind debts.

Party A is prohibited to repay the loan to shareholders before paying off the principal and interests under the contract.

(6) If Party A fails to pay principal, interests and fees on time in the fiscal year, any form of dividends is forbidden.

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(7) Party A cannot dispose of assets to reduce its debt paying ability and promises the total amount of external guarantee is not 1 time higher than its net assets, and the total amount of external guarantee and the amount of single guarantee shall not exceed the limitation set by the articles of association.

(8) Except the use agreed in this contract or agreed by Party B, Party A is prohibited to transfer the loans to other accounts or related accounts.

Party A should provide documentary proof when the loan is transferred to other accounts or related accounts.

(9) Party B has the right to call the loan advanced according to the situation of capital return of Party A.

Clause 11 disclosure of the affiliated transaction inside Party A 's group

Party A is a Group customer confirmed by Party B according to the "Commercial Bank Group guidelines for customer credit risk management business"(hereinafter referred to as "guideline"). During the credit period, Party A shall promptly report to Party B about more than 10% of net assets associated with the transaction, including but not limited to: the parties to the transaction of the association; trading program and nature of the transaction; the amount of the transaction or the corresponding ratio; pricing policies (including no amount or only nominal amounts of transactions).

Under any of the following circumstances, Party B shall have the right to unilaterally decide to suspend the unused loan and recover part or all of the principal and interest of the loan in advance: use the false contracts which are signed with affiliated parties to discount or pledge at bank and to obtain bank funds or credit with notes receivable and accounts receivable without actual trade background; the occurrence of major mergers, acquisitions and reorganization which are considered by Party B may affect the loan safety; evasion or discarding of bank debts on purpose through affiliated transactions; other circumstances stipulated in article eighteenth of "guidelines".

Clause 12 Breach of Covenants

Each of the following events and issues constitute Party A in the event of default under the contract:

1. Party A did not perform the repayment obligation under this contract;
  2. Party A has not used the credit funds according to agreed purposes, or has not paid the loan by agreed way in this contract;
  3. Party A's statements in this contract are untrue or in violation with commitments made by Party A in this contract.
  4. Under the circumstance defined in 2.(4) of Clause 10, Party A refused to provide additional guarantee or replacement of a new guarantor.
  5. Deterioration of credit, or profitability, debt paying ability, operating ability, cash flow and other financial indicators of Party A deteriorate, breaking the contract index constraint agreed or other financial covenants.
  6. Party A breaches other contracts signed with Party B or other affiliated institutions of Bank of China.
  7. Guarantors breach contracts, or have default events with Party B or other affiliated institutions of Bank of China.
  8. The termination of business or dissolution, revocation or bankruptcy of Party A.
  9. Party A is or may be involved in major economic disputes, litigation, arbitration, or its assets were seized, detained or enforced, or investigated or punished by the judicial organ or taxation, industry and commerce administrative organs in accordance with the law, has been or may affect its ability to fulfill the obligations under this contract.
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10. Abnormal change, missing, legal restriction of personal liberty and investigation by judicial authorities of Party A's major individual investors, key management personnel, which have been or may affect Party A to fulfill the obligations under this contract.
11. Party B finds the problems which may affect the borrower or guarantor's financial situation and performance capabilities when reviewing Party A's financial condition and performance capabilities every year (every year from the effective date of the contract);
12. Party A cannot provide materials to Party B to explain large and abnormal capital inflow and outflow in the account.
13. Party A is in violation with other rights and obligations agreed in this contract.

When any of the above situations occurred, Party B will perform the following in separate or all at the same time according to the specific situation:

- 1) Require Party A or Guarantor to rectify defaults within a definite time.
- 2) Reduce completely or partly, pause or terminate Party A's Credit limit.
- 3) Pause or terminate completely or partly Party A's business applications in this contract or in other contracts between Party A and Party B specific credit line under this contract. Pause or terminate completely or partly, or cancel or stop offering, paying and settling the unissued loans and unsettled trade financing.
- 4) Announce the immediate expiration on all or part of the outstanding loans, principle and interest of trade financing and other accounts payable under this contract or other contracts between Party A and Party B.
- 5) Terminate or release this contract, terminate or release contracts between Party A and Party B completely or partly.
- 6) Require compensation from Party A on the losses caused by Party A to Party B.
- 7) Deduct the fund from Party A's deposit accounts to pay off the debts to Party B under this contract. All the undue funds in the accounts were considered as acceleration of maturity. If the currency in deposit account is different from the currency of Party B's loans, the exchange rate on the date of the hold in custody will be applied.
- 8) Real rights of pledge will be executed.
- 9) Require Guarantors assume liability of guaranty.
- 10) Other necessary or probable procedures on Party B's concern.

#### Clause 13 Rights reserved

One party does not perform part or all of the rights under this contract, nor does not require the other party to perform, undertake part or all of the obligations and responsibilities, which does not mean the abdication of the right or exemption of the obligation and responsibility.

Any tolerance, extension or delay from one party to another party for exercising of rights under this contract does not affect the rights one party enjoys according to this contract and laws and regulations, and does not mean the abdication of the right.

#### Clause 14 Changes, Modification, Termination

Upon negotiation and agreed by both parties, this contract can be changed and modified by written. Any of the changes and modifications should form the inseparable part of this contract.

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Unless otherwise provided for in any law or regulation or stipulated between the parties, this contract would not be terminated prior to all the rights and obligations are fulfilled.

Unless otherwise provided for in any law or regulation or stipulated between the parties, the invalidation of single terms under this contract should not affect the validation of other terms under this contract.

#### Clause 15 Applicable Law and Resolution for Dispute

1. This contract is applicable to the laws of People's Republic of China.

During the performance of this contract or in connection with all disputes relating to this contract, the two parties settled through friendly consultations. If negotiation cannot reach agreement, both parties can apply to the local people's court of Party A or other affiliated institutions of Bank of China.

#### Clause 16 Attachments

The Appendix hereof and the other appendix confirmed by both parties shall form an integral part of this contract, and shall be of legally equal effect with this contract.

1. Withdrawal application;

#### Clause 17 Other terms and conditions

1. Without Party B's written approval, Party A is not allowed to transfer the rights and obligations under this contract to the 3rd Parties.
  2. Party A should give the consent that Party B might somehow authorize other affiliated institution of Bank of China to perform the obligation. The performing party entitles all the rights and obligations under this contract, the performing party reserves the rights to appeal a resolution of dispute if necessary.
  3. The contract has equivalent restrictions to the successors or inherits of both parties.
  4. Unless otherwise agreed, the domicile addresses stated in this contract are for corresponding use; both parties should notify each other in writing about any changes of its domicile addresses.
  5. The transactions under the contract based on independent interests. According to relevant laws, regulations and regulatory requirements, other parties of the transaction constitutes a connected party or associated persons, any party shall not seek to use this relationship to affect the fair of transaction.
  6. The title and name of business in this contract is only for business purposes, will not be used for interpretation of the contract terms, the rights and obligations.
  7. In accordance with the provisions of the relevant laws and regulations, supervision, Party B has the right to provide the information of this contract and other relevant information to the credit system of the people's Bank of China and other legally established credit information database, for organizations or individuals who have the appropriate qualifications to query and use.
  8. If the drawdown date or the repayment date is in legal holidays, then it is delayed to the first working day after the holidays.
  9. If required by the governing institutions, Party B might not be able to perform the obligations agreed in this contract, Party B has the right to stop or change the contract or its clauses, and Party B is exempted from punishment under this circumstance.
-

Clause 18 Effective of the contract

This contract enters into force upon the date when it is signed or sealed and affixed with official seals by the legal representatives or entrusted agents of Party A and Party B.

This contract is signed in quadruplicate, each party holds two copies, which have the equal legal effect.

/s/ [Stamp of Party A]

Signature

/s/ [Stamp of Party B]

Signature

---

**Working Capital Loan Contract**

Reference No. : 2018nianzhenzhongyinyinbujiezi No.0017

Party A: Springpower Technology (Shenzhen) Co., Ltd.

Business Licences: 91440300670033477H

Legal Representative: Dangyu Pan

Address: Factory A, Chaoshun Industrial Zone, Renmin Road, Fumin Residential Area, Guanlan, BaoAn District, shenzhen

Postal code: 518000

Deposit A/C and financial institutions: Bank of China, Pinghu Sub-branch, Shenzhen, 764057938815

Telephone: 0755-28010758; Facsimile: 0755-28010758

Party B: Bank of China, Buji Sub-branch.

Legal Representative: ZHENG XIAOCHUAN

Address: 108, Buji Road, Buji Town, Longgang District, Shenzhen; Postal code: 518000

Telephone: 0755-22334749; Facsimile: 0755-28850638

Borrowers and lenders through equal consultation, the lender to borrowers liquidity loan agreement and conclude the contract.

This contract is the affiliated specific credit contract under the "Comprehensive Credit Line Contract" (Reference No.: 2016zhenzhongyinebuxiezi No. 0000445), which is signed by Springpower Technology (Shenzhen) Co., Ltd. and Bank of China, Buji Sub-branch.

**Clause 1 Amount**

Party B agrees to provide the following loan:

Currency in: RMB

Amount: RMB Twenty millions only

RMB 20,000,000.00

**Clause 2 Period**

The period of the loan is 10 months starting from the first withdrawal date in part or in whole. It is Party A's obligation to withdraw funds on the date as agreed. Any late withdrawal will not result in delay/extension of repayment.

**Clause 3 Use of loan**

Purpose of loan: Purchase of raw materials

Party A is prohibited from changing the use of loan without Party B's written approval. The restrictions include but are not limited to changing the use of loan to fixed assets or equity investments, as well as production activities prohibited by the central governments.

**Clause 4 lending rate and interest calculations**

1. Lending rate is floating rate, which is reset every 12 months starting from the first withdrawal date. The rate resetting date is the first day of each floating period.

For each withdrawal in installments:

■ RMB floating rate

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A. First withdrawal (during the first floating period) interest rate is the twelve-month benchmark lending interest rate, set by Interbank rates, plus 179;

B. On the interest resetting date, the new interest rate is the spot one-year lending interest rate, benchmarked by Interbank rates, plus 179 on all outstanding loan amounts.

## 2. Interest calculation

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

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

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

## 3. The method of interest settlement

Interest settlement takes place on the 20th of each month, the 21st is the interest payment date.

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

## 4. Penalty interest

(1) For the loan overdue or violated use the loan purpose, penalty interest rate will apply to the loan amount that is overdue or misappropriated from the date of overdue or misappropriation until the principal and interest are paid off.

On both overdue and misappropriation of loans, a higher penalty interest rate shall be charged.

(2) If the borrower does not pay interest and/or penalty interest by the interest payment date, the interest is calculated based on Clause 3 and 4.

### (3) Penalty rate

#### ■ The penalty interest rate on floating-rate loans

According to the floating period and the method of floating as agreed in Clause 1, the penalty interest rate of the overdue loan shall be the agreed interest rate plus 50%, and the penalty interest rate of the misappropriated loan shall be the agreed interest rate plus 100%;

## Clause 5 Withdrawal Conditions

Withdrawal must meet the following conditions:

1. This contract and its attachments have become effective.
2. Party A has provided guarantees requested by Party B, and the guarantee contract has become effective and has accomplished legal procedures of approval and registration.
3. Party A has provided Party B with loan documents, seals, personnel list, specimen signature, and complete the relevant evidence.
4. Party A has opened the account for fulfilling this contract requested by Party B.
5. Party A should submit written withdrawal application, documentary proof for using of loans and complete the relevant formalities for withdrawal before 5 banking days.
6. Party A has submitted resolution books and power of attorney signed by the board or other authorities to Party B.

Withdrawal can be refused by Party B if Party A has not met the above conditions, but agreed by Party B.

## Clause 6 Date and method of withdrawal

1. All loans should be withdrawn in 30 days from 8<sup>th</sup> March 2018.
  2. Party B has the right to refuse the withdrawal application of unused loan which is over the date of withdrawal.
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## Clause 7 Payment of the loan

### 1. The account

The loan should be granted and paid through the account opened by Party A:

Account Name: Springpower Technology (Shenzhen) Co., Ltd.

Account number: 764057938815

### 2. The way of payment

(1) The way of payment should be in accordance with laws and regulations, regulatory requirements and the contract. The way of single payment of the Loan should be approved in written withdrawal application. Party B has the right to change the way of payment or stop providing the loan if the way of payment in the application doesn't meet the requirement.

(3) Borrower makes the payment on its own.

(4) The change of payment. The way of payment should be changed when the payment, credit rating or other conditions of Party A has changed after submitting withdrawal application. Party A should provide the written change application, should resubmit the withdrawal application and documentary proof for using of loans if the sum, payment object or the use of loans has changed.

### 3. The specific requirements of entrusted payment

(1) Entrusted payment. Party B pay to the specified account directly which is written in this contract, including the name of account, account number and the sum of payment.

(2) To provide the transaction information. Party A should provide the account of loans, the account information of counterparty and relevant documents when entrusted payment. All document provided to Party B should be true, integral and effective, or Party B does not assume any responsibility for failed transaction, and occurred repayment obligations do not be affected.

(3) Party B's obligations under the entrusted payment

A. Party B pay to the specified account after examination and approval of Party A's commission books and other related transaction information when entrusted payment.

B. If Party B found that the proof materials and other related trading purposes material provided by Party A does not comply with this contract or the presence of other defects, Party B has the right to require Party A to supplement, replace, description or re-submit the relevant materials. Before these materials are submitted, Party B has the right to refuse the issuance and payment of the relevant amounts.

C. Party B will assume no responsibility and the generated obligations of Party A will be not affected if Party B cannot pay the loan to the counterparty in time in accordance with payment order of Party A because of the refund by opening bank of the counterparty. Party A hereby authorizes Party B to freeze the fund returned by opening bank of the counterparty. In this case, Party A shall resubmit the payment order and use proven materials and other related transaction materials.

(4) Party A shall not piecemeal way to circumvent the trustee to pay Party B.

5. Party B has right to redefine the terms of payment and loan disbursement or stop the loan if the following situations occurred:

(1) Party A violates the contract to circumvent entrusted payment of Party B by piecemeal way.

(2) Party A's credit status drops or main business profitability is not good.

(3) The use of loan is abnormal.

(4) Party A fails to provide the records and information of the loan requested by Party B timely.

(5) Party A contravenes this section to use the loan.

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## Clause 8 Repayment

1. Party A shall specify the following account as capital recovery account and provide the information of this account. Party B has the right to ask Party A to explain inflows and outflows of large-sum and abnormal capital, as well as monitor capital recovery account.

Account Name: Springpower Technology (Shenzhen) Co., Ltd.

Account number: 764057938815

2. Except otherwise agreed, on the expiry date, Party A must repay all the loans under this contract.

If Party A wants to change the plan of repayment, a written application confirmed in writing by both parties jointly should be submitted in 10 banking days before the loans maturity.

3. Unless otherwise agreed, Party A has the right to decide repayment order of the principal or interest. If there are several expiring loans or overdue loans which are repaid in installment way under this contract, Party B has the right to decide the liquidation sequence of a repayment. Party B has the right to decide the priority of the repayment order if multiple contracts expire at the same time.

4. Unless otherwise agreed, Party A can repay in advance, but Party A should notice Party B in written 15 banking days advance. The amount of the first advance payment used to repay the final maturity of the loan, in reverse order to repay the loans.

5. Party A must deposit funds in the following account three banking days advance of every expiring principle with interest. Party B has the right to take the funds from the account on the expiry date.

Account Name: Springpower Technology (Shenzhen) Co., Ltd.

Account number: 764057938815

## Clause 9 Guarantee

1. To ensure that borrowing under this agreement is repaid, the following guarantees shall be adopted:

This contract is the main contract of Guaranty Contract of Maximum Amount (NO: 2016ZHENZHONGYINBUBAOEZI00445A) signed by SHENZHEN HIGHPOWER TECHNOLOGY CO., LTD. (Guarantor) and Party B. Guarantor provides the maximum amount guarantee.

This contract is the main contract of Guaranty Contract of Maximum Amount (NO: 2016ZHENZHONGYINBUBAOEZI00445B) signed by HUIZHOU HIGHPOWER TECHNOLOGY CO., LTD. (Guarantor) and Party B. Guarantor provides the maximum amount guarantee.

This contract is the main contract of Guaranty Contract of Maximum Amount (NO: 2016ZHENZHONGYINBUBAOEZI00445C) signed by DAGNYU PAN (Guarantor) And Party B. Guarantor provides the maximum amount guarantee.

2. Under certain circumstance, Party B believes that will affect the capacity for fulfilling the contract of Party A or Guarantor, or Guarantee Contracts are invalid, revoked or dissolved, or the financial position of Party A/Guarantor deteriorate or Party A/Guarantor involved in litigation issues, or other factors which might affect its repayment ability, or guarantors were found default in other contracts with Party B, or devaluation, dismiss or damage of collaterals which might cause the value of the collaterals slaked or losses, Party B reserves the right to request Party A and Party A has the obligation to add or replace the guarantor.

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## Clause 10 Statement and Commitment

### 1. Party A's statement:

- 1) Party A is legally register and exist with full capacity for civil rights and civil conduct;
- 2) Signing and performing the contract is the true will of Party A, Party A has been granted all legal and valid authorizations before signing the contract. The contract does not form a default for other contracts signed and performed by Party A and other legal documents. It is Party A's responsibility to complete all required approvals, registrations, permits and filings.
- 3) All document and information, financial statement, certificates and other materials provided by Party A to Party B are true, complete, accurate and effective.
- 4) All the transactions mentioned by Party A for apply specific credit line should be real and not for illegal purposes such as: money laundry.
- 5) No hidden events regarding Party A and guarantor's financial and repayment abilities.
- 6) Party A and the loan project reach the national environmental standards, not in the list of the enterprises which have problems of energy consumption and pollution, don't have the risk of energy consumption and pollution.

### 2. Party A's commitment:

- 1) Party A shall submit the financial statements and other relevant information regularly, including but not limited to annual, quarterly and monthly financial reports.
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Party A should notify Party B in time, when the following things occurred:

- A. changes of articles of association, the scope of business, registered capital and legal representative of Party A or Guarantor.
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- C. Party A is involved in major litigation or arbitration, or property or collateral is seized, detained or regulated, or set new guarantee in collateral.
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(7) Party A cannot dispose of assets to reduce its debt paying ability and promises the total amount of external guarantee is not 1 time higher than its net assets, and the total amount of external guarantee and the amount of single guarantee shall not exceed the limitation set by the articles of association.

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- 2) Reduce completely or partly, pause or terminate Party A's Credit limit.
- 3) Pause or terminate completely or partly Party A's business applications in this contract or in other contracts between Party A and Party B specific credit line under this contract. Pause or terminate completely or partly, or cancel or stop offering, paying and settling the unissued loans and unsettled trade financing.
- 4) Announce the immediate expiration on all or part of the outstanding loans, principle and interest of trade financing and other accounts payable under this contract or other contracts between Party A and Party B.
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One party does not perform part or all of the rights under this contract, nor does not require the other party to perform, undertake part or all of the obligations and responsibilities, which does not mean the abdication of the right or exemption of the obligation and responsibility.

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1. This contract is applicable to the laws of People's Republic of China.

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1. Without Party B's written approval, Party A is not allowed to transfer the rights and obligations under this contract to the 3rd Parties.

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3. The contract has equivalent restrictions to the successors or inherits of both parties.

4. Unless otherwise agreed, the domicile addresses stated in this contract are for corresponding use; both parties should notify each other in writing about any changes of its domicile addresses.

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6. The title and name of business in this contract is only for business purposes, will not be used for interpretation of the contract terms, the rights and obligations.

7. In accordance with the provisions of the relevant laws and regulations, supervision, Party B has the right to provide the information of this contract and other relevant information to the credit system of the people's Bank of China and other legally established credit information database, for organizations or individuals who have the appropriate qualifications to query and use.

8. If the drawdown date or the repayment date is in legal holidays, then it is delayed to the first working day after the holidays.

9. If required by the governing institutions, Party B might not be able to perform the obligations agreed in this contract, Party B has the right to stop or change the contract or its clauses, and Party B is exempted from punishment under this circumstance.

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This contract enters into force upon the date when it is signed or sealed and affixed with official seals by the legal representatives or entrusted agents of Party A and Party B.

This contract is signed in quadruplicate, each party holds two copies, which have the equal legal effect.

/s/ [Stamp of Party A]  
Signature

/s/ [Stamp of Party B]  
Signature

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**COMPREHENSIVE CREDIT CONTRACT**

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## Directory

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<b>Chapter two</b>	The maximum credit limits and Specific line of credit
<b>Chapter three</b>	The period of credit
<b>Chapter four</b>	Usage of the Maximum Credit Limits and Specific Line of Credit
<b>Chapter five</b>	The Fees
<b>Chapter six</b>	Adjustment of the Maximum Credit Limits and Specific Line of Credit
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<b>Chapter eight</b>	Commitment of Party B
<b>Chapter nine</b>	Commitment of Party A
<b>Chapter ten</b>	Effect of Contract
<b>Chapter eleven</b>	Disputes and Resolution
<b>Chapter twelve</b>	Integrity of the Contract
<b>Chapter thirteen</b>	Supplementary Provisions

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## Comprehensive Credit Contract

Party A: SHENZHEN HIGHPOWER TECHNOLOGY CO., LTD

Add: Building A, Industrial Area, Renmin Road, Guanlan street, Bao'an District, Shenzhen, china

Legal Representative: Pan Dangyu

Tel: 0755-89686236

Fax: 0755-89686819

Party B: China Everbright Bank Shenzhen branch

Add: No.4 , Zhuzilin road, Futian,Shenzhen,China.

Tel: 0755-81483044

Fax: 0755-28138641

In accordance with the relevant laws and regulations, such as “Republic of China on Commercial Banks” and “Interim Measures of commercial banks authorize and credit” and “Guidelines for Risk Management of Credit business of Commercial Bank Group's customers”, Based on equality, voluntariness, the principle of good faith, Party A and Party B make the agreement after the equal consultations, and both of them are willing to follow all terms of the contract.

### **Part 1 Definitions and interpretation**

1. Except as otherwise explained in the context, the following terms of this agreement are defined as below :

Comprehensive credit: Party B shall provide one or several conditional commitments by credit support to Party A.

Specific business: According to comprehensive credit, Party B shall provide the loans, bank acceptances, trade finance and other specific credit business to Party A.

The maximum credit limits: According to comprehensive credit, the highest balance of debt principal by using the specific businesses, Party A can apply to Party B within the validity period of the comprehensive credit agreement.

Specific line of credit: According to the maximum credit limits, the highest balance of debt principal by using one specific business Party A can apply to Party B within the validity period of the comprehensive credit agreement.

Used line of credit: According to specific line of credit, the sum of debt principal by using one specific outstanding business Party A applied within the validity period of the comprehensive credit agreement.

Specific business contract: The contract signed by Party A and Party B about the specific using of the business and Line of credit.

### **Part 2 The maximum credit limits and Specific line of credit**

2. The maximum credit limits under this contract (Total local currency and foreign currency , foreign currency are translated into RMB at the benchmark rate which the date of signing the agreement): RMB20,000,000.00

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Both parties agree that this Agreement under the maximum credit limits including the outstanding business of original Comprehensive Credit Agreement (Agreement Number:ZH78191612002)

3. According to the maximum credit limits, the specific line of credit is:

Bank acceptances: the specific line of credit RMB20,000,000.00

### **Part 3 The period of credit**

4. The period of the maximum credit limits: from 24th Jan, 2018 to 23th Jan, 2019.

The period of the specific business is determined by the specific contract, but the start date of the specific business must not exceed the effective use of the deadline of the maximum credit limits.

### **Part 4 Usage of the Maximum Credit Limits and Specific Line of Credit**

5. According to the maximum credit limits, Party A can apply to use the specific line of credit once or several times during the period of credit. Party B determines the scope, amount and period of specific business by the credit situation of Party A based on the credit policy of Party B.

6. Provisions of revolving usage: During the period of the maximum credit limits, Party A can revolve the line of credit. The debt of one specific business is paid off, the same kind of new specific business can be used except that Party B prohibited revolving.

7. Party A and Party B should sign specific contract for specific business. If the specific business contract is inconsistent with this agreement, it should be subject to specific business contract. For example, Party A has been identified as customers of the Group under the " Guidelines for Risk Management of Credit business of Commercial Bank Group's customers " and other relevant laws and regulations

### **Part 5 The Fees**

8. According to each specific business contract, Party A and Party B should conform to the interest rate, exchange rate, fee rate and other fees charged by Party B in the specific contract.

### **Part 6 Adjustment of the Maximum Credit Limits and Specific Line of Credit**

9. Party B has the right to adjust the maximum credit limits and specific line of credit and the period or end the line of credit when one of the following things happens:

- (1) Country's monetary policy has dramatic adjustment;
  - (2) The region of Party A is suffering or will suffer financial risks;
-

- (3) The market related to Party A has great change;
- (4) Party A is suffering or will suffer significant operational difficulties or risks;
- (5) Party A appears merger, acquisition reorganization, discrete, termination or other major institutional change, Party B think that may affect the safety of loan:
- (6) Party A refused to accept the supervision and inspection about usage of funds and operating financial activities;
- (7) Without the consent of the lender loans, Party A change the original purpose of loans, misappropriation of loans or engaged in illegal or irregular transactions;
- (8) Providing false information or withheld important operations of the financial facts
- (9) Party A has such acts as transfer of property, withdrawal of funds or avoiding debt;
- (10) Party A is considered as a Group Account according to the "Commercial Bank Group guidelines for customer credit risk management business", or other relevant laws and regulations. Through related party transactions, potential evasion of bank debt
- (11) Party A has the act of violation of commitments under this Agreement;
- (12) Guarantor of this Agreement suffers the serious shortage of funds or operating difficulties, which has seriously affected the security capabilities;
- (13) Collateral for the guarantee damages, endangering the Party B's debt security;
- (14) There occurs everything, according to Party B's opinion, which decreases the solvency of Party A or damages the interests of Party B.
- (15) Party A fails to perform any obligations in specific business contract;

10. After signing the contract, Party A can apply to adjust specific line of credit in writing. After the written consent of Party B, the contract can be adjusted, and not subject to the constraints. The written application and written consent are considered to the modification of the part 3, which has the same power of the contract.

#### **Part 7 Guarantee**

11. In order to ensure that claims under this agreement are satisfied, take the following guaranty methods:

The guarantor SPRINGPOWER TECHNOLOGY (SHENZHEN) CO., LTD. HUIZHOU HIGHPOWER TECHNOLOGY CO., LTD. Lcon Energy systems (Shenzhen) CO., Ltd. And Pan Danyu signed "Guaranty Contract of Maximum Amount", which number is "GB78191711003-1 GB78191711003-2 GB78191711003-3 GB78191711003-4 GB78191711003-5" with Party B.

12. In spite of agreed guaranty method, when both parties are involved in specific business, if Party B deems necessary, Party B also has the right to require other guarantees from Party A. Party A can not refuse the requirement because of agreed guarantee in this part.

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### **Part 8 Commitment of Party B**

13. Party A applies to use the specific credit in accordance with the agreement, Party B should examine and notice the result to Party A in time.

### **Part 9 Commitment of Party A**

14. Party A should pay off the debt and fees on time according to the specific business credit.

15. The using of fund under the specific contract should follow the provisions of the law and the agreement, and accept Party B's examination at any time.

16. During the period of credit, Party A should submit to Party B true financial statements, truthfully provide major domestic bank, bank account, deposit and loan balance and other relevant information of the operating conditions.

17. If Party A is considered as a Group Account according to the "Commercial Bank Group guidelines for customer credit risk management business", or other relevant laws and regulations. During the credit period, Party A shall promptly report to Party B about more than 10% of net assets associated with the transaction, including but not limited to:

- (1) the parties to the transaction of the association;
- (2) trading program and nature of the transaction;
- (3) the amount of the transaction or the corresponding ratio;
- (4) pricing policies (including no amount or only nominal amounts of transactions)
- (5) requirements of laws, regulations or other circumstances required by Party B.

18. During the period of credit, Party A should notice Party B in advance when providing guarantee for third party, which can not affect the ability to pay off debt.

19. During the period of credit, Party A has the following obligation :

- (1) If the legal representative or legal residence, place of business, or the registered capital of a major investment in equity change, Party A shall notice to Party B within 15 days from the date of change and provide the relevant information.
  - (2) During the credit period, Party A involves in significant litigation, arbitration or other judicial proceedings, administrative punishment procedures, or a significant change in operating conditions and financial condition, which may affect the realization of Party B's debt, Party A shall notify Party B immediately.
  - (3) During the credit period, any activities of assets reorganization (such as mergers, acquisitions, discrete), or changes of business, or activities changes the organization, operation mode, or dissolution, bankruptcy application, should notify Party B two months in advance, and should pay off all the debts of Party A or perform the debt responsibilities.
-

20. If Party A fails to the rule of any specific business contract, then it can be deemed to breach the agreement, and Party B has the right to end the agreement and require all outstanding claims.

Any damages to Party B caused by Party A's breach of contract, Party A should assume full obligations.

#### **Part 10 Effect of Contract**

21. This contract comes into effect when it signed by both parties' the legal representative or agent or sealed and stamped.

#### **Part 11 Disputes and Resolution**

22. If two parties have a dispute, amicable settlement is accepted firstly. Necessary action is needed if the consultation fails, either party may apply to the local court.

#### **Part 12 Integrity of the Contract**

23. Every specific business contract signed by Party A and Party B is the effective part of this agreement, which make up integrity agreement.

24. If Party A fails to perform the provisions of any specific business contract, then it can be deemed to breach the agreement, and Party B has the right to end the agreement and require all outstanding claims.

25. Agreed by Party B, Party A can authorize all or part of the line of credit under this agreement to other units to use, and name of the unit is authorized to enter into with the relevant specific business contract signed with Party B, the specific content shall prevail by "credit line to use the power of attorney" issued by Party A and approved by Party B.

26. In the "line of credit using the power of attorney" or "buy-back guarantee amount to use the power of attorney", it is not necessary to clear the specific business of the specific line of credit under Article 3.

27. Party A in the " power of attorney for using line of credit " must clarify whether the authorized organization can be delegated or not.

28. Matters not covered in this Agreement, the parties maybe reach a written agreement as an annex to this Agreement which is the integral part of this agreement, and has the same legal effect.

#### **Part 13 Supplementary Provisions**

29. This agreement is in duplicate, Party A has one copy, Party B has one copies, which have the same legal effect.

30. This agreement is signed on 26th Jan, 2018 in Shenzhen.

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31. The two parties agreed to notarize the contract and promise to give the contract enforceability. When the party fails to perform, do not fully comply with any legal obligations, Party B has the right to direct the people's court having jurisdiction for enforcement. Party A makes no objection to the enforcement application under the agreement.(Not applicable)

32. If at any time, any provision of this contract in any way becomes illegitimate, invalid or unenforceable, the legality, validity or enforceability of the other provisions of this contract is not affected.

33. Under this agreement In the event of bank acceptance bill business, "bank acceptance agreement" signed by the specific operations undertaken by the Branch Office, all the rights and obligations under "banker's acceptance agreement" borne by 。

34. other

Party A (Stamp)

Signature of legal representative or deputy:

Party B (Stamp)

Signature of legal representative or deputy:

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**GUARANTEED MAXIMUM CONTRACT**

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## CHINA EVERBRIGHT BANK

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Chapter fourteen	Effectiveness ,change and release of the contract
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Chapter sixteen	Supplementary

### Guaranteed Maximum Contract

Guarantor: SPRINGPOWER TECHNOLOGY (SHENZHEN) CO., LTD.  
Address: Building A, Industrial Area, Renmin Road, Guanlan street, Bao'an District, Shenzhen, china  
Zip code: 518000  
Legal representative: PanDangyu  
Attorney:  
Managers: SunXun  
TEL: 0755-89686236  
FAX: 0755-89686819  
Bank: Bank Of China. LongHua Branch  
A/C NO. \*\*\*

Creditor: China everbright bank CO.,LTD Shenzhen Branch  
Address: No.26 of 7th zizhu road Zhuzilin, Futian district, shenzhen, guangdong 518000  
Legal representative/Person in charge: Peng Jianping,  
Managers: Yang Xiaolin  
TEL: 0755-81483044  
FAX: 0755-28138641

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## **Chapter one General**

To ensure the fulfillment that, 26th Jan, 2018 SHENZHEN HIGHPOWER TECHNOLOGY CO., LTD. (hereinafter referred to as "fiduciary") signed with the creditor numbered ZH78191711003"Comprehensive Credit Agreement" (hereinafter referred to as "Comprehensive Credit Agreement ") ,guarantor is willing to provide the maximum amount of credit joint liability guarantee to secure fiduciary will pay off the entire debt under its "comprehensive credit agreement" timely and fully.

After reviewing , the creditor agreed to accept a guarantee provided by the guarantor. In order to clarify both the guarantor and the creditor rights and obligations We formulated this contract guided by the principles of equality and mutual benefit, in accordance with the provisions of relevant laws and regulations.

## **Chapter two Definition**

Article 1 Unless the context requires or the Contract requires , in this Contract:

Master contract: refers to creditor and fiduciary signed the "Comprehensive Credit Agreement" as well as the creditor and fiduciary signed a specific credit business contract or agreement under "comprehensive credit agreement" for each credit business.

Specific credit business contract or agreement refers to the creditor guided by "comprehensive credit agreement" provide the single specific credit business contract or agreement to the fiduciary, which is signed with the fiduciary including the local currency and the foreign currency loans, trade finance, discount, acceptances, letters of credit, guarantees, factoring, guarantees and other off-balance sheet credit payment form (collectively, "specific credit business").

## **Chapter three The principal debt secured by**

Article 2 The principal debt secured by the guarantor is all the specific credit business incurred under the contract or agreement signed by creditor and fiduciary based on the master "comprehensive credit agreement" .The guaranteed maximum principal debt for "Comprehensive Credit Agreement" is RMB twenty million.

Of the following cases, the main contract claims to determine:

(One) identify expiry of the period of the main contract;

(Two) the new creditor can not happen;

(Three) the creditor and the fiduciary terminate the contract or the creditor and the guarantor terminate the contract;

(Four) the fiduciary or the guarantor is declared bankrupt or is revoked, suspended, canceled or dissolution;

(Five ) other cases law claimed.

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#### **Chapter four Guaranteed way**

Article 3 Guarantor provided the joint and several liability guarantee under the contract

#### **Chapter five Warranty**

Article 4 Guaranteed under this contract include: a fiduciary under the contract shall repay or pay the debt principal to the main creditor, interest (including statutory interest, agreed interest and penalty interest), compound interest, fees, liquidated damages, compensation, the cost of the claim, (including, but not limited to, litigation costs, attorneys' fees, notary fees, implementation costs, etc.) and all other fees payable (above together referred to as "collateralized debt obligations").

Article 5 Creditor used to indicate any credit secured debt under the contract or any proof payable ,unless there is manifest error, the two sides should be the conclusive evidence of the relationship between credit and debt and is binding on the guarantor.

#### **Chapter six Warranty period**

Article 6 each specific credit business guarantee period under "Comprehensive Credit Agreement" calculated separately since specific contract or agreement fiduciary obligations to fulfill the expiration date (as required by law or agreement which led to the events specific credit business contract or agreement early maturity, compared with earlier due date) two years.

#### **Chapter seven The documents the guarantor should submit**

Article 7 Guarantor shall ensure that a fiduciary who first used the credit provided under the main contract specific credit business before the credit has been received , guarantor submitted the following documents:

1. The legal representative or agent effective guarantor signature or seal and affix the official seal of the original contract;
2. Guarantor's articles of association or approve the establishment of documentation and sponsorship by the latest annual inspection business license or certificate of legal institutions, or other legal existence can prove guarantor state documents;
3. Prove creditworthiness of the guarantor's financial statements or other information;
4. Guarantor's board of directors or the right to decide matters of this warranty other guarantor guarantor internal agencies agreed to provide guarantee for this contract in accordance with a resolution;
5. Guarantor reasonably required to provide credit and other documents.

For a copy of the above documents, are subject to confirmation that the guarantor stamped copy is true, complete, valid file.

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## **Chapter eight Representations and Warranties of guarantor**

Article 8 Guarantor make the following representations and warranties to the creditor here :

1. The guarantor and validly existing legal entity / other organization in accordance with Chinese laws established, with independent civil capacity, and enjoy the full power, authority and rights of all of its assets and business activities of civil liability.
2. Guarantor has sufficient power, authority and rights to sign this contract and conduct transactions under this contract and has taken or obtained all necessary legal actions and other actions and agreed to authorize the execution and performance of this contract. The contract is guaranteed by a legal representative or agent valid signature.
3. Guarantor has carefully read and fully understood the contract and t accept the Lord contents and guarantor execution and performance of this contract is voluntary, under this contract in the full meaning of true representation.
4. Guarantor provide all the documents, data, reports, and documents to the creditor are accurate, true, complete and effective, and a copy of the form of documents are consistent with the original.
5. Guarantor has been made to sign this contract with all the necessary government approvals and third party consents, the execution and performance of this contract does not violate the sponsor's corporate constituent documents / approval documents (if any) and as a party to any other contract or agreement. Guaranteed under this contract will not be subject to any restrictions.
6. To ensure that the contract legality, validity or enforceability of the guarantor has been completed or will complete all required registration, filing or notary procedures.
7. This contract is legally valid, on the guarantor constitute a legally binding obligation.
8. Currently there is no surety or anything involving major operating assets and will be the guarantor's financial position or guarantor to fulfill its obligations under this contract and adversely affect the ability of litigation, arbitration or administrative proceedings.
9. Guarantor did not occur or exist any event of default.

Article 9 the representations and warranties of the guarantor in the life of the contract shall remain correct and that the guarantor will be ready by the creditor's request for further documents.

## **Chapter nine Guarantor's commitment**

Article 10 before all of the secured debt repaid ,the guarantor shall comply with the following provisions:

1 The guarantor shall immediately notify the creditor any of the following events:

- (1) the occurrence of any event of default;
- (2) relates to the guarantor or any major operating assets of litigation, arbitration or administrative proceedings;
- (3) the guarantor's financial position deterioration, suspension of business, or is declared bankrupt, dissolved, revoked business license / certificate of legal institutions or revoked.

2. In the life of the contract, as long as all of the secured debt is not repaid, without the prior written consent of the creditor, the guarantor couldn't make any associate, contract, lease, merger, joint-stock reform, or other mode of operation and ownership structure changed arrangements; If indeed due to operational needs or national policies, laws need to adjust for associates, contract, lease, merger, joint-stock reform, or otherwise change its mode of operation or ownership structure, the guarantor shall obtain the prior written consent of the creditor and in this contract under its warranty obligations and obligations to make a satisfactory credit arrangement.

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3. In the life of the contract, as long as all of the secured debt is not repaid, except with the prior written consent of the creditor, the guarantor shall not sell, transfer, or otherwise dispose split any material operating assets

4. In the life of the contract, before the completion of the all the secured debt fully settled, guarantor will not be in respect of its generation of a fiduciary to the creditor settlement of any sum or its fiduciary may be entitled to any other creditor, to the fiduciary recourse or claim right

5. In the life of the contract, the guarantor as the administrative department for industry and commerce to make any changes to registration, should be after the change ten working days written notice to the creditor and the creditor files a copy of the relevant registration creditor.

6. If a fiduciary fails to pay the secured debt timely, the guarantor shall, upon receipt of payment in writing to the creditor within seven working days of the creditor, the creditor unconditionally in the manner required by a fiduciary on behalf of the creditor payment of such debts.

7. If the guarantor fails to credit the person's request to timely payment of any sum under the contract, the creditor entitled to directly from the guarantor to the creditor or credit to any other person within the system of opening branches directly deduct any account, without having to obtain the prior consent of the guarantor.

8. Upon the request of the creditor, the guarantor shall be required to pay immediately to the credit or compensation for costs and losses following:

(1) Credit artificially realize the rights under this contract incurred all costs and expenses (including but not limited to attorney's fees, court costs, fees and all other executive actual expenditure); and

(2) due to violation of the contract and the guarantor to the creditor liable for any other losses

#### **Chapter ten The nature and effectiveness of security**

Article 11 This contract guarantees established by independent credit secured debt artificially made by any other guarantee. Credit to exercise rights under this contract without first implementation of its former holdings of any other guarantees (whether material or human security guarantees), and need not first to the fiduciary or any other third party to take any other relief measures.

#### **Chapter eleven Events of default**

Article 12 Each of the following events and issues constitute Guarantor in the event of default under the contract:

1. Master contract any event of default occurs under;

2. Guarantor under this contract made representations, warranties or undertakings are recognized as incorrect or untrue;

3. The main part of any contract for any reason is no longer fully valid, or is terminated for any reason or restricted;

4. Guarantor suspend or cease business or enters bankruptcy, liquidation, or other similar programs out of business, or the guarantor being filed for bankruptcy liquidation or authorities decided to suspend or temporarily suspended operations

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5. Occurred against the guarantor or a substantial operating assets litigation, arbitration or administrative proceedings;
6. Guarantor is in breach of its present obligations under the contract or the occurrence of other people think that credit will adversely affect the creditor rights under this Contract other events.

Article 13 of the event of default has occurred, as the case is entitled to take credit of any one or more of the following measures:

1. Exercise credit in the main contract and enjoyed under this contract remedies for breach of contract;
2. Guarantor in accordance with the requirements of the contract responsibility of guarantee;
3. Exercise of the creditor was secured debt may have any other security interest.

#### **Chapter twelve others**

Article 14 without the prior consent of the creditor, the guarantor shall not transfer or otherwise dispose of their under this contract in whole or part of the bligations.

Article 15 of people give credit guarantors any grace, discount or delay, shall not affect, damage or limit the creditor under this contract and the laws and regulations and all the rights; no person should be treated as credit rights under this Contract and interest waiver, does not affect the guarantor under this contract from any liability and obligations.

Article 16 If at any time any of the terms of this contract are in any way or becomes illegal, invalid or unenforceable, the other provisions of this contract the legality, validity or enforceability is not affected or impaired.

Article 17 of the contract, the guarantor shall be guaranteed full payment of the debt, offset shall not make any claim, nor shall any conditions.

Article 18 The contract mutual issue relating to this contract notice requirements should be made in writing, sent to the home page of this contract the parties listed in the address or fax. Any party to change its address or fax, the need for timely notice to the other.

Communications between the parties, such as by hand, after delivery shall be deemed to be served; if sent by registered letter, and in three days after sending a registered letter shall be deemed to be served; if sent by facsimile , shall be deemed to be served at the time of issue

#### **Chapter thirteen Applicable Law and Dispute Resolution**

Article 19 of the contract and the contract any of the matters covered by Chinese law, and in accordance with Chinese law explained.

Article 20 During the performance of this contract or in connection with all disputes relating to this contract, the two parties settled through friendly consultations. Negotiation can not reach agreement, either party may apply to the credit people local people's court.

#### **Chapter fourteen Effectiveness ,change and release of the contract**

Article 21 of this contract from the guarantor and the creditor both legal representative or agent or stamped and stamped with the official seal of the date.

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Article 22 After the commencement of this contract, either party may change or premature termination of the contract. If we need to change or cancel the contract, the guarantor and the creditor shall be approved by mutual agreement, and reach a written agreement. Prior written agreement is reached, the provisions of this contract is still valid.

#### **Chapter fifteen Attachment**

Article 23 The matters covered in this contract, the guarantor and the creditor both parties may otherwise agree in writing, as an annex to this contract. Hereto are an integral part of this contract, this contract have the same legal effect.

Article 24 of the annex to the contract include:

- 1.
- 2.

#### **Chapter sixteen Supplementary**

Article 25 of the original contract a formula two copies guarantor holding one copies of credit people who one copies of the same legal effect.

Article 26 This Contract 26th Jan, 2018 by the guarantor and the creditor in Shenzhen signed.

Article 27 The parties to the contract agree to this contract notarized promise to give the contract unenforceable. When a fiduciary, the guarantor is not fulfilled, or if the debt is not completely fulfill the laws and regulations, the implementation contract creditor claims, guarantees the right circumstances, the creditor has the right to direct the people's court having jurisdiction for enforcement. Fiduciary, guarantor loan made under this contract enforcement application without any objection. (This section is optional terms, the parties choose this contract [ ]. 1, applies; 2, does not apply.)

This page is page contract signed by both parties, no text)

Guarantor (stamp):

Legal representative  
(Or agent)

Creditor (stamp):

Legal Representative / CEO:  
(or agent )

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GUARANTEED MAXIMUM CONTRACT

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## CHINA EVERBRIGHT BANK

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### Guaranteed Maximum Contract

Guarantor: HUIZHOU HIGHPOWER TECHNOLOGY CO., LTD  
Address: Xihu industrial zone; MaAn town, Huicheng District, Huizhou  
Zip code: 518000  
Legal representative: PanDangyu  
Attorney:  
Managers: SunXun  
TEL: 0755-89686236  
FAX: 0755-89686819  
Bank: Bank Of China. LongHua Branch  
A/C NO. \*\*\*

Creditor: China Everbright Bank Co., Ltd, Shenzhen Branch  
Address: No.26 of 7th zizhu road Zhuzilin, Futian district, shenzhen, guangdong 518000  
Legal representative/Person in charge: Peng Jianping,  
Managers: Yang Xiaolin  
TEL: 0755-81483044  
FAX: 0755-28138641

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## **Chapter one General**

To ensure the fulfillment that, 26th Jan, 2018 SHENZHEN HIGHPOWER TECHNOLOGY CO., LTD. (hereinafter referred to as "fiduciary") signed with the creditor numbered ZH78191711003 "Comprehensive Credit Agreement" (hereinafter referred to as "Comprehensive Credit Agreement ") ,guarantor is willing to provide the maximum amount of credit joint liability guarantee to secure fiduciary will pay off the entire debt under its "comprehensive credit agreement" timely and fully.

After reviewing , the creditor agreed to accept a guarantee provided by the guarantor. In order to clarify both the guarantor and the creditor rights and obligations We formulated this contract guided by the principles of equality and mutual benefit, in accordance with the provisions of relevant laws and regulations.

## **Chapter two Definition**

Article 1 Unless the context requires or the Contract requires , in this Contract:

Master contract: refers to creditor and fiduciary signed the "Comprehensive Credit Agreement" as well as the creditor and fiduciary signed a specific credit business contract or agreement under "comprehensive credit agreement" for each credit business.

Specific credit business contract or agreement refers to the creditor guided by "comprehensive credit agreement" provide the single specific credit business contract or agreement to the fiduciary, which is signed with the fiduciary including the local currency and the foreign currency loans, trade finance, discount, acceptances, letters of credit, guarantees, factoring, guarantees and other off-balance sheet credit payment form (collectively, "specific credit business").

## **Chapter three The principal debt secured by**

Article 2 The principal debt secured by the guarantor is all the specific credit business incurred under the contract or agreement signed by creditor and fiduciary based on the master "comprehensive credit agreement" .The guaranteed maximum principal debt for "Comprehensive Credit Agreement" is RMB twenty million.

Of the following cases, the main contract claims to determine:

(One) identify expiry of the period of the main contract;

(Two) the new creditor can not happen;

(Three) the creditor and the fiduciary terminate the contract or the creditor and the guarantor terminate the contract;

(Four) the fiduciary or the guarantor is declared bankrupt or is revoked, suspended, canceled or dissolution;

(Five ) other cases law claimed.

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#### **Chapter four Guaranteed way**

Article 3 Guarantor provided the joint and several liability guarantee under the contract

#### **Chapter five Warranty**

Article 4 Guaranteed under this contract include: a fiduciary under the contract shall repay or pay the debt principal to the main creditor, interest (including statutory interest, agreed interest and penalty interest), compound interest, fees, liquidated damages, compensation, the cost of the claim, (including, but not limited to, litigation costs, attorneys' fees, notary fees, implementation costs, etc.) and all other fees payable (above together referred to as "collateralized debt obligations").

Article 5 Creditor used to indicate any credit secured debt under the contract or any proof payable ,unless there is manifest error, the two sides should be the conclusive evidence of the relationship between credit and debt and is binding on the guarantor.

#### **Chapter six Warranty period**

Article 6 each specific credit business guarantee period under "Comprehensive Credit Agreement" calculated separately since specific contract or agreement fiduciary obligations to fulfill the expiration date (as required by law or agreement which led to the events specific credit business contract or agreement early maturity, compared with earlier due date) two years.

#### **Chapter seven The documents the guarantor should submit**

Article 7 Guarantor shall ensure that a fiduciary who first used the credit provided under the main contract specific credit business before the credit has been received, guarantor submitted the following documents:

1. The legal representative or agent effective guarantor signature or seal and affix the official seal of the original contract;
2. Guarantor's articles of association or approve the establishment of documentation and sponsorship by the latest annual inspection business license or certificate of legal institutions, or other legal existence can prove guarantor state documents;
3. Prove creditworthiness of the guarantor's financial statements or other information;
4. Guarantor's board of directors or the right to decide matters of this warranty other guarantor guarantor internal agencies agreed to provide guarantee for this contract in accordance with a resolution;
5. Guarantor reasonably required to provide credit and other documents.

For a copy of the above documents, are subject to confirmation that the guarantor stamped copy is true, complete, valid file.

---

## **Chapter eight Representations and Warranties of guarantor**

Article 8 Guarantor make the following representations and warranties to the creditor here :

1. The guarantor and validly existing legal entity / other organization in accordance with Chinese laws established, with independent civil capacity, and enjoy the full power, authority and rights of all of its assets and business activities of civil liability.
2. Guarantor has sufficient power, authority and rights to sign this contract and conduct transactions under this contract and has taken or obtained all necessary legal actions and other actions and agreed to authorize the execution and performance of this contract. The contract is guaranteed by a legal representative or agent valid signature.
3. Guarantor has carefully read and fully understood the contract and t accept the Lord contents and guarantor execution and performance of this contract is voluntary, under this contract in the full meaning of true representation.
4. Guarantor provide all the documents, data, reports, and documents to the creditor are accurate, true, complete and effective, and a copy of the form of documents are consistent with the original.
5. Guarantor has been made to sign this contract with all the necessary government approvals and third party consents, the execution and performance of this contract does not violate the sponsor's corporate constituent documents / approval documents (if any) and as a party to any other contract or agreement. Guaranteed under this contract will not be subject to any restrictions.
6. To ensure that the contract legality, validity or enforceability of the guarantor has been completed or will complete all required registration, filing or notary procedures.
7. This contract is legally valid, on the guarantor constitute a legally binding obligation.
8. Currently there is no surety or anything involving major operating assets and will be the guarantor's financial position or guarantor to fulfill its obligations under this contract and adversely affect the ability of litigation, arbitration or administrative proceedings.
9. Guarantor did not occur or exist any event of default.

Article 9 the representations and warranties of the guarantor in the life of the contract shall remain correct and that the guarantor will be ready by the creditor's request for further documents.

## **Chapter nine Guarantor's commitment**

Article 10 before all of the secured debt repaid ,the guarantor shall comply with the following provisions:

1 The guarantor shall immediately notify the creditor any of the following events:

- (1) the occurrence of any event of default;
- (2) relates to the guarantor or any major operating assets of litigation, arbitration or administrative proceedings;
- (3) the guarantor's financial position deterioration, suspension of business, or is declared bankrupt, dissolved, revoked business license / certificate of legal institutions or revoked.

2. In the life of the contract, as long as all of the secured debt is not repaid, without the prior written consent of the creditor, the guarantor couldn't make any associate, contract, lease, merger, joint-stock reform, or other mode of operation and ownership structure changed arrangements; If indeed due to operational needs or national policies, laws need to adjust for associates, contract, lease, merger, joint-stock reform, or otherwise change its mode of operation or ownership structure, the guarantor shall obtain the prior written consent of the creditor and in this contract under its warranty obligations and obligations to make a satisfactory credit arrangement.

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3. In the life of the contract, as long as all of the secured debt is not repaid, except with the prior written consent of the creditor, the guarantor shall not sell, transfer, or otherwise dispose split any material operating assets
4. In the life of the contract, before the completion of the all the secured debt fully settled, guarantor will not be in respect of its generation of a fiduciary to the creditor settlement of any sum or its fiduciary may be entitled to any other creditor, to the fiduciary recourse or claim right
5. In the life of the contract, the guarantor as the administrative department for industry and commerce to make any changes to registration, should be after the change ten working days written notice to the creditor and the creditor files a copy of the relevant registration creditor.
6. If a fiduciary fails to pay the secured debt timely, the guarantor shall, upon receipt of payment in writing to the creditor within seven working days of the creditor, the creditor unconditionally in the manner required by a fiduciary on behalf of the creditor payment of such debts.
7. If the guarantor fails to credit the person's request to timely payment of any sum under the contract, the creditor entitled to directly from the guarantor to the creditor or credit to any other person within the system of opening branches directly deduct any account, without having to obtain the prior consent of the guarantor.
8. Upon the request of the creditor, the guarantor shall be required to pay immediately to the credit or compensation for costs and losses following:
  - (1) Credit artificially realize the rights under this contract incurred all costs and expenses (including but not limited to attorney's fees, court costs, fees and all other executive actual expenditure); and
  - (2) due to violation of the contract and the guarantor to the creditor liable for any other losses

#### **Chapter ten The nature and effectiveness of security**

Article 11 This contract guarantees established by independent credit secured debt artificially made by any other guarantee. Credit to exercise rights under this contract without first implementation of its former holdings of any other guarantees (whether material or human security guarantees), and need not first to the fiduciary or any other third party to take any other relief measures.

#### **Chapter eleven Events of default**

Article 12 Each of the following events and issues constitute Guarantor in the event of default under the contract:

1. Master contract any event of default occurs under;
  2. Guarantor under this contract made representations, warranties or undertakings are recognized as incorrect or untrue;
  3. The main part of any contract for any reason is no longer fully valid, or is terminated for any reason or restricted;
-

4. Guarantor suspend or cease business or enters bankruptcy, liquidation, or other similar programs out of business, or the guarantor being filed for bankruptcy liquidation or authorities decided to suspend or temporarily suspended operations
5. Occurred against the guarantor or a substantial operating assets litigation, arbitration or administrative proceedings;
6. Guarantor is in breach of its present obligations under the contract or the occurrence of other people think that credit will adversely affect the creditor rights under this Contract other events.

Article 13 of the event of default has occurred, as the case is entitled to take credit of any one or more of the following measures:

1. Exercise credit in the main contract and enjoyed under this contract remedies for breach of contract;
2. Guarantor in accordance with the requirements of the contract responsibility of guarantee;
3. Exercise of the creditor was secured debt may have any other security interest.

#### **Chapter twelve others**

Article 14 without the prior consent of the creditor, the guarantor shall not transfer or otherwise dispose of their under this contract in whole or part of the bligations.

Article 15 of people give credit guarantors any grace, discount or delay, shall not affect, damage or limit the creditor under this contract and the laws and regulations and all the rights; no person should be treated as credit rights under this Contract and interest waiver, does not affect the guarantor under this contract from any liability and obligations.

Article 16 If at any time any of the terms of this contract are in any way or becomes illegal, invalid or unenforceable, the other provisions of this contract the legality, validity or enforceability is not affected or impaired.

Article 17 of the contract, the guarantor shall be guaranteed full payment of the debt, offset shall not make any claim, nor shall any conditions.

Article 18 The contract mutual issue relating to this contract notice requirements should be made in writing, sent to the home page of this contract the parties listed in the address or fax. Any party to change its address or fax, the need for timely notice to the other.

Communications between the parties, such as by hand, after delivery shall be deemed to be served; if sent by registered letter, and in three days after sending a registered letter shall be deemed to be served; if sent by facsimile , shall be deemed to be served at the time of issue

#### **Chapter thirteen Applicable Law and Dispute Resolution**

Article 19 of the contract and the contract any of the matters covered by Chinese law, and in accordance with Chinese law explained.

Article 20 During the performance of this contract or in connection with all disputes relating to this contract, the two parties settled through friendly consultations. Negotiation can not reach agreement, either party may apply to the credit people local people's court.

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#### **Chapter fourteen Effectiveness ,change and release of the contract**

Article 21 of this contract from the guarantor and the creditor both legal representative or agent or stamped and stamped with the official seal of the date.

Article 22 After the commencement of this contract, either party may change or premature termination of the contract. If we need to change or cancel the contract, the guarantor and the creditor shall be approved by mutual agreement, and reach a written agreement. Prior written agreement is reached, the provisions of this contract is still valid.

#### **Chapter fifteen Attachment**

Article 23 The matters covered in this contract, the guarantor and the creditor both parties may otherwise agree in writing, as an annex to this contract. Hereto are an integral part of this contract, this contract have the same legal effect.

Article 24 of the annex to the contract include:

- 1.
- 2.

#### **Chapter sixteen Supplementary**

Article 25 of the original contract a formula two copies guarantor holding one copies of credit people who one copies of the same legal effect.

Article 26 This Contract 26th Jan, 2018 by the guarantor and the creditor in Shenzhen signed.

Article 27 The parties to the contract agree to this contract notarized promise to give the contract unenforceable. When a fiduciary, the guarantor is not fulfilled, or if the debt is not completely fulfill the laws and regulations, the implementation contract creditor claims, guarantees the right circumstances, the creditor has the right to direct the people's court having jurisdiction for enforcement. Fiduciary, guarantor loan made under this contract enforcement application without any objection. (This section is optional terms, the parties choose this contract [ ]. 1, applies; 2, does not apply.)

This page is page contract signed by both parties, no text)

Guarantor (stamp):  
Legal representative  
(Or agent)

Creditor (stamp):

Legal Representative / CEO:  
(or agent )

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GUARANTEED MAXIMUM CONTRACT

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## CHINA EVERBRIGHT BANK

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<b>Chapter fifteen</b>	<b>Attachment</b>
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### Guaranteed Maximum Contract

Guarantor: Icon Energy Systems (Shenzhen) Co., Ltd.

Address: Block A,4/F,Jinmeiwei Industrial Park, Guanlan Hi-tech Industrial Park, Shangkeng Community, Guanlan Town, Baoan District, Shenzhen,

Zip code: 518000

Legal representative: PanDangyu

Attorney:

Managers: SunXun

TEL: 0755-89686802

FAX: 0755-89686819

Bank: Bank Of China. LongHua Branch

A/C NO. \*\*\*

Creditor: China Everbright Bank Co.,Ltd, Shenzhen Branch

Address: No.26 of 7th Zizhu Road Zhuzilin, Futian District, Shenzhen, Guangdong 518000

Legal representative/Person in charge: Peng Jianping,

Managers: Yang Xiaolin

TEL: 0755-81483044

FAX: 0755-28138641

## **Chapter one General**

To ensure the fulfillment that, 26th Jan, 2018 SHENZHEN HIGHPOWER TECHNOLOGY CO., LTD. (hereinafter referred to as "fiduciary") signed with the creditor numbered ZH78191711003"Comprehensive Credit Agreement" (hereinafter referred to as "Comprehensive Credit Agreement ") ,guarantor is willing to provide the maximum amount of credit joint liability guarantee to secure fiduciary will pay off the entire debt under its "comprehensive credit agreement" timely and fully.

After reviewing , the creditor agreed to accept a guarantee provided by the guarantor. In order to clarify both the guarantor and the creditor rights and obligations We formulated this contract guided by the principles of equality and mutual benefit, in accordance with the provisions of relevant laws and regulations.

## **Chapter two Definition**

Article 1 Unless the context requires or the Contract requires , in this Contract:

Master contract: refers to creditor and fiduciary signed the "Comprehensive Credit Agreement" as well as the creditor and fiduciary signed a specific credit business contract or agreement under "comprehensive credit agreement" for each credit business.

Specific credit business contract or agreement refers to the creditor guided by "comprehensive credit agreement" provide the single specific credit business contract or agreement to the fiduciary, which is signed with the fiduciary including the local currency and the foreign currency loans, trade finance, discount, acceptances, letters of credit, guarantees, factoring, guarantees and other off-balance sheet credit payment form (collectively, "specific credit business").

## **Chapter three The principal debt secured by**

Article 2 The principal debt secured by the guarantor is all the specific credit business incurred under the contract or agreement signed by creditor and fiduciary based on the master "comprehensive credit agreement" .The guaranteed maximum principal debt for "Comprehensive Credit Agreement" is RMB twenty million.

Of the following cases, the main contract claims to determine:

(One) identify expiry of the period of the main contract;

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(Three) the creditor and the fiduciary terminate the contract or the creditor and the guarantor terminate the contract;

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(Five ) other cases law claimed.

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#### **Chapter four Guaranteed way**

Article 3 Guarantor provided the joint and several liability guarantee under the contract

#### **Chapter five Warranty**

Article 4 Guaranteed under this contract include: a fiduciary under the contract shall repay or pay the debt principal to the main creditor, interest (including statutory interest, agreed interest and penalty interest), compound interest, fees, liquidated damages, compensation, the cost of the claim, (including, but not limited to, litigation costs, attorneys' fees, notary fees, implementation costs, etc.) and all other fees payable (above together referred to as "collateralized debt obligations").

Article 5 Creditor used to indicate any credit secured debt under the contract or any proof payable ,unless there is manifest error, the two sides should be the conclusive evidence of the relationship between credit and debt and is binding on the guarantor.

#### **Chapter six Warranty period**

Article 6 each specific credit business guarantee period under "Comprehensive Credit Agreement" calculated separately since specific contract or agreement fiduciary obligations to fulfill the expiration date (as required by law or agreement which led to the events specific credit business contract or agreement early maturity, compared with earlier due date) two years.

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4. Guarantor's board of directors or the right to decide matters of this warranty other guarantor guarantor internal agencies agreed to provide guarantee for this contract in accordance with a resolution;
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For a copy of the above documents, are subject to confirmation that the guarantor stamped copy is true, complete, valid file.

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1. The guarantor and validly existing legal entity / other organization in accordance with Chinese laws established, with independent civil capacity, and enjoy the full power, authority and rights of all of its assets and business activities of civil liability.
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3. Guarantor has carefully read and fully understood the contract and t accept the Lord contents and guarantor execution and performance of this contract is voluntary, under this contract in the full meaning of true representation.
4. Guarantor provide all the documents, data, reports, and documents to the creditor are accurate, true, complete and effective, and a copy of the form of documents are consistent with the original.
5. Guarantor has been made to sign this contract with all the necessary government approvals and third party consents, the execution and performance of this contract does not violate the sponsor's corporate constituent documents / approval documents (if any) and as a party to any other contract or agreement. Guaranteed under this contract will not be subject to any restrictions.
6. To ensure that the contract legality, validity or enforceability of the guarantor has been completed or will complete all required registration, filing or notary procedures.
7. This contract is legally valid, on the guarantor constitute a legally binding obligation.
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7. If the guarantor fails to credit the person's request to timely payment of any sum under the contract, the creditor entitled to directly from the guarantor to the creditor or credit to any other person within the system of opening branches directly deduct any account, without having to obtain the prior consent of the guarantor.

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4. Guarantor suspend or cease business or enters bankruptcy, liquidation, or other similar programs out of business, or the guarantor being filed for bankruptcy liquidation or authorities decided to suspend or temporarily suspended operations
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Article 19 of the contract and the contract any of the matters covered by Chinese law, and in accordance with Chinese law explained.

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#### **Chapter fourteen Effectiveness ,change and release of the contract**

Article 21 of this contract from the guarantor and the creditor both legal representative or agent or stamped and stamped with the official seal of the date.

Article 22 After the commencement of this contract, either party may change or premature termination of the contract. If we need to change or cancel the contract, the guarantor and the creditor shall be approved by mutual agreement, and reach a written agreement. Prior written agreement is reached, the provisions of this contract is still valid.

#### **Chapter fifteen Attachment**

Article 23 The matters covered in this contract, the guarantor and the creditor both parties may otherwise agree in writing, as an annex to this contract. Hereto are an integral part of this contract, this contract have the same legal effect.

Article 24 of the annex to the contract include:

- 1.
- 2.

#### **Chapter sixteen Supplementary**

Article 25 of the original contract a formula two copies guarantor holding one copies of credit people who one copies of the same legal effect.

Article 26 This Contract 26th Jan, 2018 by the guarantor and the creditor in Shenzhen signed.

Article 27 The parties to the contract agree to this contract notarized promise to give the contract unenforceable. When a fiduciary, the guarantor is not fulfilled, or if the debt is not completely fulfill the laws and regulations, the implementation contract creditor claims, guarantees the right circumstances, the creditor has the right to direct the people's court having jurisdiction for enforcement. Fiduciary, guarantor loan made under this contract enforcement application without any objection. (This section is optional terms, the parties choose this contract [ ]. 1, applies; 2, does not apply.)

This page is page contract signed by both parties, no text)

Guarantor (stamp):  
Legal representative  
(Or agent)

Creditor (stamp):

Legal Representative / CEO:  
(or agent )

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**Guaranteed Maximum Contract**

**Natural person as a guarantor**

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**CHINA EVERBRIGHT BANK**

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## **Guaranteed Maximum Contract**

### **Natural person as a guarantor**

Guarantor: Pan Dangyu  
ID number: \*\*\*  
Address: \*\*\*  
Living Address: No 68, xinxia road, Pinghu Street, Longgang District, shenzhen  
Zip code: 518111  
TEL: 89686236  
FAX: 89686819  
Attorney:  
(Required to provide a power of attorney signed by the guarantor)  
ID number:  
Address:  
Living Address:  
Zip code:  
TEL:  
FAX:

Creditor: China everbright bank CO.,LTD Shenzhen Branch  
Address: No.26 of 7th zizhu road Zhuzilin, Futian district, shenzhen  
518000  
Legal representative/Person in charge: Peng Jianping  
Managers: Yang Xiaolin  
TEL: 0755-81483044  
FAX: 0755-28138641

### **Chapter one General**

To ensure the fulfillment that, 26th Jan, 2018, SHENZHEN HIGHPOWER TECHNOLOGY CO., LTD. (hereinafter referred to as "fiduciary") signed with the creditor numbered ZH78191711003 "Comprehensive Credit Agreement" (hereinafter referred to as "Comprehensive Credit Agreement ") ,guarantor is willing to provide the maximum amount of credit joint liability guarantee to secure fiduciary will pay off the entire debt under its "comprehensive credit agreement" timely and fully.

After reviewing , the creditor agreed to accept a guarantee provided by the guarantor. In order to clarify both the guarantor and the creditor rights and obligations We formulated this contract guided by the principles of equality and mutual benefit, in accordance with the provisions of relevant laws and regulations.

### **Chapter two Definition**

Article 1 Unless the context requires or the Contract requires , in this Contract:

---

Master contract: refers to creditor and fiduciary signed the "Comprehensive Credit Agreement" as well as the creditor and fiduciary signed a specific credit business contract or agreement under "comprehensive credit agreement" for each credit business.

Specific credit business contract or agreement refers to the creditor guided by "comprehensive credit agreement" provide the single specific credit business contract or agreement to the fiduciary, which is signed with the fiduciary including the local currency and the foreign currency loans, trade finance, discount, acceptances, letters of credit, guarantees, factoring, guarantees and other off-balance sheet credit payment form (collectively, "specific credit business").

### **Chapter three The principal debt secured by**

Article 2 The principal debt secured by the guarantor is all the specific credit business incurred under the contract or agreement signed by creditor and fiduciary based on the master "comprehensive credit agreement" .The guaranteed maximum principal debt for "Comprehensive Credit Agreement" is RMB twenty million.

Of the following cases, the main contract claims to determine:

(One) identify expiry of the period of the main contract;

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(Four) the fiduciary or the guarantor is declared bankrupt or is revoked, suspended, canceled or dissolution;

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### **Chapter four Guaranteed way**

Article 3 Guarantor provided the joint and several liability guarantee under the contract

### **Chapter five Warranty**

Article 4 Guaranteed under this contract include: a fiduciary under the contract shall repay or pay the debt principal to the main creditor, interest (including statutory interest, agreed interest and penalty interest), compound interest, fees, liquidated damages, compensation, the cost of the claim, (including, but not limited to, litigation costs, attorneys' fees, notary fees, implementation costs, etc.) and all other fees payable (above together referred to as "collateralized debt obligations").

Article 5 Creditor used to indicate any credit secured debt under the contract or any proof payable ,unless there is manifest error, the two sides should be the conclusive evidence of the relationship between credit and debt and is binding on the guarantor.

---

## **Chapter six Warranty period**

Article 6 each specific credit business guarantee period under "Comprehensive Credit Agreement" calculated separately since specific contract or agreement fiduciary obligations to fulfill the expiration date (as required by law or agreement which led to the events specific credit business contract or agreement early maturity, compared with earlier due date) two years.

## **Chapter 7 The documents the guarantor should submit**

1. The guarantor or agent valid original signed copy of this contract;
  2. Guarantor of identity documents;
  3. Prove creditworthiness of guarantors proof of assets or other information;
  4. Guarantor reasonably required to provide credit and other documents.
- For a copy of the above documents, are subject to the guarantor or the authorized signatory signature confirmation that the copy is true, complete and valid documents.

## **Chapter 8 Representations and Warranties of guarantor**

Article 8 Guarantor make the following representations and warranties to the creditor here :

1. Guarantor is a full civil capacity of natural persons, have full qualifications and authority to enter into and perform this contract, and can independently bear civil liability.
2. Guarantor has carefully read and fully understood the contract and this contract to accept the Lord contents guarantor execution and performance of this contract is voluntary, under this contract in the full meaning of true representation.
3. Guarantor to the creditor to provide all the documents are accurate, true, complete and effective, and to provide a copy of the form of documents are consistent with the original.
4. Guarantor signing and implementation of the contract does not violate its position as a party to any other contract or agreement, and any laws or regulations applicable thereto. Guaranteed under this contract will not be subject to any restrictions.
5. To ensure that the contract legality, validity or enforceability of the guarantor has been completed or will complete all required registration, filing or notary procedures.
6. This contract is legally valid, on the guarantor constitute a legally binding obligation
7. Do not currently exist and will be anything involving guarantor or surety guarantor's financial position to meet its obligations under this contract and adversely affect the ability of litigation, arbitration or administrative proceedings.
8. Guarantor did not occur or exist any event of default.

Article 9 the representations and warranties of the guarantor in the life of the contract shall remain correct and that the guarantor will be ready by the creditor's request for further documents.

## **Chapter nine Guarantor's commitment**

Article 10 before all of the secured debt repaid ,the guarantor shall comply with the following provisions:

1 The guarantor shall immediately notify the creditor any of the following events:

- (1) the occurrence of any event of default;
-

(2) relates to the guarantor or any major operating assets of litigation, arbitration or administrative proceedings;

(3) the guarantor income substantially reduced significantly, the loss of economic resources such as lost or may lose its ability to perform the case;

(4) the guarantor change residential address and communication.

2. In the life of the contract, as long as all of the secured debt is not repaid, except with the prior written consent of the creditor, the guarantor shall not sell, transfer, split or otherwise dispose of any of its major assets in the form

3. In the life of the contract, before the completion of the all the secured debt fully settled, guarantor will not be in respect of its generation of a fiduciary to the creditor settlement of any sum or its fiduciary may be entitled to any other creditor, to the fiduciary recourse or claim right

4. If a fiduciary fails to pay the secured debt timely, the guarantor shall, upon receipt of payment in writing to the creditor within seven working days of the creditor, the creditor unconditionally in the manner required by a fiduciary on behalf of the creditor payment of such debts.

5. If the guarantor fails to credit the person's request to timely payment of any sum under the contract, the creditor entitled to directly from the guarantor to the creditor or credit to any other person within the system of opening branches directly deduct any account, without having to obtain the prior consent of the guarantor.

6. Upon the request of the creditor, the guarantor shall be required to pay immediately to the credit or compensation for costs and losses following:

(1) Credit artificially realize the rights under this contract incurred all costs and expenses (including but not limited to attorney's fees, court costs, fees and all other executive actual expenditure); and

(2) due to violation of the contract and the guarantor to the creditor liable for any other losses

#### **Chapter ten The nature and effectiveness of security**

Article 11 This contract guarantees established by independent credit secured debt artificially made by any other guarantee. Credit to exercise rights under this contract without first implementation of its former holdings of any other guarantees (whether material or human security guarantees), and need not first to the fiduciary or any other third party to take any other relief measures.

#### **Chapter eleven Events of default**

Article 12 Each of the following events and issues constitute Guarantor in the event of default under the contract:

1. Master contract any event of default occurs under;

2. Guarantor under this contract made representations, warranties or undertakings are recognized as incorrect or untrue;

3. The main part of any contract for any reason is no longer fully valid, or is terminated for any reason or restricted;

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4. Occurred against the guarantor or a substantial operating assets litigation, arbitration or administrative proceedings;
5. Guarantor is in breach of its present obligations under the contract or the occurrence of other people think that credit will adversely affect the creditor rights under this Contract other events.

Article 13 of the event of default has occurred, as the case is entitled to take credit of any one or more of the following measures:

1. Exercise credit in the main contract and enjoyed under this contract remedies for breach of contract;
2. Guarantor in accordance with the requirements of the contract responsibility of guarantee;
3. Exercise of the creditor was secured debt may have any other security interest.

#### **Chapter twelve others**

Article 14 Without the prior consent of the creditor, the guarantor shall not transfer or otherwise dispose of their under this contract in whole or part of the obligations.

Article 15 of people give credit guarantors any grace, discount or delay, shall not affect, damage or limit the creditor under this contract and the laws and regulations and all the rights; no person should be treated as credit rights under this Contract and interest waiver, does not affect the guarantor under this contract from any liability and obligations.

Article 16 If at any time any of the terms of this contract are in any way or becomes illegal, invalid or unenforceable, the other provisions of this contract the legality, validity or enforceability is not affected or impaired.

Article 17 of the contract, the guarantor shall be guaranteed full payment of the debt, offset shall not make any claim, nor shall any conditions.

Article 18 The contract mutual issue relating to this contract notice requirements should be made in writing, sent to the home page of this contract the parties listed in the address or fax. Any party to change its address or fax, the need for timely notice to the others.

Communications between the parties, such as by hand, after delivery shall be deemed to be served; if sent by registered letter, and in three days after sending a registered letter shall be deemed to be served; if sent by facsimile, shall be deemed to be served at the time of issue. However, given the guarantor's credit file, you need to actually received before the creditor is deemed served

#### **Chapter thirteen Applicable Law and Dispute Resolution**

Article 19 This contract and the contract to any matters covered by applicable PRC laws (excluding Hong Kong, Macau and Taiwan law), and in accordance with laws of the PRC (excluding Hong Kong, Macau and Taiwan law) explained.

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Article 20 During the performance of this contract or in connection with all disputes relating to this contract, the two parties settled through friendly consultations. Negotiation can not reach agreement, either party may apply to the credit people local people's court.

#### **Chapter fourteen Effectiveness ,change and release of the contract**

Article 21 This contract is signed by the guarantor and the creditor or agent authorized representative / responsible person or agent or stamped signature and seal of the date.

Article 22 After the commencement of this contract, either party may change or premature termination of the contract. If we need to change or cancel the contract, the guarantor and the creditor shall be approved by mutual agreement, and reach a written agreement. Prior written agreement is reached, the provisions of this contract is still valid.

#### **Chapter fifteen Attachment**

Article 23 The matters covered in this contract, the guarantor and the creditor both parties may otherwise agree in writing, as an annex to this contract. Hereto are an integral part of this contract, this contract have the same legal effect.

Article 24 of the annex to the contract include:

- 1.
- 2.

#### **Chapter sixteen Supplementary**

Article 25 of the original contract a formula 2 copies guarantor holding 1 copies of credit people who 1 copies of the same legal effect.

Article 26 This Contract 26th Jan, 2018 by the guarantor and the creditor in Shenzhen signed.

Article 27 The parties to the contract agree to this contract notarized promise to give the contract unenforceable. When a fiduciary, the guarantor is not fulfilled, or if the debt is not completely fulfill the laws and regulations, the implementation contract creditor claims, guarantees the right circumstances, the creditor has the right to direct the people's court having jurisdiction for enforcement. Fiduciary, guarantor loan made under this contract enforcement application without any objection. (This section is optional terms, the parties choose this contract [2]. 1, applies; 2, does not apply.

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This page is page contract signed by both parties, no text)

**Guarantor or agent (Signature):**

**Creditor (stamp):**

**Legal Representative / CEO:**

**(Or agent)**

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**Guaranteed Maximum Contract**

**Natural person as a guarantor**

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**CHINA EVERBRIGHT BANK**

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<b>Chapter five</b>	<b>Warranty</b>
<b>Chapter six</b>	<b>Warranty period</b>
<b>Chapter seven</b>	<b>The documents the guarantor should submit</b>
<b>Chapter eight</b>	<b>Representations and Warranties of guarantor</b>
<b>Chapter nine</b>	<b>Guarantor's commitment</b>
<b>Chapter ten</b>	<b>The nature and effectiveness of security</b>
<b>Chapter eleven</b>	<b>Events of default</b>
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<b>Chapter thirteen</b>	<b>Applicable Law and Dispute Resolution</b>
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<b>Chapter fifteen</b>	<b>Attachment</b>
<b>Chapter sixteen</b>	<b>Supplementary</b>

**Guaranteed Maximum Contract**

**Natural person as a guarantor**

Guarantor: Yin Zhoutao  
ID number: \*\*\*  
Address: \*\*\*  
Zip code:  
TEL:  
FAX:  
Attorney:  
(Required to provide a power of attorney signed by the guarantor)  
ID number:  
Address:

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Living Address:  
Zip code:  
TEL:  
FAX:

Creditor: China everbright bank CO.,LTD Shenzhen Branch  
Address: No.26 of 7th zizhu road Zhuzilin, Futian district, shenzhen  
518000  
Legal representative/Person in charge: Peng Jianping  
Managers: Yang Xiaolin  
TEL: 0755-81483044  
FAX: 0755-28138641

### **Chapter one General**

To ensure the fulfillment that, 26th Jan, 2018, SHENZHEN HIGHPOWER TECHNOLOGY CO., LTD. (hereinafter referred to as "fiduciary") signed with the creditor numbered ZH78191711003 "Comprehensive Credit Agreement" (hereinafter referred to as "Comprehensive Credit Agreement ") ,guarantor is willing to provide the maximum amount of credit joint liability guarantee to secure fiduciary will pay off the entire debt under its "comprehensive credit agreement" timely and fully.

After reviewing , the creditor agreed to accept a guarantee provided by the guarantor. In order to clarify both the guarantor and the creditor rights and obligations We formulated this contract guided by the principles of equality and mutual benefit, in accordance with the provisions of relevant laws and regulations.

### **Chapter two Definition**

Article 1 Unless the context requires or the Contract requires , in this Contract:

Master contract: refers to creditor and fiduciary signed the "Comprehensive Credit Agreement" as well as the creditor and fiduciary signed a specific credit business contract or agreement under "comprehensive credit agreement" for each credit business.

Specific credit business contract or agreement refers to the creditor guided by "comprehensive credit agreement" provide the single specific credit business contract or agreement to the fiduciary, which is signed with the fiduciary including the local currency and the foreign currency loans, trade finance, discount, acceptances, letters of credit, guarantees, factoring, guarantees and other off-balance sheet credit payment form (collectively, "specific credit business").

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### **Chapter three The principal debt secured by**

Article 2 The principal debt secured by the guarantor is all the specific credit business incurred under the contract or agreement signed by creditor and fiduciary based on the master "comprehensive credit agreement" .The guaranteed maximum principal debt for "Comprehensive Credit Agreement" is RMB twenty million.

Of the following cases, the main contract claims to determine:

- (One) identify expiry of the period of the main contract;
- (Two) the new creditor can not happen;
- (Three) the creditor and the fiduciary terminate the contract or the creditor and the guarantor terminate the contract;
- (Four) the fiduciary or the guarantor is declared bankrupt or is revoked, suspended, canceled or dissolution;
- (Five) other cases law claimed.

### **Chapter four Guaranteed way**

Article 3 Guarantor provided the joint and several liability guarantee under the contract

### **Chapter five Warranty**

Article 4 Guaranteed under this contract include: a fiduciary under the contract shall repay or pay the debt principal to the main creditor, interest (including statutory interest, agreed interest and penalty interest), compound interest, fees, liquidated damages, compensation, the cost of the claim, (including, but not limited to, litigation costs, attorneys' fees, notary fees, implementation costs, etc.) and all other fees payable (above together referred to as "collateralized debt obligations").

Article 5 Creditor used to indicate any credit secured debt under the contract or any proof payable ,unless there is manifest error, the two sides should be the conclusive evidence of the relationship between credit and debt and is binding on the guarantor.

### **Chapter six Warranty period**

Article 6 each specific credit business guarantee period under "Comprehensive Credit Agreement" calculated separately since specific contract or agreement fiduciary obligations to fulfill the expiration date (as required by law or agreement which led to the events specific credit business contract or agreement early maturity, compared with earlier due date) two years.

### **Chapter 7 The documents the guarantor should submit**

1. The guarantor or agent valid original signed copy of this contract;
  2. Guarantor of identity documents;
  3. Prove creditworthiness of guarantors proof of assets or other information;
-

4. Guarantor reasonably required to provide credit and other documents.

For a copy of the above documents, are subject to the guarantor or the authorized signatory signature confirmation that the copy is true, complete and valid documents.

### **Chapter 8 Representations and Warranties of guarantor**

Article 8 Guarantor make the following representations and warranties to the creditor here :

1. Guarantor is a full civil capacity of natural persons, have full qualifications and authority to enter into and perform this contract, and can independently bear civil liability.
2. Guarantor has carefully read and fully understood the contract and this contract to accept the Lord contents guarantor execution and performance of this contract is voluntary, under this contract in the full meaning of true representation.
3. Guarantor to the creditor to provide all the documents are accurate, true, complete and effective, and to provide a copy of the form of documents are consistent with the original.
4. Guarantor signing and implementation of the contract does not violate its position as a party to any other contract or agreement, and any laws or regulations applicable thereto. Guaranteed under this contract will not be subject to any restrictions.
5. To ensure that the contract legality, validity or enforceability of the guarantor has been completed or will complete all required registration, filing or notary procedures.
6. This contract is legally valid, on the guarantor constitute a legally binding obligation
7. Do not currently exist and will be anything involving guarantor or surety guarantor's financial position to meet its obligations under this contract and adversely affect the ability of litigation, arbitration or administrative proceedings.
8. Guarantor did not occur or exist any event of default.

Article 9 the representations and warranties of the guarantor in the life of the contract shall remain correct and that the guarantor will be ready by the creditor's request for further documents.

### **Chapter nine Guarantor's commitment**

Article 10 before all of the secured debt repaid ,the guarantor shall comply with the following provisions:

1 The guarantor shall immediately notify the creditor any of the following events:

- (1) the occurrence of any event of default;
- (2) relates to the guarantor or any major operating assets of litigation,arbitration or administrative proceedings;
- (3) the guarantor income substantially reduced significantly, the loss of economic resources such as lost or may lose its ability to perform the case;
- (4) the guarantor change residential address and communication.

2. In the life of the contract, as long as all of the secured debt is not repaid, except with the prior written consent of the creditor, the guarantor shall not sell, transfer, split or otherwise dispose of any of its major assets in the form

3. In the life of the contract, before the completion of the all the secured debt fully settled, guarantor will not be in respect of its generation of a fiduciary to the creditor settlement of any sum or its fiduciary may be entitled to any other creditor, to the fiduciary recourse or claim right

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4. If a fiduciary fails to pay the secured debt timely, the guarantor shall, upon receipt of payment in writing to the creditor within seven working days of the creditor, the creditor unconditionally in the manner required by a fiduciary on behalf of the creditor payment of such debts.

5. If the guarantor fails to credit the person's request to timely payment of any sum under the contract, the creditor entitled to directly from the guarantor to the creditor or credit to any other person within the system of opening branches directly deduct any account, without having to obtain the prior consent of the guarantor.

6. Upon the request of the creditor, the guarantor shall be required to pay immediately to the credit or compensation for costs and losses following:

(1) Credit artificially realize the rights under this contract incurred all costs and expenses (including but not limited to attorney's fees, court costs, fees and all other executive actual expenditure); and

(2) due to violation of the contract and the guarantor to the creditor liable for any other losses

#### **Chapter ten The nature and effectiveness of security**

Article 11 This contract guarantees established by independent credit secured debt artificially made by any other guarantee. Credit to exercise rights under this contract without first implementation of its former holdings of any other guarantees (whether material or human security guarantees), and need not first to the fiduciary or any other third party to take any other relief measures.

#### **Chapter eleven Events of default**

Article 12 Each of the following events and issues constitute Guarantor in the event of default under the contract:

1. Master contract any event of default occurs under;
2. Guarantor under this contract made representations, warranties or undertakings are recognized as incorrect or untrue;
3. The main part of any contract for any reason is no longer fully valid, or is terminated for any reason or restricted;
4. Occurred against the guarantor or a substantial operating assets litigation, arbitration or administrative proceedings;
5. Guarantor is in breach of its present obligations under the contract or the occurrence of other people think that credit will adversely affect the creditor rights under this Contract other events.

Article 13 of the event of default has occurred, as the case is entitled to take credit of any one or more of the following measures:

1. Exercise credit in the main contract and enjoyed under this contract remedies for breach of contract;
  2. Guarantor in accordance with the requirements of the contract responsibility of guarantee;
  3. Exercise of the creditor was secured debt may have any other security interest.
-

## **Chapter twelve others**

Article 14 Without the prior consent of the creditor, the guarantor shall not transfer or otherwise dispose of their under this contract in whole or part of the obligations.

Article 15 of people give credit guarantors any grace, discount or delay, shall not affect, damage or limit the creditor under this contract and the laws and regulations and all the rights; no person should be treated as credit rights under this Contract and interest waiver, does not affect the guarantor under this contract from any liability and obligations.

Article 16 If at any time any of the terms of this contract are in any way or becomes illegal, invalid or unenforceable, the other provisions of this contract the legality, validity or enforceability is not affected or impaired.

Article 17 of the contract, the guarantor shall be guaranteed full payment of the debt, offset shall not make any claim, nor shall any conditions.

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Communications between the parties, such as by hand, after delivery shall be deemed to be served; if sent by registered letter, and in three days after sending a registered letter shall be deemed to be served; if sent by facsimile , shall be deemed to be served at the time of issue. However, given the guarantor's credit file, you need to actually received before the creditor is deemed served

## **Chapter thirteen Applicable Law and Dispute Resolution**

Article 19 This contract and the contract to any matters covered by applicable PRC laws (excluding Hong Kong, Macau and Taiwan law), and in accordance with laws of the PRC (excluding Hong Kong, Macau and Taiwan law) explained.

Article 20 During the performance of this contract or in connection with all disputes relating to this contract, the two parties settled through friendly consultations. Negotiation can not reach agreement, either party may apply to the credit people local people's court.

## **Chapter fourteen Effectiveness ,change and release of the contract**

Article 21 This contract is signed by the guarantor and the creditor or agent authorized representative / responsible person or agent or stamped signature and seal of the date.

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Article 22 After the commencement of this contract, either party may change or premature termination of the contract. If we need to change or cancel the contract, the guarantor and the creditor shall be approved by mutual agreement, and reach a written agreement. Prior written agreement is reached, the provisions of this contract is still valid.

#### **Chapter fifteen Attachment**

Article 23 The matters covered in this contract, the guarantor and the creditor both parties may otherwise agree in writing, as an annex to this contract. Hereto are an integral part of this contract, this contract have the same legal effect.

Article 24 of the annex to the contract include:

- 1.
- 2.

#### **Chapter sixteen Supplementary**

Article 25 of the original contract a formula 2 copies guarantor holding 1 copies of credit people who 1 copies of the same legal effect.

Article 26 This Contract 26th Jan, 2018 by the guarantor and the creditor in Shenzhen signed.

Article 27 The parties to the contract agree to this contract notarized promise to give the contract unenforceable. When a fiduciary, the guarantor is not fulfilled, or if the debt is not completely fulfill the laws and regulations, the implementation contract creditor claims, guarantees the right circumstances, the creditor has the right to direct the people's court having jurisdiction for enforcement. Fiduciary, guarantor loan made under this contract enforcement application without any objection. (This section is optional terms, the parties choose this contract [2]. 1, applies; 2, does not apply.

This page is page contract signed by both parties, no text)

**Guarantor or agent (Signature):**

**Creditor (stamp):**

**Legal Representative / CEO:**

**(Or agent)**

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COMPREHENSIVE CREDIT CONTRACT

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<b>Chapter two</b>	The maximum credit limits and Specific line of credit
<b>Chapter three</b>	The period of credit
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### Comprehensive Credit Contract

Party A: SPRINGPOWER TECHNOLOGY (SHENZHEN) CO., LTD  
Add: Building A, Industrial Area, Renmin Road, Guanlan Street, Bao'an District, Shenzhen, China  
Legal Representative: Pan Dangyu  
Tel: 0755-89686236  
Fax: 0755-89686819

Party B: China Everbright Bank Co., Ltd Shenzhen Branch  
Add: No.26 of 7th Zizhu Road Zhuzilin, Futian District,  
Shenzhen, Guangdong,  
Tel: 0755-81483044  
Fax: 0755-28138641

In accordance with the relevant laws and regulations, such as "Republic of China on Commercial Banks" and "Interim Measures of commercial banks authorize and credit" and "Guidelines for Risk Management of Credit business of Commercial Bank Group's customers", Based on equality, voluntariness, the principle of good faith, Party A and Party B make the agreement after the equal consultations, and both of them are willing to follow all terms of the contract.

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## **Part 1 Definitions and interpretation**

1. Except as otherwise explained in the context, the following terms of this agreement are defined as below :

Comprehensive credit: Party B shall provide one or several conditional commitments by credit support to Party A.

Specific business: According to comprehensive credit, Party B shall provide the loans, bank acceptances, trade finance and other specific credit business to Party A.

The maximum credit limits: According to comprehensive credit, the highest balance of debt principal by using the specific businesses, Party A can apply to Party B within the validity period of the comprehensive credit agreement.

Specific line of credit: According to the maximum credit limits, the highest balance of debt principal by using one specific business Party A can apply to Party B within the validity period of the comprehensive credit agreement.

Used line of credit: According to specific line of credit, the sum of debt principal by using one specific outstanding business Party A applied within the validity period of the comprehensive credit agreement.

Specific business contract: The contract signed by Party A and Party B about the specific using of the business and Line of credit.

## **Part 2 The maximum credit limits and Specific line of credit**

2. The maximum credit limits under this contract (Total local currency and foreign currency , foreign currency are translated into RMB at the benchmark rate which the date of signing the agreement): RMB30,000,000.00

Both parties agree that this Agreement under the maximum credit limits including the outstanding business of original Comprehensive Credit Agreement (Agreement Number: ZH78191612003)

3. According to the maximum credit limits, the specific line of credit is:

Bank acceptances: the specific line of credit RMB30,000,000.00

## **Part 3 The period of credit**

4. The period of the maximum credit limits: from 24<sup>th</sup> Jan, 2018 to 23<sup>th</sup> Jan, 2019.

The period of the specific business is determined by the specific contract , but the start date of the specific business must not exceed the effective use of the deadline of the maximum credit limits.

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#### **Part 4 Usage of the Maximum Credit Limits and Specific Line of Credit**

5. According to the maximum credit limits, Party A can apply to use the specific line of credit once or several times during the period of credit. Party B determines the scope, amount and period of specific business by the credit situation of Party A based on the credit policy of Party B.

6. Provisions of revolving usage: During the period of the maximum credit limits, Party A can revolve the line of credit. The debt of one specific business is paid off, the same kind of new specific business can be used except that Party B prohibited revolving.

7. Party A and Party B should sign specific contract for specific business. If the specific business contract is inconsistent with this agreement, it should be subject to specific business contract. For example, Party A has been identified as customers of the Group under the " Guidelines for Risk Management of Credit business of Commercial Bank Group's customers " and other relevant laws and regulations

#### **Part 5 The Fees**

8. According to each specific business contract, Party A and Party B should conform to the interest rate, exchange rate, fee rate and other fees charged by Party B in the specific contract.

#### **Part 6 Adjustment of the Maximum Credit Limits and Specific Line of Credit**

9. Party B has the right to adjust the maximum credit limits and specific line of credit and the period or end the line of credit when one of the following things happens:

- (1) Country's monetary policy has dramatic adjustment;
  - (2) The region of Party A is suffering or will suffer financial risks;
  - (3) The market related to Party A has great change;
  - (4) Party A is suffering or will suffer significant operational difficulties or risks;
  - (5) Party A appears merger, acquisition reorganization, discrete, termination or other major institutional change, Party B think that may affect the safety of loan:
  - (6) Party A refused to accept the supervision and inspection about usage of funds and operating financial activities;
  - (7) Without the consent of the lender loans, Party A change the original purpose of loans, misappropriation of loans or engaged in illegal or irregular transactions;
  - (8) Providing false information or withheld important operations of the financial facts
  - (9) Party A has such acts as transfer of property, withdrawal of funds or avoiding debt;
  - (10) Party A is considered as a Group Account according to the "Commercial Bank Group guidelines for customer credit risk management business", or other relevant laws and regulations. Through related party transactions, potential evasion of bank debt
  - (11) Party A has the act of violation of commitments under this Agreement;
-

(12) Guarantor of this Agreement suffers the serious shortage of funds or operating difficulties, which has seriously affected the security capabilities;

(13) Collateral for the guarantee damages, endangering the Party B's debt security;

(14) There occurs everything, according to Party B's opinion, which decreases the solvency of Party A or damages the interests of Party B.

(15) Party A fails to perform any obligations in specific business contract;

10. After signing the contract, Party A can apply to adjust specific line of credit in writing. After the written consent of Party B, the contract can be adjusted, and not subject to the constraints. The written application and written consent are considered to the modification of the part 3, which has the same power of the contract.

#### **Part 7 Guarantee**

11. In order to ensure that claims under this agreement are satisfied, take the following guaranty methods:

The guarantor SHEN ZHEN HIGHPOWER TECHNOLOGY CO.,LTD / HUIZHOU HIGHPOWER TECHNOLOGY CO., LTD. / Lcon Energy systems (Shenzhen) CO., Ltd. And Pan Dangu signed "Guaranty Contract of Maximum Amount", which number is "GB78191711004-1 □ GB78191711004-2 □ GB78191711004-3 □ GB78191711004-4 □ GB78191711004-5" with Party B.

12. In spite of agreed guaranty method, when both parties are involved in specific business, if Party B deems necessary, Party B also has the right to require other guarantees from Party A. Party A can not refuse the requirement because of agreed guarantee in this part.

#### **Part 8 Commitment of Party B**

13. Party A applies to use the specific credit in accordance with the agreement, Party B should examine and notice the result to Party A in time.

#### **Part 9 Commitment of Party A**

14. Party A should pay off the debt and fees on time according to the specific business credit.

15. The using of fund under the specific contract should follow the provisions of the law and the agreement, and accept Party B's examination at any time.

16. During the period of credit, Party A should submit to Party B true financial statements, truthfully provide major domestic bank, bank account, deposit and loan balance and other relevant information of the operating conditions.

---

17. If Party A is considered as a Group Account according to the "Commercial Bank Group guidelines for customer credit risk management business", or other relevant laws and regulations. During the credit period, Party A shall promptly report to Party B about more than 10% of net assets associated with the transaction, including but not limited to:

- (1) the parties to the transaction of the association;
- (2) trading program and nature of the transaction;
- (3) the amount of the transaction or the corresponding ratio;
- (4) pricing policies (including no amount or only nominal amounts of transactions)
- (5) requirements of laws, regulations or other circumstances required by Party B.

18. During the period of credit, Party A should notice Party B in advance when providing guarantee for third party, which can not affect the ability to pay off debt.

19. During the period of credit, Party A has the following obligation :

- (1) If the legal representative or legal residence, place of business, or the registered capital of a major investment in equity change, Party A shall notice to Party B within 15 days from the date of change and provide the relevant information.
- (2) During the credit period, Party A involves in significant litigation, arbitration or other judicial proceedings, administrative punishment procedures, or a significant change in operating conditions and financial condition, which may affect the realization of Party B's debt, Party A shall notify Party B immediately.
- (3) During the credit period, any activities of assets reorganization (such as mergers, acquisitions, discrete), or changes of business, or activities changes the organization, operation mode, or dissolution, bankruptcy application, should notify Party B two months in advance, and should pay off all the debts of Party A or perform the debt responsibilities.

20. If Party A fails to the rule of any specific business contract, then it can be deemed to breach the agreement, and Party B has the right to end the agreement and require all outstanding claims.

Any damages to Party B caused by Party A's breach of contract, Party A should assume full obligations.

#### **Part 10 Effect of Contract**

21. This contract comes into effect when it signed by both parties' the legal representative or agent or sealed and stamped.

#### **Part 11 Disputes and Resolution**

22. If two parties have a dispute, amicable settlement is accepted firstly. Necessary action is needed if the consultation fails, either party may apply to the local court.

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### **Part 12 Integrity of the Contract**

23. Every specific business contract signed by Party A and Party B is the effective part of this agreement, which make up integrity agreement.
24. If Party A fails to perform the provisions of any specific business contract, then it can be deemed to breach the agreement, and Party B has the right to end the agreement and require all outstanding claims.
25. Agreed by Party B, Party A can authorize all or part of the line of credit under this agreement to other units to use, and name of the unit is authorized to enter into with the relevant specific business contract signed with Party B, the specific content shall prevail by "credit line to use the power of attorney" issued by Party A and approved by Party B.
26. In the "line of credit using the power of attorney" or "buy-back guarantee amount to use the power of attorney", it is not necessary to clear the specific business of the specific line of credit under Article 3.
27. Party A in the " power of attorney for using line of credit " must clarify whether the authorized organization can be delegated or not.
28. Matters not covered in this Agreement, the parties maybe reach a written agreement as an annex to this Agreement which is the integral part of this agreement, and has the same legal effect.

### **Part 13 Supplementary Provisions**

29. This agreement is in duplicate, Party A has one copy, Party B has one copy, which have the same legal effect.
30. This agreement is signed on 24<sup>th</sup> Jan, 2018 in Shenzhen.
31. The two parties agreed to notarize the contract and promise to give the contract enforceability. When the party fails to perform, do not fully comply with any legal obligations, Party B has the right to direct the people's court having jurisdiction for enforcement. Party A makes no objection to the enforcement application under the agreement.(Not applicable)
32. If at any time, any provision of this contract in any way becomes illegitimate, invalid or unenforceable, the legality, validity or enforceability of the other provisions of this contract is not affected.
33. Under this agreement In the event of bank acceptance bill business, "bank acceptance agreement" signed by \_\_\_\_\_ the specific operations undertaken by the Branch Office, all the rights and obligations under "banker's acceptance agreement" borne by \_\_\_\_\_ .
34. other
-

Party A (Stamp)

Signature of legal representative or deputy:

Party B (Stamp)

Signature of legal representative or deputy:

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GUARANTEED MAXIMUM CONTRACT

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## CHINA EVERBRIGHT BANK

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### Guaranteed Maximum Contract

Guarantor: SHENZHEN HIGHPOWER TECHNOLOGY CO., LTD.  
Address: Building A, Industrial Area, Renmin Road, Guanlan Street, Bao'an District, Shenzhen, China  
Zip code: 518000  
Legal representative: Pan Dangyu  
Attorney:  
Managers: Sun Xun  
TEL: 0755-89686236  
FAX: 0755-89686819  
Bank: China Everbright Bank LongHua Branch  
A/C NO. \*\*\*

Creditor: China Everbright Bank Co., Ltd Shenzhen Branch  
Address: No.26 of 7th Zizhu Road Zhuzilin, Futian District, Shenzhen, Guangdong 518000  
Legal representative/Person in charge: Peng Jianping,  
Managers: Yang Xiaolin  
TEL: 0755-81483044  
FAX: 0755-28138641

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## **Chapter one General**

To ensure the fulfillment that, 24th Jan, 2018 SPRINGPOWER TECHNOLOGY (SHENZHEN) CO., LTD. (hereinafter referred to as "fiduciary") signed with the creditor numbered ZH78191711004 "Comprehensive Credit Agreement" (hereinafter referred to as "Comprehensive Credit Agreement ") ,guarantor is willing to provide the maximum amount of credit joint liability guarantee to secure fiduciary will pay off the entire debt under its "comprehensive credit agreement" timely and fully.

After reviewing , the creditor agreed to accept a guarantee provided by the guarantor. In order to clarify both the guarantor and the creditor rights and obligations We formulated this contract guided by the principles of equality and mutual benefit, in accordance with the provisions of relevant laws and regulations.

## **Chapter two Definition**

Article 1 Unless the context requires or the Contract requires , in this Contract:

Master contract: refers to creditor and fiduciary signed the "Comprehensive Credit Agreement" as well as the creditor and fiduciary signed a specific credit business contract or agreement under "comprehensive credit agreement" for each credit business.

Specific credit business contract or agreement refers to the creditor guided by "comprehensive credit agreement" provide the single specific credit business contract or agreement to the fiduciary, which is signed with the fiduciary including the local currency and the foreign currency loans, trade finance, discount, acceptances, letters of credit, guarantees, factoring, guarantees and other off-balance sheet credit payment form (collectively, "specific credit business").

## **Chapter three The principal debt secured by**

Article 2 The principal debt secured by the guarantor is all the specific credit business incurred under the contract or agreement signed by creditor and fiduciary based on the master "comprehensive credit agreement" .The guaranteed maximum principal debt for "Comprehensive Credit Agreement" is RMB thirty million.

Of the following cases, the main contract claims to determine:

(One) identify expiry of the period of the main contract;

(Two) the new creditor can not happen;

(Three) the creditor and the fiduciary terminate the contract or the creditor and the guarantor terminate the contract;

(Four) the fiduciary or the guarantor is declared bankrupt or is revoked, suspended, canceled or dissolution;

(Five ) other cases law claimed.

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#### **Chapter four Guaranteed way**

Article 3 Guarantor provided the joint and several liability guarantee under the contract

#### **Chapter five Warranty**

Article 4 Guaranteed under this contract include: a fiduciary under the contract shall repay or pay the debt principal to the main creditor, interest (including statutory interest, agreed interest and penalty interest), compound interest, fees, liquidated damages, compensation, the cost of the claim, (including, but not limited to, litigation costs, attorneys' fees, notary fees, implementation costs, etc.) and all other fees payable (above together referred to as "collateralized debt obligations").

Article 5 Creditor used to indicate any credit secured debt under the contract or any proof payable ,unless there is manifest error, the two sides should be the conclusive evidence of the relationship between credit and debt and is binding on the guarantor.

#### **Chapter six Warranty period**

Article 6 each specific credit business guarantee period under "Comprehensive Credit Agreement" calculated separately since specific contract or agreement fiduciary obligations to fulfill the expiration date (as required by law or agreement which led to the events specific credit business contract or agreement early maturity, compared with earlier due date) two years.

#### **Chapter seven The documents the guarantor should submit**

Article 7 Guarantor shall ensure that a fiduciary who first used the credit provided under the main contract specific credit business before the credit has been received , guarantor submitted the following documents:

1. The legal representative or agent effective guarantor signature or seal and affix the official seal of the original contract;
2. Guarantor's articles of association or approve the establishment of documentation and sponsorship by the latest annual inspection business license or certificate of legal institutions, or other legal existence can prove guarantor state documents;
3. Prove creditworthiness of the guarantor's financial statements or other information;
4. Guarantor's board of directors or the right to decide matters of this warranty other guarantor guarantor internal agencies agreed to provide guarantee for this contract in accordance with a resolution;
5. Guarantor reasonably required to provide credit and other documents.

For a copy of the above documents, are subject to confirmation that the guarantor stamped copy is true, complete, valid file.

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## **Chapter eight Representations and Warranties of guarantor**

Article 8 Guarantor make the following representations and warranties to the creditor here :

1. The guarantor and validly existing legal entity / other organization in accordance with Chinese laws established, with independent civil capacity, and enjoy the full power, authority and rights of all of its assets and business activities of civil liability.
2. Guarantor has sufficient power, authority and rights to sign this contract and conduct transactions under this contract and has taken or obtained all necessary legal actions and other actions and agreed to authorize the execution and performance of this contract. The contract is guaranteed by a legal representative or agent valid signature.
3. Guarantor has carefully read and fully understood the contract and t accept the Lord contents and guarantor execution and performance of this contract is voluntary, under this contract in the full meaning of true representation.
4. Guarantor provide all the documents, data, reports, and documents to the creditor are accurate, true, complete and effective, and a copy of the form of documents are consistent with the original.
5. Guarantor has been made to sign this contract with all the necessary government approvals and third party consents, the execution and performance of this contract does not violate the sponsor's corporate constituent documents / approval documents (if any) and as a party to any other contract or agreement. Guaranteed under this contract will not be subject to any restrictions.
6. To ensure that the contract legality, validity or enforceability of the guarantor has been completed or will complete all required registration, filing or notary procedures.
7. This contract is legally valid, on the guarantor constitute a legally binding obligation.
8. Currently there is no surety or anything involving major operating assets and will be the guarantor's financial position or guarantor to fulfill its obligations under this contract and adversely affect the ability of litigation, arbitration or administrative proceedings.
9. Guarantor did not occur or exist any event of default.

Article 9 the representations and warranties of the guarantor in the life of the contract shall remain correct and that the guarantor will be ready by the creditor's request for further documents.

## **Chapter nine Guarantor's commitment**

Article 10 before all of the secured debt repaid ,the guarantor shall comply with the following provisions:

1 The guarantor shall immediately notify the creditor any of the following events:

- (1) the occurrence of any event of default;
- (2) relates to the guarantor or any major operating assets of litigation, arbitration or administrative proceedings;
- (3) the guarantor's financial position deterioration, suspension of business, or is declared bankrupt, dissolved, revoked business license / certificate of legal institutions or revoked.

2. In the life of the contract, as long as all of the secured debt is not repaid, without the prior written consent of the creditor, the guarantor couldn't make any associate, contract, lease, merger, joint-stock reform, or other mode of operation and ownership structure changed arrangements; If indeed due to operational needs or national policies, laws need to adjust for associates, contract, lease, merger, joint-stock reform, or otherwise change its mode of operation or ownership structure, the guarantor shall obtain the prior written consent of the creditor and in this contract under its warranty obligations and obligations to make a satisfactory credit arrangement.

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3. In the life of the contract, as long as all of the secured debt is not repaid, except with the prior written consent of the creditor, the guarantor shall not sell, transfer, or otherwise dispose split any material operating assets

4. In the life of the contract, before the completion of the all the secured debt fully settled, guarantor will not be in respect of its generation of a fiduciary to the creditor settlement of any sum or its fiduciary may be entitled to any other creditor, to the fiduciary recourse or claim right

5. In the life of the contract, the guarantor as the administrative department for industry and commerce to make any changes to registration, should be after the change ten working days written notice to the creditor and the creditor files a copy of the relevant registration creditor.

6. If a fiduciary fails to pay the secured debt timely, the guarantor shall, upon receipt of payment in writing to the creditor within seven working days of the creditor, the creditor unconditionally in the manner required by a fiduciary on behalf of the creditor payment of such debts.

7. If the guarantor fails to credit the person's request to timely payment of any sum under the contract, the creditor entitled to directly from the guarantor to the creditor or credit to any other person within the system of opening branches directly deduct any account, without having to obtain the prior consent of the guarantor.

8. Upon the request of the creditor, the guarantor shall be required to pay immediately to the credit or compensation for costs and losses following:

(1) Credit artificially realize the rights under this contract incurred all costs and expenses (including but not limited to attorney's fees, court costs, fees and all other executive actual expenditure); and

(2) due to violation of the contract and the guarantor to the creditor liable for any other losses

#### **Chapter ten The nature and effectiveness of security**

Article 11 This contract guarantees established by independent credit secured debt artificially made by any other guarantee. Credit to exercise rights under this contract without first implementation of its former holdings of any other guarantees (whether material or human security guarantees), and need not first to the fiduciary or any other third party to take any other relief measures.

#### **Chapter eleven Events of default**

Article 12 Each of the following events and issues constitute Guarantor in the event of default under the contract:

1. Master contract any event of default occurs under;

2. Guarantor under this contract made representations, warranties or undertakings are recognized as incorrect or untrue;

3. The main part of any contract for any reason is no longer fully valid, or is terminated for any reason or restricted;

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4. Guarantor suspend or cease business or enters bankruptcy, liquidation, or other similar programs out of business, or the guarantor being filed for bankruptcy liquidation or authorities decided to suspend or temporarily suspended operations
5. Occurred against the guarantor or a substantial operating assets litigation, arbitration or administrative proceedings;
6. Guarantor is in breach of its present obligations under the contract or the occurrence of other people think that credit will adversely affect the creditor rights under this Contract other events.

Article 13 of the event of default has occurred, as the case is entitled to take credit of any one or more of the following measures:

1. Exercise credit in the main contract and enjoyed under this contract remedies for breach of contract;
2. Guarantor in accordance with the requirements of the contract responsibility of guarantee;
3. Exercise of the creditor was secured debt may have any other security interest.

#### **Chapter twelve others**

Article 14 without the prior consent of the creditor, the guarantor shall not transfer or otherwise dispose of their under this contract in whole or part of the bligations.

Article 15 of people give credit guarantors any grace, discount or delay, shall not affect, damage or limit the creditor under this contract and the laws and regulations and all the rights; no person should be treated as credit rights under this Contract and interest waiver, does not affect the guarantor under this contract from any liability and obligations.

Article 16 If at any time any of the terms of this contract are in any way or becomes illegal, invalid or unenforceable, the other provisions of this contract the legality, validity or enforceability is not affected or impaired.

Article 17 of the contract, the guarantor shall be guaranteed full payment of the debt, offset shall not make any claim, nor shall any conditions.

Article 18 The contract mutual issue relating to this contract notice requirements should be made in writing, sent to the home page of this contract the parties listed in the address or fax. Any party to change its address or fax, the need for timely notice to the other.

Communications between the parties, such as by hand, after delivery shall be deemed to be served; if sent by registered letter, and in three days after sending a registered letter shall be deemed to be served; if sent by facsimile , shall be deemed to be served at the time of issue

#### **Chapter thirteen Applicable Law and Dispute Resolution**

Article 19 of the contract and the contract any of the matters covered by Chinese law, and in accordance with Chinese law explained.

Article 20 During the performance of this contract or in connection with all disputes relating to this contract, the two parties settled through friendly consultations. Negotiation can not reach agreement, either party may apply to the credit people local people's court.

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## **Chapter fourteen Effectiveness ,change and release of the contract**

Article 21 of this contract from the guarantor and the creditor both legal representative or agent or stamped and stamped with the official seal of the date.

Article 22 After the commencement of this contract, either party may change or premature termination of the contract. If we need to change or cancel the contract, the guarantor and the creditor shall be approved by mutual agreement, and reach a written agreement. Prior written agreement is reached, the provisions of this contract is still valid.

## **Chapter fifteen Attachment**

Article 23 The matters covered in this contract, the guarantor and the creditor both parties may otherwise agree in writing, as an annex to this contract. Hereto are an integral part of this contract, this contract have the same legal effect.

Article 24 of the annex to the contract include:

- 1.
- 2.

## **Chapter sixteen Supplementary**

Article 25 of the original contract a formula two copies guarantor holding one copies of credit people who one copies of the same legal effect.

Article 26 This Contract 24<sup>th</sup> Jan, 2018 by the guarantor and the creditor in Shenzhen signed.

Article 27 The parties to the contract agree to this contract notarized promise to give the contract unenforceable. When a fiduciary, the guarantor is not fulfilled, or if the debt is not completely fulfill the laws and regulations, the implementation contract creditor claims, guarantees the right circumstances, the creditor has the right to direct the people's court having jurisdiction for enforcement. Fiduciary, guarantor loan made under this contract enforcement application without any objection. (This section is optional terms, the parties choose this contract [2]. 1, applies; 2, does not apply.)

This page is page contract signed by both parties, no text)

Guarantor (stamp):  
Legal representative  
(Or agent)

Creditor (stamp):  
Legal Representative / CEO:  
(or agent )

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GUARANTEED MAXIMUM CONTRACT

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### Guaranteed Maximum Contract

Guarantor: HUIZHOU HIGHPOWER TECHNOLOGY CO., LTD.  
Address: Xihu Industrial Zone; MaAn town, Huicheng District, Huizhou  
Zip code: 518000  
Legal representative: Pan Dangyu  
Attorney:  
Managers: Sun Xun  
TEL: 0755-89686236  
FAX: 0755-89686819  
Bank: China Everbright Bank LongHua Branch  
A/C NO. \*\*\*

Creditor: China Everbright Bank Co., Ltd Shenzhen Branch  
Address: No.26 of 7th Zizhu Road Zhuzilin, Futian District, Shenzhen, Guangdong 518000  
Legal representative/Person in charge: Peng Jianping,  
Managers: Yang Xiaolin  
TEL: 0755-81483044  
FAX: 0755-28138641

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## **Chapter one General**

To ensure the fulfillment that, 24th Jan, 2018 SPRINGPOWER TECHNOLOGY (SHENZHEN) CO., LTD. (hereinafter referred to as "fiduciary") signed with the creditor numbered ZH78191711004"Comprehensive Credit Agreement" (hereinafter referred to as "Comprehensive Credit Agreement ") ,guarantor is willing to provide the maximum amount of credit joint liability guarantee to secure fiduciary will pay off the entire debt under its "comprehensive credit agreement" timely and fully.

After reviewing , the creditor agreed to accept a guarantee provided by the guarantor. In order to clarify both the guarantor and the creditor rights and obligations We formulated this contract guided by the principles of equality and mutual benefit, in accordance with the provisions of relevant laws and regulations.

## **Chapter two Definition**

Article 1 Unless the context requires or the Contract requires , in this Contract:

Master contract: refers to creditor and fiduciary signed the "Comprehensive Credit Agreement" as well as the creditor and fiduciary signed a specific credit business contract or agreement under "comprehensive credit agreement" for each credit business.

Specific credit business contract or agreement refers to the creditor guided by "comprehensive credit agreement" provide the single specific credit business contract or agreement to the fiduciary, which is signed with the fiduciary including the local currency and the foreign currency loans, trade finance, discount, acceptances, letters of credit, guarantees, factoring, guarantees and other off-balance sheet credit payment form (collectively, "specific credit business").

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Article 2 The principal debt secured by the guarantor is all the specific credit business incurred under the contract or agreement signed by creditor and fiduciary based on the master "comprehensive credit agreement" .The guaranteed maximum principal debt for "Comprehensive Credit Agreement" is RMB thirty million.

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#### **Chapter four Guaranteed way**

Article 3 Guarantor provided the joint and several liability guarantee under the contract

#### **Chapter five Warranty**

Article 4 Guaranteed under this contract include: a fiduciary under the contract shall repay or pay the debt principal to the main creditor, interest (including statutory interest, agreed interest and penalty interest), compound interest, fees, liquidated damages, compensation, the cost of the claim, (including, but not limited to, litigation costs, attorneys' fees, notary fees, implementation costs, etc.) and all other fees payable (above together referred to as "collateralized debt obligations").

Article 5 Creditor used to indicate any credit secured debt under the contract or any proof payable ,unless there is manifest error, the two sides should be the conclusive evidence of the relationship between credit and debt and is binding on the guarantor.

#### **Chapter six Warranty period**

Article 6 each specific credit business guarantee period under "Comprehensive Credit Agreement" calculated separately since specific contract or agreement fiduciary obligations to fulfill the expiration date (as required by law or agreement which led to the events specific credit business contract or agreement early maturity, compared with earlier due date) two years.

#### **Chapter seven The documents the guarantor should submit**

Article 7 Guarantor shall ensure that a fiduciary who first used the credit provided under the main contract specific credit business before the credit has been received , guarantor submitted the following documents:

1. The legal representative or agent effective guarantor signature or seal and affix the official seal of the original contract;
2. Guarantor's articles of association or approve the establishment of documentation and sponsorship by the latest annual inspection business license or certificate of legal institutions, or other legal existence can prove guarantor state documents;
3. Prove creditworthiness of the guarantor's financial statements or other information;
4. Guarantor's board of directors or the right to decide matters of this warranty other guarantor guarantor internal agencies agreed to provide guarantee for this contract in accordance with a resolution;
5. Guarantor reasonably required to provide credit and other documents.

For a copy of the above documents, are subject to confirmation that the guarantor stamped copy is true, complete, valid file.

#### **Chapter eight Representations and Warranties of guarantor**

Article 8 Guarantor make the following representations and warranties to the creditor here :

---

1. The guarantor and validly existing legal entity / other organization in accordance with Chinese laws established, with independent civil capacity, and enjoy the full power, authority and rights of all of its assets and business activities of civil liability.
2. Guarantor has sufficient power, authority and rights to sign this contract and conduct transactions under this contract and has taken or obtained all necessary legal actions and other actions and agreed to authorize the execution and performance of this contract. The contract is guaranteed by a legal representative or agent valid signature.
3. Guarantor has carefully read and fully understood the contract and t accept the Lord contents and guarantor execution and performance of this contract is voluntary, under this contract in the full meaning of true representation.
4. Guarantor provide all the documents, data, reports, and documents to the creditor are accurate, true, complete and effective, and a copy of the form of documents are consistent with the original.
5. Guarantor has been made to sign this contract with all the necessary government approvals and third party consents, the execution and performance of this contract does not violate the sponsor's corporate constituent documents / approval documents (if any) and as a party to any other contract or agreement. Guaranteed under this contract will not be subject to any restrictions.
6. To ensure that the contract legality, validity or enforceability of the guarantor has been completed or will complete all required registration, filing or notary procedures.
7. This contract is legally valid, on the guarantor constitute a legally binding obligation.
8. Currently there is no surety or anything involving major operating assets and will be the guarantor's financial position or guarantor to fulfill its obligations under this contract and adversely affect the ability of litigation, arbitration or administrative proceedings.
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Article 9 the representations and warranties of the guarantor in the life of the contract shall remain correct and that the guarantor will be ready by the creditor's request for further documents.

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1 The guarantor shall immediately notify the creditor any of the following events:

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- (3) the guarantor's financial position deterioration, suspension of business, or is declared bankrupt, dissolved, revoked business license / certificate of legal institutions or revoked.

2. In the life of the contract, as long as all of the secured debt is not repaid, without the prior written consent of the creditor, the guarantor couldn't make any associate, contract, lease, merger, joint-stock reform, or other mode of operation and ownership structure changed arrangements; If indeed due to operational needs or national policies, laws need to adjust for associates, contract, lease, merger, joint-stock reform, or otherwise change its mode of operation or ownership structure, the guarantor shall obtain the prior written consent of the creditor and in this contract under its warranty obligations and obligations to make a satisfactory credit arrangement.

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Article 15 of people give credit guarantors any grace, discount or delay, shall not affect, damage or limit the creditor under this contract and the laws and regulations and all the rights; no person should be treated as credit rights under this Contract and interest waiver, does not affect the guarantor under this contract from any liability and obligations.

Article 16 If at any time any of the terms of this contract are in any way or becomes illegal, invalid or unenforceable, the other provisions of this contract the legality, validity or enforceability is not affected or impaired.

Article 17 of the contract, the guarantor shall be guaranteed full payment of the debt, offset shall not make any claim, nor shall any conditions.

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#### **Chapter fourteen Effectiveness ,change and release of the contract**

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Article 22 After the commencement of this contract, either party may change or premature termination of the contract. If we need to change or cancel the contract, the guarantor and the creditor shall be approved by mutual agreement, and reach a written agreement. Prior written agreement is reached, the provisions of this contract is still valid.

#### **Chapter fifteen Attachment**

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- 1.
- 2.

#### **Chapter sixteen Supplementary**

Article 25 of the original contract a formula two copies guarantor holding one copies of credit people who one copies of the same legal effect.

Article 26 This Contract 24th Jan, 2018 by the guarantor and the creditor in Shenzhen signed.

Article 27 The parties to the contract agree to this contract notarized promise to give the contract unenforceable. When a fiduciary, the guarantor is not fulfilled, or if the debt is not completely fulfill the laws and regulations, the implementation contract creditor claims, guarantees the right circumstances, the creditor has the right to direct the people's court having jurisdiction for enforcement. Fiduciary, guarantor loan made under this contract enforcement application without any objection. (This section is optional terms, the parties choose this contract [2]. 1, applies; 2, does not apply.)

This page is page contract signed by both parties, no text)

Guarantor (stamp):  
Legal representative  
(Or agent)

Creditor (stamp):  
Legal Representative / CEO:  
(or agent )

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GUARANTEED MAXIMUM CONTRACT

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### Guaranteed Maximum Contract

Guarantor: Lcon Energy systems (Shenzhen) CO. ;Ltd.

Address: Block A,4/F, Jinmeiwei Industrial Park, Guanlan Hi-tech Industrial Park, Shangkeng Community, Guanlan Town, Baoan District, Shenzhen,

Zip code: 518000

Legal representative: Pan Dangyu

Attorney:

Managers: Sun Xun

TEL: 0755-89686802

FAX: 0755-89686819

Bank: Bank Of China. LongHua Branch

A/C NO. \*\*\*

Creditor: China Everbright Bank Co., Ltd Shenzhen Branch

Address: No.26 of 7th Zizhu Road Zhuzilin, Futian District, Shenzhen, Guangdong 518000

Legal representative/Person in charge: Peng Jianping,

Managers: Yang Xiaolin

TEL: 0755-81483044

FAX: 0755-28138641

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## **Chapter one General**

To ensure the fulfillment that, 24th Jan, 2018 SPRINGPOWER TECHNOLOGY (SHENZHEN) CO., LTD. (hereinafter referred to as "fiduciary") signed with the creditor numbered ZH78191711004"Comprehensive Credit Agreement" (hereinafter referred to as "Comprehensive Credit Agreement ") ,guarantor is willing to provide the maximum amount of credit joint liability guarantee to secure fiduciary will pay off the entire debt under its "comprehensive credit agreement" timely and fully.

After reviewing , the creditor agreed to accept a guarantee provided by the guarantor. In order to clarify both the guarantor and the creditor rights and obligations We formulated this contract guided by the principles of equality and mutual benefit, in accordance with the provisions of relevant laws and regulations.

## **Chapter two Definition**

Article 1 Unless the context requires or the Contract requires , in this Contract:

Master contract: refers to creditor and fiduciary signed the "Comprehensive Credit Agreement" as well as the creditor and fiduciary signed a specific credit business contract or agreement under "comprehensive credit agreement" for each credit business.

Specific credit business contract or agreement refers to the creditor guided by "comprehensive credit agreement" provide the single specific credit business contract or agreement to the fiduciary, which is signed with the fiduciary including the local currency and the foreign currency loans, trade finance, discount, acceptances, letters of credit, guarantees, factoring, guarantees and other off-balance sheet credit payment form (collectively, "specific credit business").

## **Chapter three The principal debt secured by**

Article 2 The principal debt secured by the guarantor is all the specific credit business incurred under the contract or agreement signed by creditor and fiduciary based on the master "comprehensive credit agreement" .The guaranteed maximum principal debt for "Comprehensive Credit Agreement" is RMB thirty million.

Of the following cases, the main contract claims to determine:

(One) identify expiry of the period of the main contract;

(Two) the new creditor can not happen;

(Three) the creditor and the fiduciary terminate the contract or the creditor and the guarantor terminate the contract;

(Four) the fiduciary or the guarantor is declared bankrupt or is revoked, suspended, canceled or dissolution;

(Five ) other cases law claimed.

---

#### **Chapter four Guaranteed way**

Article 3 Guarantor provided the joint and several liability guarantee under the contract

#### **Chapter five Warranty**

Article 4 Guaranteed under this contract include: a fiduciary under the contract shall repay or pay the debt principal to the main creditor, interest (including statutory interest, agreed interest and penalty interest), compound interest, fees, liquidated damages, compensation, the cost of the claim, (including, but not limited to, litigation costs, attorneys' fees, notary fees, implementation costs, etc.) and all other fees payable (above together referred to as "collateralized debt obligations").

Article 5 Creditor used to indicate any credit secured debt under the contract or any proof payable ,unless there is manifest error, the two sides should be the conclusive evidence of the relationship between credit and debt and is binding on the guarantor.

#### **Chapter six Warranty period**

Article 6 each specific credit business guarantee period under "Comprehensive Credit Agreement" calculated separately since specific contract or agreement fiduciary obligations to fulfill the expiration date (as required by law or agreement which led to the events specific credit business contract or agreement early maturity, compared with earlier due date) two years.

#### **Chapter seven The documents the guarantor should submit**

Article 7 Guarantor shall ensure that a fiduciary who first used the credit provided under the main contract specific credit business before the credit has been received , guarantor submitted the following documents:

1. The legal representative or agent effective guarantor signature or seal and affix the official seal of the original contract;
2. Guarantor's articles of association or approve the establishment of documentation and sponsorship by the latest annual inspection business license or certificate of legal institutions, or other legal existence can prove guarantor state documents;
3. Prove creditworthiness of the guarantor's financial statements or other information;
4. Guarantor's board of directors or the right to decide matters of this warranty other guarantor guarantor internal agencies agreed to provide guarantee for this contract in accordance with a resolution;
5. Guarantor reasonably required to provide credit and other documents.

For a copy of the above documents, are subject to confirmation that the guarantor stamped copy is true, complete, valid file.

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## **Chapter eight Representations and Warranties of guarantor**

Article 8 Guarantor make the following representations and warranties to the creditor here :

1. The guarantor and validly existing legal entity / other organization in accordance with Chinese laws established, with independent civil capacity, and enjoy the full power, authority and rights of all of its assets and business activities of civil liability.
2. Guarantor has sufficient power, authority and rights to sign this contract and conduct transactions under this contract and has taken or obtained all necessary legal actions and other actions and agreed to authorize the execution and performance of this contract. The contract is guaranteed by a legal representative or agent valid signature.
3. Guarantor has carefully read and fully understood the contract and t accept the Lord contents and guarantor execution and performance of this contract is voluntary, under this contract in the full meaning of true representation.
4. Guarantor provide all the documents, data, reports, and documents to the creditor are accurate, true, complete and effective, and a copy of the form of documents are consistent with the original.
5. Guarantor has been made to sign this contract with all the necessary government approvals and third party consents, the execution and performance of this contract does not violate the sponsor's corporate constituent documents / approval documents (if any) and as a party to any other contract or agreement. Guaranteed under this contract will not be subject to any restrictions.
6. To ensure that the contract legality, validity or enforceability of the guarantor has been completed or will complete all required registration, filing or notary procedures.
7. This contract is legally valid, on the guarantor constitute a legally binding obligation.
8. Currently there is no surety or anything involving major operating assets and will be the guarantor's financial position or guarantor to fulfill its obligations under this contract and adversely affect the ability of litigation, arbitration or administrative proceedings.
9. Guarantor did not occur or exist any event of default.

Article 9 the representations and warranties of the guarantor in the life of the contract shall remain correct and that the guarantor will be ready by the creditor's request for further documents.

## **Chapter nine Guarantor's commitment**

Article 10 before all of the secured debt repaid ,the guarantor shall comply with the following provisions:

1 The guarantor shall immediately notify the creditor any of the following events:

- (1) the occurrence of any event of default;
- (2) relates to the guarantor or any major operating assets of litigation, arbitration or administrative proceedings;
- (3) the guarantor's financial position deterioration, suspension of business, or is declared bankrupt, dissolved, revoked business license / certificate of legal institutions or revoked.

2. In the life of the contract, as long as all of the secured debt is not repaid, without the prior written consent of the creditor, the guarantor couldn't make any associate, contract, lease, merger, joint-stock reform, or other mode of operation and ownership structure changed arrangements; If indeed due to operational needs or national policies, laws need to adjust for associates, contract, lease, merger, joint-stock reform, or otherwise change its mode of operation or ownership structure, the guarantor shall obtain the prior written consent of the creditor and in this contract under its warranty obligations and obligations to make a satisfactory credit arrangement.

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3. In the life of the contract, as long as all of the secured debt is not repaid, except with the prior written consent of the creditor, the guarantor shall not sell, transfer, or otherwise dispose split any material operating assets

4. In the life of the contract, before the completion of the all the secured debt fully settled, guarantor will not be in respect of its generation of a fiduciary to the creditor settlement of any sum or its fiduciary may be entitled to any other creditor, to the fiduciary recourse or claim right

5. In the life of the contract, the guarantor as the administrative department for industry and commerce to make any changes to registration, should be after the change ten working days written notice to the creditor and the creditor files a copy of the relevant registration creditor.

6. If a fiduciary fails to pay the secured debt timely, the guarantor shall, upon receipt of payment in writing to the creditor within seven working days of the creditor, the creditor unconditionally in the manner required by a fiduciary on behalf of the creditor payment of such debts.

7. If the guarantor fails to credit the person's request to timely payment of any sum under the contract, the creditor entitled to directly from the guarantor to the creditor or credit to any other person within the system of opening branches directly deduct any account, without having to obtain the prior consent of the guarantor.

8. Upon the request of the creditor, the guarantor shall be required to pay immediately to the credit or compensation for costs and losses following:

(1) Credit artificially realize the rights under this contract incurred all costs and expenses (including but not limited to attorney's fees, court costs, fees and all other executive actual expenditure); and

(2) due to violation of the contract and the guarantor to the creditor liable for any other losses

#### **Chapter ten The nature and effectiveness of security**

Article 11 This contract guarantees established by independent credit secured debt artificially made by any other guarantee. Credit to exercise rights under this contract without first implementation of its former holdings of any other guarantees (whether material or human security guarantees), and need not first to the fiduciary or any other third party to take any other relief measures.

#### **Chapter eleven Events of default**

Article 12 Each of the following events and issues constitute Guarantor in the event of default under the contract:

1. Master contract any event of default occurs under;

2. Guarantor under this contract made representations, warranties or undertakings are recognized as incorrect or untrue;

3. The main part of any contract for any reason is no longer fully valid, or is terminated for any reason or restricted;

4. Guarantor suspend or cease business or enters bankruptcy, liquidation, or other similar programs out of business, or the guarantor being filed for bankruptcy liquidation or authorities decided to suspend or temporarily suspended operations

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5. Occurred against the guarantor or a substantial operating assets litigation, arbitration or administrative proceedings;
6. Guarantor is in breach of its present obligations under the contract or the occurrence of other people think that credit will adversely affect the creditor rights under this Contract other events.

Article 13 of the event of default has occurred, as the case is entitled to take credit of any one or more of the following measures:

1. Exercise credit in the main contract and enjoyed under this contract remedies for breach of contract;
2. Guarantor in accordance with the requirements of the contract responsibility of guarantee;
3. Exercise of the creditor was secured debt may have any other security interest.

#### **Chapter twelve others**

Article 14 without the prior consent of the creditor, the guarantor shall not transfer or otherwise dispose of their under this contract in whole or part of the bligations.

Article 15 of people give credit guarantors any grace, discount or delay, shall not affect, damage or limit the creditor under this contract and the laws and regulations and all the rights; no person should be treated as credit rights under this Contract and interest waiver, does not affect the guarantor under this contract from any liability and obligations.

Article 16 If at any time any of the terms of this contract are in any way or becomes illegal, invalid or unenforceable, the other provisions of this contract the legality, validity or enforceability is not affected or impaired.

Article 17 of the contract, the guarantor shall be guaranteed full payment of the debt, offset shall not make any claim, nor shall any conditions.

Article 18 The contract mutual issue relating to this contract notice requirements should be made in writing, sent to the home page of this contract the parties listed in the address or fax. Any party to change its address or fax, the need for timely notice to the other.

Communications between the parties, such as by hand, after delivery shall be deemed to be served; if sent by registered letter, and in three days after sending a registered letter shall be deemed to be served; if sent by facsimile , shall be deemed to be served at the time of issue

#### **Chapter thirteen Applicable Law and Dispute Resolution**

Article 19 of the contract and the contract any of the matters covered by Chinese law, and in accordance with Chinese law explained.

Article 20 During the performance of this contract or in connection with all disputes relating to this contract, the two parties settled through friendly consultations. Negotiation can not reach agreement, either party may apply to the credit people local people's court.

#### **Chapter fourteen Effectiveness ,change and release of the contract**

Article 21 of this contract from the guarantor and the creditor both legal representative or agent or stamped and stamped with the official seal of the date.

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Article 22 After the commencement of this contract, either party may change or premature termination of the contract. If we need to change or cancel the contract, the guarantor and the creditor shall be approved by mutual agreement, and reach a written agreement. Prior written agreement is reached, the provisions of this contract is still valid.

#### **Chapter fifteen Attachment**

Article 23 The matters covered in this contract, the guarantor and the creditor both parties may otherwise agree in writing, as an annex to this contract. Hereto are an integral part of this contract, this contract have the same legal effect.

Article 24 of the annex to the contract include:

- 1.
- 2.

#### **Chapter sixteen Supplementary**

Article 25 of the original contract a formula two copies guarantor holding one copies of credit people who one copies of the same legal effect.

Article 26 This Contract 24th Jan, 2018 by the guarantor and the creditor in Shenzhen signed.

Article 27 The parties to the contract agree to this contract notarized promise to give the contract unenforceable. When a fiduciary, the guarantor is not fulfilled, or if the debt is not completely fulfill the laws and regulations, the implementation contract creditor claims, guarantees the right circumstances, the creditor has the right to direct the people's court having jurisdiction for enforcement. Fiduciary, guarantor loan made under this contract enforcement application without any objection. (This section is optional terms, the parties choose this contract [ ]. 1, applies; 2, does not apply.)

This page is page contract signed by both parties, no text)

Guarantor (stamp):  
Legal representative  
(Or agent)

Creditor (stamp):  
Legal Representative / CEO:  
(or agent )

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**Guaranteed Maximum Contract**

**Natural person as a guarantor**

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**CHINA EVERBRIGHT BANK**

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## **Guaranteed Maximum Contract**

### **Natural person as a guarantor**

Guarantor: Pan Dangyu  
ID number: \*\*\*  
Address: \*\*\*  
Living Address: No 68, Xinxia Road, Pinghu Street, Longgang District, Shenzhen  
Zip code: 518111  
TEL: 89686236  
FAX: 89686819

Attorney:  
(Required to provide a power of attorney signed by the guarantor)

ID number:  
Address:  
Living Address:  
Zip code:  
TEL:  
FAX:

Creditor: China Everbright Bank Co., Ltd, Shenzhen Branch  
Address: No.26 of 7th Zizhu Road Zhuzilin, Futian District, Shenzhen 518000  
Legal representative/Person in charge: Peng Jianping  
Managers: Yang Xiaolin  
TEL: 0755-81483044  
FAX: 0755-28138641

### **Chapter one General**

To ensure the fulfillment that, 24th Jan, 2018, SPRINGPOWER TECHNOLOGY (SHENZHEN) CO., LTD. (hereinafter referred to as "fiduciary") signed with the creditor numbered ZH78191711004 "Comprehensive Credit Agreement" (hereinafter referred to as "Comprehensive Credit Agreement ") ,guarantor is willing to provide the maximum amount of credit joint liability guarantee to secure fiduciary will pay off the entire debt under its "comprehensive credit agreement" timely and fully.

After reviewing , the creditor agreed to accept a guarantee provided by the guarantor. In order to clarify both the guarantor and the creditor rights and obligations We formulated this contract guided by the principles of equality and mutual benefit, in accordance with the provisions of relevant laws and regulations.

### **Chapter two Definition**

Article 1 Unless the context requires or the Contract requires , in this Contract:

---

Master contract: refers to creditor and fiduciary signed the "Comprehensive Credit Agreement" as well as the creditor and fiduciary signed a specific credit business contract or agreement under "comprehensive credit agreement" for each credit business.

Specific credit business contract or agreement refers to the creditor guided by "comprehensive credit agreement" provide the single specific credit business contract or agreement to the fiduciary, which is signed with the fiduciary including the local currency and the foreign currency loans, trade finance, discount, acceptances, letters of credit, guarantees, factoring, guarantees and other off-balance sheet credit payment form (collectively, "specific credit business").

### **Chapter three The principal debt secured by**

Article 2 The principal debt secured by the guarantor is all the specific credit business incurred under the contract or agreement signed by creditor and fiduciary based on the master "comprehensive credit agreement" .The guaranteed maximum principal debt for "Comprehensive Credit Agreement" is RMB thirty million.

Of the following cases, the main contract claims to determine:

(One) identify expiry of the period of the main contract;

(Two) the new creditor can not happen;

(Three) the creditor and the fiduciary terminate the contract or the creditor and the guarantor terminate the contract;

(Four) the fiduciary or the guarantor is declared bankrupt or is revoked, suspended, canceled or dissolution;

(Five) other cases law claimed.

### **Chapter four Guaranteed way**

Article 3 Guarantor provided the joint and several liability guarantee under the contract

### **Chapter five Warranty**

Article 4 Guaranteed under this contract include: a fiduciary under the contract shall repay or pay the debt principal to the main creditor, interest (including statutory interest, agreed interest and penalty interest), compound interest, fees, liquidated damages, compensation, the cost of the claim, (including, but not limited to, litigation costs, attorneys' fees, notary fees, implementation costs, etc.) and all other fees payable (above together referred to as "collateralized debt obligations").

Article 5 Creditor used to indicate any credit secured debt under the contract or any proof payable ,unless there is manifest error, the two sides should be the conclusive evidence of the relationship between credit and debt and is binding on the guarantor.

---

## **Chapter six Warranty period**

Article 6 each specific credit business guarantee period under "Comprehensive Credit Agreement" calculated separately since specific contract or agreement fiduciary obligations to fulfill the expiration date (as required by law or agreement which led to the events specific credit business contract or agreement early maturity, compared with earlier due date) two years.

## **Chapter 7 The documents the guarantor should submit**

1. The guarantor or agent valid original signed copy of this contract;
2. Guarantor of identity documents;
3. Prove creditworthiness of guarantors proof of assets or other information;
4. Guarantor reasonably required to provide credit and other documents.

For a copy of the above documents, are subject to the guarantor or the authorized signatory signature confirmation that the copy is true, complete and valid documents.

## **Chapter 8 Representations and Warranties of guarantor**

Article 8 Guarantor make the following representations and warranties to the creditor here :

1. Guarantor is a full civil capacity of natural persons, have full qualifications and authority to enter into and perform this contract, and can independently bear civil liability.
2. Guarantor has carefully read and fully understood the contract and this contract to accept the Lord contents guarantor execution and performance of this contract is voluntary, under this contract in the full meaning of true representation.
3. Guarantor to the creditor to provide all the documents are accurate, true, complete and effective, and to provide a copy of the form of documents are consistent with the original.
4. Guarantor signing and implementation of the contract does not violate its position as a party to any other contract or agreement, and any laws or regulations applicable thereto. Guaranteed under this contract will not be subject to any restrictions.
5. To ensure that the contract legality, validity or enforceability of the guarantor has been completed or will complete all required registration, filing or notary procedures.
6. This contract is legally valid, on the guarantor constitute a legally binding obligation
7. Do not currently exist and will be anything involving guarantor or surety guarantor's financial position to meet its obligations under this contract and adversely affect the ability of litigation, arbitration or administrative proceedings.
8. Guarantor did not occur or exist any event of default.

Article 9 the representations and warranties of the guarantor in the life of the contract shall remain correct and that the guarantor will be ready by the creditor's request for further documents.

## **Chapter nine Guarantor's commitment**

Article 10 before all of the secured debt repaid ,the guarantor shall comply with the following provisions:

1 The guarantor shall immediately notify the creditor any of the following events:

- (1) the occurrence of any event of default;
  - (2) relates to the guarantor or any major operating assets of litigation,arbitration or administrative proceedings;
-

(3) the guarantor income substantially reduced significantly, the loss of economic resources such as lost or may lose its ability to perform the case;

(4) the guarantor change residential address and communication.

2. In the life of the contract, as long as all of the secured debt is not repaid, except with the prior written consent of the creditor, the guarantor shall not sell, transfer, split or otherwise dispose of any of its major assets in the form

3. In the life of the contract, before the completion of the all the secured debt fully settled, guarantor will not be in respect of its generation of a fiduciary to the creditor settlement of any sum or its fiduciary may be entitled to any other creditor, to the fiduciary recourse or claim right

4. If a fiduciary fails to pay the secured debt timely, the guarantor shall, upon receipt of payment in writing to the creditor within seven working days of the creditor, the creditor unconditionally in the manner required by a fiduciary on behalf of the creditor payment of such debts.

5. If the guarantor fails to credit the person's request to timely payment of any sum under the contract, the creditor entitled to directly from the guarantor to the creditor or credit to any other person within the system of opening branches directly deduct any account, without having to obtain the prior consent of the guarantor.

6. Upon the request of the creditor, the guarantor shall be required to pay immediately to the credit or compensation for costs and losses following:

(1) Credit artificially realize the rights under this contract incurred all costs and expenses (including but not limited to attorney's fees, court costs, fees and all other executive actual expenditure); and

(2) due to violation of the contract and the guarantor to the creditor liable for any other losses

#### **Chapter ten The nature and effectiveness of security**

Article 11 This contract guarantees established by independent credit secured debt artificially made by any other guarantee. Credit to exercise rights under this contract without first implementation of its former holdings of any other guarantees (whether material or human security guarantees), and need not first to the fiduciary or any other third party to take any other relief measures.

#### **Chapter eleven Events of default**

Article 12 Each of the following events and issues constitute Guarantor in the event of default under the contract:

1. Master contract any event of default occurs under;

2. Guarantor under this contract made representations, warranties or undertakings are recognized as incorrect or untrue;

3. The main part of any contract for any reason is no longer fully valid, or is terminated for any reason or restricted;

4. Occurred against the guarantor or a substantial operating assets litigation, arbitration or administrative proceedings;

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5. Guarantor is in breach of its present obligations under the contract or the occurrence of other people think that credit will adversely affect the creditor rights under this Contract other events.

Article 13 of the event of default has occurred, as the case is entitled to take credit of any one or more of the following measures:

1. Exercise credit in the main contract and enjoyed under this contract remedies for breach of contract;
2. Guarantor in accordance with the requirements of the contract responsibility of guarantee;
3. Exercise of the creditor was secured debt may have any other security interest.

#### **Chapter twelve others**

Article 14 Without the prior consent of the creditor, the guarantor shall not transfer or otherwise dispose of their under this contract in whole or part of the obligations.

Article 15 of people give credit guarantors any grace, discount or delay, shall not affect, damage or limit the creditor under this contract and the laws and regulations and all the rights; no person should be treated as credit rights under this Contract and interest waiver, does not affect the guarantor under this contract from any liability and obligations.

Article 16 If at any time any of the terms of this contract are in any way or becomes illegal, invalid or unenforceable, the other provisions of this contract the legality, validity or enforceability is not affected or impaired.

Article 17 of the contract, the guarantor shall be guaranteed full payment of the debt, offset shall not make any claim, nor shall any conditions.

Article 18 The contract mutual issue relating to this contract notice requirements should be made in writing, sent to the home page of this contract the parties listed in the address or fax. Any party to change its address or fax, the need for timely notice to the others.

Communications between the parties, such as by hand, after delivery shall be deemed to be served; if sent by registered letter, and in three days after sending a registered letter shall be deemed to be served; if sent by facsimile, shall be deemed to be served at the time of issue. However, given the guarantor's credit file, you need to actually received before the creditor is deemed served

#### **Chapter thirteen Applicable Law and Dispute Resolution**

Article 19 This contract and the contract to any matters covered by applicable PRC laws (excluding Hong Kong, Macau and Taiwan law), and in accordance with laws of the PRC (excluding Hong Kong, Macau and Taiwan law) explained.

Article 20 During the performance of this contract or in connection with all disputes relating to this contract, the two parties settled through friendly consultations. Negotiation can not reach agreement, either party may apply to the credit people local people's court.

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#### **Chapter fourteen Effectiveness ,change and release of the contract**

Article 21 This contract is signed by the guarantor and the creditor or agent authorized representative / responsible person or agent or stamped signature and seal of the date.

Article 22 After the commencement of this contract, either party may change or premature termination of the contract. If we need to change or cancel the contract, the guarantor and the creditor shall be approved by mutual agreement, and reach a written agreement. Prior written agreement is reached, the provisions of this contract is still valid.

#### **Chapter fifteen Attachment**

Article 23 The matters covered in this contract, the guarantor and the creditor both parties may otherwise agree in writing, as an annex to this contract. Hereto are an integral part of this contract, this contract have the same legal effect.

Article 24 of the annex to the contract include:

- 1.
- 2.

#### **Chapter sixteen Supplementary**

Article 25 of the original contract a formula 2 copies guarantor holding 1 copies of credit people who 1 copies of the same legal effect.

Article 26 This Contract 24th Jan, 2018 by the guarantor and the creditor in Shenzhen signed.

Article 27 The parties to the contract agree to this contract notarized promise to give the contract unenforceable. When a fiduciary, the guarantor is not fulfilled, or if the debt is not completely fulfill the laws and regulations, the implementation contract creditor claims, guarantees the right circumstances, the creditor has the right to direct the people's court having jurisdiction for enforcement. Fiduciary, guarantor loan made under this contract enforcement application without any objection. (This section is optional terms, the parties choose this contract [2]. 1, applies; 2, does not apply.

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This page is page contract signed by both parties, no text)

**Guarantor or agent (Signature):**

**Creditor (stamp):**

**Legal Representative / CEO:**

**(Or agent)**

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**Guaranteed Maximum Contract**

**Natural person as a guarantor**

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<b>Chapter sixteen</b>	<b>Supplementary</b>

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## **Guaranteed Maximum Contract**

### **Natural person as a guarantor**

Guarantor: Yin Zhoutao  
ID number: \*\*\*  
Address: \*\*\*  
District, Guangzhou  
Zip code:  
TEL:  
FAX:  
Attorney:  
(Required to provide a power of attorney signed by the guarantor)  
ID number:  
Address:  
Living Address:  
Zip code:  
TEL:  
FAX:

Creditor: China Everbright Bank Co., Ltd Shenzhen Branch  
Address: No.26 of 7th Zizhu Road Zhuzilin, Futian District, Shenzhen 518000  
Legal representative/Person in charge: Peng Jianping  
Managers: Yang Xiaolin  
TEL: 0755-81483044  
FAX: 0755-28138641

### **Chapter one General**

To ensure the fulfillment that, 24th Jan, 2018, SPRINGPOWER TECHNOLOGY (SHENZHEN) CO., LTD. (hereinafter referred to as "fiduciary") signed with the creditor numbered ZH78191711004 "Comprehensive Credit Agreement" (hereinafter referred to as "Comprehensive Credit Agreement ") ,guarantor is willing to provide the maximum amount of credit joint liability guarantee to secure fiduciary will pay off the entire debt under its "comprehensive credit agreement" timely and fully.

After reviewing , the creditor agreed to accept a guarantee provided by the guarantor. In order to clarify both the guarantor and the creditor rights and obligations We formulated this contract guided by the principles of equality and mutual benefit, in accordance with the provisions of relevant laws and regulations.

### **Chapter two Definition**

Article 1 Unless the context requires or the Contract requires , in this Contract:

Master contract: refers to creditor and fiduciary signed the "Comprehensive Credit Agreement" as well as the creditor and fiduciary signed a specific credit business contract or agreement under "comprehensive credit agreement" for each credit business.

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Specific credit business contract or agreement refers to the creditor guided by "comprehensive credit agreement" provide the single specific credit business contract or agreement to the fiduciary, which is signed with the fiduciary including the local currency and the foreign currency loans, trade finance, discount, acceptances, letters of credit, guarantees, factoring, guarantees and other off-balance sheet credit payment form (collectively, "specific credit business").

### **Chapter three The principal debt secured by**

Article 2 The principal debt secured by the guarantor is all the specific credit business incurred under the contract or agreement signed by creditor and fiduciary based on the master "comprehensive credit agreement" .The guaranteed maximum principal debt for "Comprehensive Credit Agreement" is RMB thirty million.

Of the following cases, the main contract claims to determine:

(One) identify expiry of the period of the main contract;

(Two) the new creditor can not happen;

(Three) the creditor and the fiduciary terminate the contract or the creditor and the guarantor terminate the contract;

(Four) the fiduciary or the guarantor is declared bankrupt or is revoked, suspended, canceled or dissolution;

(Five) other cases law claimed.

### **Chapter four Guaranteed way**

Article 3 Guarantor provided the joint and several liability guarantee under the contract

### **Chapter five Warranty**

Article 4 Guaranteed under this contract include: a fiduciary under the contract shall repay or pay the debt principal to the main creditor, interest (including statutory interest, agreed interest and penalty interest), compound interest, fees, liquidated damages, compensation, the cost of the claim, (including, but not limited to, litigation costs, attorneys' fees, notary fees, implementation costs, etc.) and all other fees payable (above together referred to as "collateralized debt obligations").

Article 5 Creditor used to indicate any credit secured debt under the contract or any proof payable ,unless there is manifest error, the two sides should be the conclusive evidence of the relationship between credit and debt and is binding on the guarantor.

### **Chapter six Warranty period**

Article 6 each specific credit business guarantee period under "Comprehensive Credit Agreement" calculated separately since specific contract or agreement fiduciary obligations to fulfill the expiration date (as required by law or agreement which led to the events specific credit business contract or agreement early maturity, compared with earlier due date) two years.

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## **Chapter 7 The documents the guarantor should submit**

1. The guarantor or agent valid original signed copy of this contract;
2. Guarantor of identity documents;
3. Prove creditworthiness of guarantors proof of assets or other information;
4. Guarantor reasonably required to provide credit and other documents.

For a copy of the above documents, are subject to the guarantor or the authorized signatory signature confirmation that the copy is true, complete and valid documents.

## **Chapter 8 Representations and Warranties of guarantor**

Article 8 Guarantor make the following representations and warranties to the creditor here :

1. Guarantor is a full civil capacity of natural persons, have full qualifications and authority to enter into and perform this contract, and can independently bear civil liability.
2. Guarantor has carefully read and fully understood the contract and this contract to accept the Lord contents guarantor execution and performance of this contract is voluntary, under this contract in the full meaning of true representation.
3. Guarantor to the creditor to provide all the documents are accurate, true, complete and effective, and to provide a copy of the form of documents are consistent with the original.
4. Guarantor signing and implementation of the contract does not violate its position as a party to any other contract or agreement, and any laws or regulations applicable thereto. Guaranteed under this contract will not be subject to any restrictions.
5. To ensure that the contract legality, validity or enforceability of the guarantor has been completed or will complete all required registration, filing or notary procedures.
6. This contract is legally valid, on the guarantor constitute a legally binding obligation
7. Do not currently exist and will be anything involving guarantor or surety guarantor's financial position to meet its obligations under this contract and adversely affect the ability of litigation, arbitration or administrative proceedings.
8. Guarantor did not occur or exist any event of default.

Article 9 the representations and warranties of the guarantor in the life of the contract shall remain correct and that the guarantor will be ready by the creditor's request for further documents.

## **Chapter nine Guarantor's commitment**

Article 10 before all of the secured debt repaid ,the guarantor shall comply with the following provisions:

1 The guarantor shall immediately notify the creditor any of the following events:

- (1) the occurrence of any event of default;
  - (2) relates to the guarantor or any major operating assets of litigation,arbitration or administrative proceedings;
-

(3) the guarantor income substantially reduced significantly, the loss of economic resources such as lost or may lose its ability to perform the case;

(4) the guarantor change residential address and communication.

2. In the life of the contract, as long as all of the secured debt is not repaid, except with the prior written consent of the creditor, the guarantor shall not sell, transfer, split or otherwise dispose of any of its major assets in the form

3. In the life of the contract, before the completion of the all the secured debt fully settled, guarantor will not be in respect of its generation of a fiduciary to the creditor settlement of any sum or its fiduciary may be entitled to any other creditor, to the fiduciary recourse or claim right

4. If a fiduciary fails to pay the secured debt timely, the guarantor shall, upon receipt of payment in writing to the creditor within seven working days of the creditor, the creditor unconditionally in the manner required by a fiduciary on behalf of the creditor payment of such debts.

5. If the guarantor fails to credit the person's request to timely payment of any sum under the contract, the creditor entitled to directly from the guarantor to the creditor or credit to any other person within the system of opening branches directly deduct any account, without having to obtain the prior consent of the guarantor.

6. Upon the request of the creditor, the guarantor shall be required to pay immediately to the credit or compensation for costs and losses following:

(1) Credit artificially realize the rights under this contract incurred all costs and expenses (including but not limited to attorney's fees, court costs, fees and all other executive actual expenditure); and

(2) due to violation of the contract and the guarantor to the creditor liable for any other losses

#### **Chapter ten The nature and effectiveness of security**

Article 11 This contract guarantees established by independent credit secured debt artificially made by any other guarantee. Credit to exercise rights under this contract without first implementation of its former holdings of any other guarantees (whether material or human security guarantees), and need not first to the fiduciary or any other third party to take any other relief measures.

#### **Chapter eleven Events of default**

Article 12 Each of the following events and issues constitute Guarantor in the event of default under the contract:

1. Master contract any event of default occurs under;

2. Guarantor under this contract made representations, warranties or undertakings are recognized as incorrect or untrue;

3. The main part of any contract for any reason is no longer fully valid, or is terminated for any reason or restricted;

4. Occurred against the guarantor or a substantial operating assets litigation, arbitration or administrative proceedings;

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5. Guarantor is in breach of its present obligations under the contract or the occurrence of other people think that credit will adversely affect the creditor rights under this Contract other events.

Article 13 of the event of default has occurred, as the case is entitled to take credit of any one or more of the following measures:

1. Exercise credit in the main contract and enjoyed under this contract remedies for breach of contract;
2. Guarantor in accordance with the requirements of the contract responsibility of guarantee;
3. Exercise of the creditor was secured debt may have any other security interest.

#### **Chapter twelve others**

Article 14 Without the prior consent of the creditor, the guarantor shall not transfer or otherwise dispose of their under this contract in whole or part of the obligations.

Article 15 of people give credit guarantors any grace, discount or delay, shall not affect, damage or limit the creditor under this contract and the laws and regulations and all the rights; no person should be treated as credit rights under this Contract and interest waiver, does not affect the guarantor under this contract from any liability and obligations.

Article 16 If at any time any of the terms of this contract are in any way or becomes illegal, invalid or unenforceable, the other provisions of this contract the legality, validity or enforceability is not affected or impaired.

Article 17 of the contract, the guarantor shall be guaranteed full payment of the debt, offset shall not make any claim, nor shall any conditions.

Article 18 The contract mutual issue relating to this contract notice requirements should be made in writing, sent to the home page of this contract the parties listed in the address or fax. Any party to change its address or fax, the need for timely notice to the others.

Communications between the parties, such as by hand, after delivery shall be deemed to be served; if sent by registered letter, and in three days after sending a registered letter shall be deemed to be served; if sent by facsimile, shall be deemed to be served at the time of issue. However, given the guarantor's credit file, you need to actually received before the creditor is deemed served

#### **Chapter thirteen Applicable Law and Dispute Resolution**

Article 19 This contract and the contract to any matters covered by applicable PRC laws (excluding Hong Kong, Macau and Taiwan law), and in accordance with laws of the PRC (excluding Hong Kong, Macau and Taiwan law) explained.

Article 20 During the performance of this contract or in connection with all disputes relating to this contract, the two parties settled through friendly consultations. Negotiation can not reach agreement, either party may apply to the credit people local people's court.

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#### **Chapter fourteen Effectiveness ,change and release of the contract**

Article 21 This contract is signed by the guarantor and the creditor or agent authorized representative / responsible person or agent or stamped signature and seal of the date.

Article 22 After the commencement of this contract, either party may change or premature termination of the contract. If we need to change or cancel the contract, the guarantor and the creditor shall be approved by mutual agreement, and reach a written agreement. Prior written agreement is reached, the provisions of this contract is still valid.

#### **Chapter fifteen Attachment**

Article 23 The matters covered in this contract, the guarantor and the creditor both parties may otherwise agree in writing, as an annex to this contract. Hereto are an integral part of this contract, this contract have the same legal effect.

Article 24 of the annex to the contract include:

- 1.
- 2.

#### **Chapter sixteen Supplementary**

Article 25 of the original contract a formula 2 copies guarantor holding 1 copies of credit people who 1 copies of the same legal effect.

Article 26 This Contract 24th Jan, 2018 by the guarantor and the creditor in Shenzhen signed.

Article 27 The parties to the contract agree to this contract notarized promise to give the contract unenforceable. When a fiduciary, the guarantor is not fulfilled, or if the debt is not completely fulfill the laws and regulations, the implementation contract creditor claims, guarantees the right circumstances, the creditor has the right to direct the people's court having jurisdiction for enforcement. Fiduciary, guarantor loan made under this contract enforcement application without any objection. (This section is optional terms, the parties choose this contract [2]. 1, applies; 2, does not apply.

This page is page contract signed by both parties, no text)

**Guarantor or agent (Signature):**

**Creditor (stamp):**

**Legal Representative / CEO:**

**(Or agent)**

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**Basic Credit Line Contract**

Reference: Xing Yin Shen Longgang Credit Zi (2018) No. 0033  
Creditor: Industrial Bank Co., Ltd., Shenzhen Longgang Branch  
Address: NO. 113, Parkland, Longxiang Road, Longgang Town, Shenzhen  
Legal Representative / CEO: Xiaoxia Wen  
Contact: Liang Lili  
Address: NO.113, Parkland, Longxiang Road, Longgang Town, Shenzhen  
Postal Code:518172 Fax :  
Tel: 0755-33837817 Fax:0755-33837807

Debtor: Springpower Technology (Shenzhen) Co., Ltd.  
Address: Building A, Chaoshun Industrial Zone, Renmin Street, Danhu, Guanlan Road, Baoan, Shenzhen  
Legal Representative / CEO: Pan Dangyu  
Contact: Pan Dangyu  
Address: Building A, Chaoshun Industrial Zone, Renmin Street, Danhu, Guanlan Road, Baoan, Shenzhen  
Postal Code:518172 Fax :  
Tel:\*\*\* Fax:

Contract signed at: Industrial Bank Building, Industrial Bank Co., Ltd. Shenzhen Branch, Futian, Shenzhen

**Important Prompt**

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

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

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

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## Clause 1 Definitions and interpretation

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

1. Basic credit line: based on comprehensive evaluation of management and risk of debtor, creditor will decide the maximum amount of comprehensive financing principal of debtor, including but not limited local foreign currency, various trade financing (issuing letter of credit, trust receipt, packing loan, export bill purchase, export bill purchase under collection and advanced against inward documentary bills, etc.) bank acceptance bill, notes discounted, notes repo, guarantee (including independent guarantee, demand guarantee, standby letter of credit, etc.) and so on.

2. Valid period of credit line is one uninterrupted period, during which the debtor can conduct business transactions stipulated under the basic credit line, with creditor's consent. The basic credit line expires when the valid period of credit ends.

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

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

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

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

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

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

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

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

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

## **Clause 2 Credit Line**

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

2. Decomposition of credit line

(1) Bank acceptance: RMB40,000,000

(2) Standby letter of credit: RMB 40,000,000

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

4. The financing balance should not be more than RMB 40,000,000, including all debts used by debtor according to this contract, and the single credit line cannot be more than RMB 40,000,000.

## **Clause 3 Valid Period and Adjustment of Credit Line**

1. Valid period of credit line under this contract is from Mar 15th 2018 to Mar 15th 2019.

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

(1) debtor has significant operational difficulties and risks;

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

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

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

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

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

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

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

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

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

## **Clause 5 Guarantee Measures**

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

(1) REF: Xing Yin Shen Longgang credit (guarantee) zi (2018) No. 0033 "Maximum Amount Guaranty Contract" (the name of the contract), guarantor: Dangyu Pan, mode: guarantee;

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(2) REF: Xing Yin Shen Longgang credit (guarantee) zi (2018) No. 0033A"Maximum Amount Guaranty Contract" (the name of the contract), guarantor: Shenzhen Highpower Technology Co Ltd, mode: guarantee;

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

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

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

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

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

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

#### **Clause 6 The Rights and Obligations of Creditor**

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

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

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

#### **Clause 7 Representations and Commitments of Debtor**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) transactions and transaction properties;

(3) the amount of transaction and relevant proportion;

(4) pricing policy.

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

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

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

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

#### **Clause 9 Default and default Liability**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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#### **Clause 10 the cross-defaulting**

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

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

#### **Clause 11 the continuity of obligation**

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

#### **Clause 12 accelerated maturity terms of principal and interest**

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

#### **Clause 13 The Priority Right of Subrogation Arrangement**

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

#### **Clause 14 Offset Arrangement**

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

#### **Clause 15 Applicable Law, Jurisdiction and Dispute Resolution**

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

#### **Clause 16 Files, Communications and Notifications**

1. Any documents, communications and notifications under this contract will be sent to each party according to the address, phone number or other contact methods on the cover of this contract.

2. If the contact method of one party changed, the other party should be informed immediately, otherwise the party which does not inform its change to the other must bear full responsibility for all the consequences.

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

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

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

(3) by personal service, the date of signing is deemed to be arriving date.

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

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

#### **Clause 17 Effectiveness, Modification of This Contract and Other Matters**

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

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

3. As a result of national laws and regulations or regulatory policy change, which leads to loan obligations of the creditor under this contract not conforming to the laws and regulations or regulatory requirements, the creditor has the right to unilaterally terminate the contract, announce all of the loan is due in advance, and the debtor should pay off the loan immediately.

4. If the creditor cannot issue the loan or pay on time because of force majeure, the failure of communication or network, or the failure of creditor's system, the creditor does not assume any responsibility, but should promptly notify the debtor.

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

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

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

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

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

10. This contract is in quadruplicate, the creditor holds three copies, the debtor holds one copy, with equal legal effect.

#### **Clause 18 The Notarization and Voluntarily to Accept Compulsory Execution**

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

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

#### **Clause 19 The Supplementary Terms and Conditions:**

1. The parties of this Contract hereby confirm that their domiciles and service methods given herein are their service addresses and methods of relevant legal documents (including but not limited arbitration application, arbitration notice, case filing notice or acceptance notice, statement of defense, written counterclaim, evidence, notice of court session, award, mediation document, execution notice, notice of performance within a time limit, and other legal documents during hearing and execution of arbitration).

Recipient: SUN XUN

Detailed Address: Workshop Building A, Shunchao Industrial Zone, Renmin Road, Danhu Community, Guanlan Street, Bao'an District, Shenzhen City

Zip Code: 518172

Tel.: 13923469509

Designated Agent (if any):

Detailed Address:

Zip Code:

Tel.:

The parties of this Contract hereby confirm and agree to send legal documents by personal delivery or by the following methods:

Post;  Fax, No. ;  E-mail, Address: ;

SMS, Receiving No.:13923469509 ..

The foregoing legal documents shall be deemed as having been served (to the principal if having been served to the designated agent) once they are sent by any means to the address given above. In case of change of any party's service address and service method, the other party shall be timely notified in written form. If the other party is not timely notified, such change shall be deemed invalid and the party of change shall assume relevant responsibilities arising therefrom.

/s/ [COMPANY SEAL]

The Creditor (official seal):

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The legal representative (signature):

The Debtor (official seal):

The legal representative (signature):

/s/ Dangyu Pan

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**Maximum Amount Guaranty Contract**

(Apply to lines of credit)

Ref: Xing Yin Shen Longgang credit (guarantee) zi (2018) No. 0033A

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

Address: parkland, Longxiang Road, Longgang Town, Shenzhen

Legal Representative / CEO: Wen Xiaoxia

Guarantor: Shenzhen Highpower Technology Co., Ltd.

Legal Representative / CEO: Pan Dangyu

Contract signed at: Industrial Bank Building, Industrial Bank Co., Ltd. Shenzhen Branch, futian, Shenzhen

**Important notes:**

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

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

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

**Article 1 definition and interpretation**

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

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

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

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

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

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

7. "Master Contract" means credit contract (that is, "General Agreement") and all sub-contract signed by the financier and the applicant.

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

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

#### **Article 2 the main credit contract of guarantee**

The master contract of guarantee is **Basic Credit Line Contract** (No. XingYin ShenLonggang credit zi (2018) No. 0033), and its sub-contracts. The sum of credit is RMB forty million only, credit period is from Mar 15<sup>th</sup> 2018 to Mar 15<sup>th</sup> 2019.

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

#### **Article 3 Maximum guarantee principal**

1. Under this contract, maximum guarantee principal is RMB (in word) FORTYEIGHT MILLION YUAN ONLY.

2. Under the maximum guarantee principal, the guarantor is borne joint liability for all debt balance (including principal, interest, penalty, compound interest, liquidated damages, damages, realization of claims).

#### **Article 4 validity of guarantee**

1. Valid period is from Mar 15<sup>th</sup> 2018 to Mar 15<sup>th</sup> 2019.

2. The loan under the contract can be used only when during the period of validity, but the guarantor is borne joint liability for each debt whether the debt is in or over the validity of the guarantee contract.

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## **Article 5 guarantee responsibility**

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

## **Article 6 scope of guarantee**

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

## **Article 7 warranty period**

The warranty period under the contract:

1. The warranty period under the contract is calculated according to each financing applied by the applicant. For each financing, the warranty period is ended after two years of the expiration.
  2. If there are several financings in one master contract, the warranty period of each financing is ended after two years of the expiration.
  3. If the principal debt is repayable in installments, there are several financings in one master contract, each warranty period is calculated in installments, and the guarantor shall bear responsibility for two years from the date of expiry.
  4. If any extension agreement is signed by financier and debtor without agreed by the guarantor, the guarantor will still bear responsibility for all financing under the contract within two years from the date of extension expiry.
  5. If the financier decides to recover the debts in advance, the warranty period is two years since the date of expiry noticed by the financier.
  6. The warranty period of bankers' acceptances, letters of credit and letters of guarantee is two years from the date of advance payments. If advance for several times, warranty period is calculated from each advance payment.
  7. The warranty period of commercial bills is two years from the date of discount maturity.
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## **Article 8 on demand**

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

## **Article 9 declaration and commitment of guarantor**

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

1. The guarantor is established under the laws and a validly existing legal company, with full civil capacity. The guarantor follows the creditor's request to provide relevant evidence, permits, certificates and other documents required by the creditor.
  2. The guarantor has sufficient capacity to fulfill all the obligations and responsibility under the contract, not because of any instruction, financial conditions change, or any agreement with any party to reduce or waive their commitment to settle the obligation.
  3. The guarantor has sufficient power, authority and legal right to sign this contract, the guarantor has obtained and fulfilled all necessary approvals and authorizations of its internal or other relevant procedures to make the contract execution and performance, and has achieved and fulfilled any government department or other authority's approval, registration, authorization, consent, license or other relevant procedures for this contract, and signed this contract with all the necessary approvals, registrations, consents, licenses, authorizations and other related procedures remain fully valid.
  4. The guarantor signed the contract in full compliance with the relevant Articles of the guarantor, the internal decisions, shareholders and board resolution. The contract does not conflict with any charter, internal decisions, shareholders resolutions, board resolution and the guarantor's policies.
  5. The execution and performance of this contract is based on the guarantor's true intention. Loan facility is compliance with legal and regulatory requirements, execution and performance of this contract does not violate any binding law, regulation, ordinance or the contract. This contract is valid and enforceable, as a result of the guarantor's defects in the execution and performance of this contract to result in the contract is invalid, the guarantor will immediately and unconditionally make compensation for all losses to the creditor.
  6. Under this contract, all the documents, financial statements and other information provided by the guarantor is true, complete, accurate and effective, and continue to fulfill the creditor's request of the financial indicators.
  7. Such as a change in ownership structure or key management personnel or other significant events and significant transactions, the guarantor shall require the prior written consent of the financier.
  9. When the guarantor has fulfilled the guarantee responsibilities, the guarantor has the right to recover the money from the applicant without prejudice the repayment in the future. However, if the applicant has the claim of the guarantor and the requirement of repayment from the financier at the same time, the guarantor agreed the applicant to repay the debt of the financier first.
  10. If the applicant and the guarantor have or will sign a counter-guarantee contract in respect of the obligations under the contract, the counter-guarantee contract shall not prejudice any rights of the financier in law or in fact under the contract.
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11. Before pay off the debts, regardless of any reason lead to reduce the guarantee ability of guarantor, the financier has the right to require the guarantor to provide a new full and effective guarantee.
12. There was no any litigation, arbitration or administrative proceedings for the guarantor's outstanding or known to occur on the guarantor, and there was no events of liquidation or other similar proceedings whether it comes forward by the guarantor or by a third party.
13. If the creditor is forced into disputes between the guarantor and any other party because of fulfilling the obligations under the contract, the guarantor should pay litigation or arbitration costs, legal costs and other expenses.
14. As under the master contract , there are other guarantees ( including but not limited to guarantee , mortgage , pledge, standby and any other form of security ) , the guarantor agrees that one can give up part of security interest or security interest subordinated ( including the collateral is based on the collateral provided by the debtor) , financier and any mortgagor / pledgor (including the mortgagor / pledgor artificially is the debtor himself) can be varied by agreement and subordinated security interest, the amount of the secured creditor and other content, even if financiers made the above act, the guarantor is still voluntary to bear all responsibility of this contract.
15. The guarantor is a company, the commitment to its publication in the national enterprise credit information system of the public information is true, complete and valid, the consent of the guarantor promises continued creditors to query the system in the enterprises to choose the public and not the public information. If required by the creditor to capital verification, the guarantor agrees to capital verification in accordance with the requirements of the creditors and provide professional agency issue a capital verification report.
16. For under this contract and the guarantor/issuer and the bank of any department or agency (including the bank subsidiary), other Banks, non-banking financial institutions or units of financing contract, guarantee under the contract or other contract of any event of default, the guarantor shall promptly notify the creditors in written form.
17. The guarantor if the state administration for industry and commerce or other relevant departments of the state in any establishment, modification or cancellation of registration, it shall notify the creditors prior to application for registration, and immediately after the completion of the registration of the relevant registration copy and submit it to the creditors.
18. The guarantor in this declaration and authorization, the creditor shall have the right to the credit condition of the guarantor has the necessary investigation, and may, according to government departments, bank regulators, and the people's bank of China on the need of construction enterprise and individual credit reporting work, the information about the contract and other relevant information to the departments or institutions established or approved credit inquiry system to submit the credit information, and allows information to be legitimate query here.

#### **Article 10 Obligations of disclosing important transactions and events**

1. Guarantor should inform financier of significant transactions and events of guarantor in written timely.
  2. During valid period of this contract, stock transfer, reorganization, merger, discrete, shareholding reform, joint venture, cooperation, joint operation, contract, lease, business scope, change of registered capital, major asset transfer, contingent liability, or anything which may affect guarantor's ability of assuming responsibility should be notified to financier in writing 30 days in advance.
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3. Termination of business, going out of business, bankruptcy, dissolution, cancellation of business license, deterioration of financial situation or involving in major business dispute, or anything may affect guarantor's ability to assume responsibility should be noticed to financier in 7 days by written since the date above things take place.

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

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

#### **Article 11 The rights of creditors**

1. The main creditor under the contract expires or the guarantor fails to perform under this contract, the financier has the right to directly deduct the funds from any account of the guarantor.
2. The creditor shall have the right to request the guarantor to provide at any time reflects the business situation and credit circumstance of financial reports, financial statements and other information.
3. As under the master contract , there are other guarantees ( including but not limited to guarantee , mortgage , pledge, standby and any other form of security ) , the guarantor agrees that one can give up part of security interest or security interest subordinated ( including the collateral is based on the collateral provided by the debtor) , financier and any mortgagor / pledgor (including the mortgagor / pledgor artificially is the debtor himself) can be varied by agreement and subordinated security interest, the amount of the secured creditor and other content, even if financiers made the above act, the guarantor is still voluntary to bear all responsibility of this contract.
4. This contract prior to the establishment of the guarantee or is determined, do not need a guarantor agrees, the creditor shall have the right to the part or all of the creditor's rights under the main contract and its corresponding guarantee rights transferred to a third party (or to establish a trust, the asset management plan and other special purpose vehicle). The guarantor agrees to have the transfer and transfer (if any) of the creditor's rights, still for the creditor's rights and the transferee in accordance with the contract agreement (or to establish a trust, the asset management plan and other special purpose vehicle) and the original security (if any) to provide guarantee to the creditor.
5. The guarantor if it is a company, if the guarantor in default under this contract, or may endanger realize creditor's rights of the creditor, the creditor shall have the right to demand the guarantor and its shareholders expire subscribed capital contribution obligation acceleration, the guarantor should be in accordance with the requirements for creditors in a timely manner the subscribed capital. The creditor shall have the right to demand the guarantor and its shareholders don't pay dividends.

#### **Article 12 Change in the main contract**

Guarantor agrees and confirmed: the creditor and the debtor negotiation to modify, change the main contract, or financing under the main contract extension, are considered to be already prior consent of the consent of the guarantor, don't need to inform the guarantor, the surety shall be relieved of the suretyship liability not breaks.

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### **Article 13 events of default and breach of contract**

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

2. One of the following circumstances is a guarantor defaults:

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

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

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

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

(5) the guarantor/issuer or guarantor of controlling shareholders, actual controllers or associates involve significant litigation, arbitration or other disputes, or its material assets seizure, seizure, freezing, enforcement or be taken other measures to have the same effect.

(6) the guarantor/issuer or guarantor of the legal representative, the actual controllers, directors, supervisors and senior managers be taken other compulsory measures, criminal detention or be missing or is declared to be missing, lose the necessary capacity for civil conduct, unable to properly link, dies or is declared dead, death or after being declared dead no successor or legatee, property, receiver or the successor or legatee refused to accept the inheritance or bequest or guardian, the successor or legatee or property receiver refused to continue to perform the contract, under the guise of a marriage and relationship changes to transfer assets or trying to transfer assets, etc., lead to an adverse effect on the guarantor's solvency.

(7) the guarantor under this contract and the bank of any department or agency (including the bank subsidiary), other Banks, non-banking financial institutions or units of financing contract, guarantee any event of default under the contract or other contract.

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

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

(1) require the guarantor to remedy;

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

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

(4) require the guarantor to perform immediately guarantee responsibility;

(5) require the guarantor to pay under the main contract to finance ten percent of the principal as the breach of contract;

(6) request the guarantor to compensate by default all losses arising from the creditors;

(7) to revoke and withdraw the actions of the guarantor damage the interests of creditors in accordance with the law;

(8) directly deduct the guarantor of any account funds to repay its debt within the scope of guarantee;

(9) to other legal means to pursue the guarantor's liability for breach of contract.

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

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#### **Article 14 the independence of the guarantor's obligations**

1. The guarantor's obligations under this contract have independence with no effect of the relationship between any party and the third party, except there are stipulates.
2. The guarantee contract has independence, regardless of any conditions; the guarantee contract is effective even if the master contract is not effective. If the master contract is confirmed as invalid, then the guarantor still bear the joint liability for the debtor's debts.
3. If the applicant violates the master contract (including but not limited to the applicant fails to use the loan under the sub-contract) , shall not affect the liability of guarantee, the guarantor cannot require to reduce or waive the responsibility of guarantee.

#### **Article 15 the continuity of obligation**

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

#### **Article 16 priority subrogation arrangements**

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

#### **Article 17 offsetting arrangements**

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

#### **Article 18 Files, Communications and Notifications**

1. The parties of this Contract hereby confirm that their domiciles and service methods given herein are their service addresses and methods of relevant legal documents (including but not limited arbitration application, arbitration notice, case filing notice or acceptance notice, statement of defense, written counterclaim, evidence, notice of court session, award, mediation document, execution notice, notice of performance within a time limit, and other legal documents during hearing and execution of arbitration).

Recipient: SUN XUN

Detailed Address: Workshop Building A, Shunchao Industrial Zone, Renmin Road, Danhu Community, Guanlan Street, Bao'an District, Shenzhen City

Zip Code: 518172

Tel.: \*\*\*

Designated Agent (if any):

Detailed Address:

Zip Code:

Tel.:

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The parties of this Contract hereby confirm and agree to send legal documents by personal delivery or by the following methods:

- Post;  Fax, No. ;  E-mail, Address: ;  
 SMS, Receiving No.:\*\*\* .

The foregoing legal documents shall be deemed as having been served (to the principal if having been served to the designated agent) once they are sent by any means to the address given above. In case of change of any party's service address and service method, the other party shall be timely notified in written form. If the other party is not timely notified, such change shall be deemed invalid and the party of change shall assume relevant responsibilities arising therefrom.

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

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

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

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

#### **Article 19 Applicable Law, Jurisdiction and Dispute Resolution**

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

#### **Article 20 the contract effectiveness and other matters**

1. The contract shall take effect from the date of signature or stamp of both parties..
  2. After the effective of this contract, the master contract signed by the financier and the applicant does not need to be confirmed by the guarantor.
  3. (3) the guarantor has full read all the terms and conditions of this contract, and pay special attention to the terms of this contract with black font, at the request of the guarantor, the creditor has the corresponding provisions for the purpose of this contract to do, the guarantor/issuer the meanings of the terms of this contract and the corresponding legal consequences have all know and understand fully, volunteered to give priority to contract the debtor to provide guarantee, and guarantee obligations pursuant to this contract.
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4. During the effective period of this contract, the creditor gives to the debtor and the guarantor any tolerance, forgiveness, or delay to use the rights and interests, shall not damage, impact or limit the creditor to share the rights and interests in accordance with relevant laws and regulations and this contract, or to be deemed giving up the rights and interests, also do not affect the guarantor to borne any obligation under this contract.

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

6. The main contract for the creditor to a debtor to open the l/c, letter of guarantee or standby letter of credit business, creditor and the debtor of the letter of credit, letter of guarantee under the main contract or any modifications, additions or standby letter of credit financing under l/c, etc., such as the financing are considered to be modified or have the prior consent of the consent of the guarantor, the guarantor shall still undertake suretyship liability stipulated in this contract.

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

8. During the period of the line of credit, if the series of contracts, agreements and other legal documents are not explicitly for the contract of guarantee, that shall be deemed as a guarantee by the guarantee contract.

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

**Article 21 the notarization and voluntarily to accept compulsory execution**

1. The contract should be in the provisions of the state notary office for notarization if any party request notarization.

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

**Article 22 supplement:**

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

the legal representative (signature):

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

the legal representative (signature):

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**Maximum Amount Guaranty Contract**

(Apply to lines of credit)

Ref: Xing Yin Shen Longgang Credit (Guarantee) Zi (2018) No. 0033

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

Address: Parkland, Longxiang Road, Longgang Town, Shenzhen

Legal Representative / CEO: Wen Xiaoxia

Guarantor: Pan Dangyu

ID NO:\*\*\*

Contract signed at: Industrial Bank Building, Industrial Bank Co., Ltd. Shenzhen Branch, Futian, Shenzhen

**Important notes:**

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

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

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

**Article 1 definition and interpretation**

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

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

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

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

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

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

7. "Master Contract" means credit contract (that is, "General Agreement") and all sub-contract signed by the financier and the applicant.

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

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

#### **Article 2 the main credit contract of guarantee**

The master contract of guarantee is **Basic Credit Line Contract** (No. XingYin ShenLonggang credit zi (2018) No. 0033), and its sub-contracts. The sum of credit is RMB forty million only, credit period is from Mar 15<sup>th</sup> 2018 to Mar 15<sup>th</sup> 2019.

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

#### **Article 3 Maximum guarantee principal**

1. Under this contract, maximum guarantee principal is RMB (in word) FORTYEIGHT MILLION YUAN ONLY.

2. Under the maximum guarantee principal, the guarantor is borne joint liability for all debt balance (including principal, interest, penalty, compound interest, liquidated damages, damages, realization of claims).

#### **Article 4 validity of guarantee**

1. Valid period is from Mar 15<sup>th</sup> 2018 to Mar 15<sup>th</sup> 2019.

2. The loan under the contract can be used only when during the period of validity, but the guarantor is borne joint liability for each debt whether the debt is in or over the validity of the guarantee contract.

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### **Article 5 guarantee responsibility**

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

### **Article 6 scope of guarantee**

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

### **Article 7 warranty period**

The warranty period under the contract:

1. The warranty period under the contract is calculated according to each financing applied by the applicant. For each financing, the warranty period is ended after two years of the expiration.
  2. If there are several financings in one master contract, the warranty period of each financing is ended after two years of the expiration.
  3. If the principal debt is repayable in installments, there are several financings in one master contract, each warranty period is calculated in installments, and the guarantor shall bear responsibility for two years from the date of expiry.
  4. If any extension agreement is signed by financier and debtor without agreed by the guarantor, the guarantor will still bear responsibility for all financing under the contract within two years from the date of extension expiry.
  5. If the financier decides to recover the debts in advance, the warranty period is two years since the date of expiry noticed by the financier.
  6. The warranty period of bankers' acceptances, letters of credit and letters of guarantee is two years from the date of advance payments. If advance for several times, warranty period is calculated from each advance payment.
  7. The warranty period of commercial bills is two years from the date of discount maturity.
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### **Article 8 on demand**

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

### **Article 9 declaration and commitment of guarantor**

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

1. The guarantor is established under the laws and a validly existing legal company, with full civil capacity. The guarantor follows the creditor's request to provide relevant evidence, permits, certificates and other documents required by the creditor.
  2. The guarantor has sufficient capacity to fulfill all the obligations and responsibility under the contract, not because of any instruction, financial conditions change, or any agreement with any party to reduce or waive their commitment to settle the obligation.
  3. The guarantor has sufficient power, authority and legal right to sign this contract, the guarantor has obtained and fulfilled all necessary approvals and authorizations of its internal or other relevant procedures to make the contract execution and performance, and has achieved and fulfilled any government department or other authority's approval, registration, authorization, consent, license or other relevant procedures for this contract, and signed this contract with all the necessary approvals, registrations, consents, licenses, authorizations and other related procedures remain fully valid.
  4. The guarantor signed the contract in full compliance with the relevant Articles of the guarantor, the internal decisions, shareholders and board resolution. The contract does not conflict with any charter, internal decisions, shareholders resolutions, board resolution and the guarantor's policies.
  5. The execution and performance of this contract is based on the guarantor's true intention. Loan facility is compliance with legal and regulatory requirements, execution and performance of this contract does not violate any binding law, regulation, ordinance or the contract. This contract is valid and enforceable, as a result of the guarantor's defects in the execution and performance of this contract to result in the contract is invalid, the guarantor will immediately and unconditionally make compensation for all losses to the creditor.
  6. Under this contract, all the documents, financial statements and other information provided by the guarantor is true, complete, accurate and effective, and continue to fulfill the creditor's request of the financial indicators.
  7. Such as a change in ownership structure or key management personnel or other significant events and significant transactions, the guarantor shall require the prior written consent of the financier.
  9. When the guarantor has fulfilled the guarantee responsibilities, the guarantor has the right to recover the money from the applicant without prejudice the repayment in the future. However, if the applicant has the claim of the guarantor and the requirement of repayment from the financier at the same time, the guarantor agreed the applicant to repay the debt of the financier first.
  10. If the applicant and the guarantor have or will sign a counter-guarantee contract in respect of the obligations under the contract, the counter-guarantee contract shall not prejudice any rights of the financier in law or in fact under the contract.
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11. Before pay off the debts, regardless of any reason lead to reduce the guarantee ability of guarantor, the financier has the right to require the guarantor to provide a new full and effective guarantee.
12. There was no any litigation, arbitration or administrative proceedings for the guarantor's outstanding or known to occur on the guarantor, and there was no events of liquidation or other similar proceedings whether it comes forward by the guarantor or by a third party.
13. If the creditor is forced into disputes between the guarantor and any other party because of fulfilling the obligations under the contract, the guarantor should pay litigation or arbitration costs, legal costs and other expenses.
14. As under the master contract , there are other guarantees ( including but not limited to guarantee , mortgage , pledge, standby and any other form of security ) , the guarantor agrees that one can give up part of security interest or security interest subordinated ( including the collateral is based on the collateral provided by the debtor) , financier and any mortgagor / pledgor (including the mortgagor / pledgor artificially is the debtor himself) can be varied by agreement and subordinated security interest, the amount of the secured creditor and other content, even if financiers made the above act, the guarantor is still voluntary to bear all responsibility of this contract.
15. The guarantor is a company, the commitment to its publication in the national enterprise credit information system of the public information is true, complete and valid, the consent of the guarantor promises continued creditors to query the system in the enterprises to choose the public and not the public information. If required by the creditor to capital verification, the guarantor agrees to capital verification in accordance with the requirements of the creditors and provide professional agency issue a capital verification report.
16. For under this contract and the guarantor/issuer and the bank of any department or agency (including the bank subsidiary), other Banks, non-banking financial institutions or units of financing contract, guarantee under the contract or other contract of any event of default, the guarantor shall promptly notify the creditors in written form.
17. The guarantor if the state administration for industry and commerce or other relevant departments of the state in any establishment, modification or cancellation of registration, it shall notify the creditors prior to application for registration, and immediately after the completion of the registration of the relevant registration copy and submit it to the creditors.
18. The guarantor in this declaration and authorization, the creditor shall have the right to the credit condition of the guarantor has the necessary investigation, and may, according to government departments, bank regulators, and the people's bank of China on the need of construction enterprise and individual credit reporting work, the information about the contract and other relevant information to the departments or institutions established or approved credit inquiry system to submit the credit information, and allows information to be legitimate query here.

#### **Article 10 Obligations of disclosing important transactions and events**

1. Guarantor should inform financier of significant transactions and events of guarantor in written timely.
  2. During valid period of this contract, stock transfer, reorganization, merger, discrete, shareholding reform, joint venture, cooperation, joint operation, contract, lease, business scope, change of registered capital, major asset transfer, contingent liability, or anything which may affect guarantor's ability of assuming responsibility should be notified to financier in writing 30 days in advance.
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3. Termination of business, going out of business, bankruptcy, dissolution, cancellation of business license, deterioration of financial situation or involving in major business dispute, or anything may affect guarantor's ability to assume responsibility should be noticed to financier in 7 days by written since the date above things take place.

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

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

#### **Article 11 The rights of creditors**

1. The main creditor under the contract expires or the guarantor fails to perform under this contract, the financier has the right to directly deduct the funds from any account of the guarantor.
2. The creditor shall have the right to request the guarantor to provide at any time reflects the business situation and credit circumstance of financial reports, financial statements and other information.
3. As under the master contract, there are other guarantees (including but not limited to guarantee, mortgage, pledge, standby and any other form of security), the guarantor agrees that one can give up part of security interest or security interest subordinated (including the collateral is based on the collateral provided by the debtor), financier and any mortgagor / pledgor (including the mortgagor / pledgor artificially is the debtor himself) can be varied by agreement and subordinated security interest, the amount of the secured creditor and other content, even if financiers made the above act, the guarantor is still voluntary to bear all responsibility of this contract.
4. This contract prior to the establishment of the guarantee or is determined, do not need a guarantor agrees, the creditor shall have the right to the part or all of the creditor's rights under the main contract and its corresponding guarantee rights transferred to a third party (or to establish a trust, the asset management plan and other special purpose vehicle). The guarantor agrees to have the transfer and transfer (if any) of the creditor's rights, still for the creditor's rights and the transferee in accordance with the contract agreement (or to establish a trust, the asset management plan and other special purpose vehicle) and the original security (if any) to provide guarantee to the creditor.
5. The guarantor if it is a company, if the guarantor in default under this contract, or may endanger realize creditor's rights of the creditor, the creditor shall have the right to demand the guarantor and its shareholders expire subscribed capital contribution obligation acceleration, the guarantor should be in accordance with the requirements for creditors in a timely manner the subscribed capital. The creditor shall have the right to demand the guarantor and its shareholders don't pay dividends.

#### **Article 12 Change in the main contract**

Guarantor agrees and confirmed: the creditor and the debtor negotiation to modify, change the main contract, or financing under the main contract extension, are considered to be already prior consent of the consent of the guarantor, don't need to inform the guarantor, the surety shall be relieved of the suretyship liability not breaks.

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### **Article 13 events of default and breach of contract**

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

2. One of the following circumstances is a guarantor defaults:

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

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

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

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

(5) the guarantor/issuer or guarantor of controlling shareholders, actual controllers or associates involve significant litigation, arbitration or other disputes, or its material assets seizure, seizure, freezing, enforcement or be taken other measures to have the same effect.

(6) the guarantor/issuer or guarantor of the legal representative, the actual controllers, directors, supervisors and senior managers be taken other compulsory measures, criminal detention or be missing or is declared to be missing, lose the necessary capacity for civil conduct, unable to properly link, dies or is declared dead, death or after being declared dead no successor or legatee, property, receiver or the successor or legatee refused to accept the inheritance or bequest or guardian, the successor or legatee or property receiver refused to continue to perform the contract, under the guise of a marriage and relationship changes to transfer assets or trying to transfer assets, etc., lead to an adverse effect on the guarantor's solvency.

(7) the guarantor under this contract and the bank of any department or agency (including the bank subsidiary), other Banks, non-banking financial institutions or units of financing contract, guarantee any event of default under the contract or other contract.

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

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

(1) require the guarantor to remedy;

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

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

(4) require the guarantor to perform immediately guarantee responsibility;

(5) require the guarantor to pay under the main contract to finance ten percent of the principal as the breach of contract;

(6) request the guarantor to compensate by default all losses arising from the creditors;

(7) to revoke and withdraw the actions of the guarantor damage the interests of creditors in accordance with the law;

(8) directly deduct the guarantor of any account funds to repay its debt within the scope of guarantee;

(9) to other legal means to pursue the guarantor's liability for breach of contract.

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

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#### **Article 14 the independence of the guarantor's obligations**

1. The guarantor's obligations under this contract have independence with no effect of the relationship between any party and the third party, except there are stipulates.
2. The guarantee contract has independence, regardless of any conditions; the guarantee contract is effective even if the master contract is not effective. If the master contract is confirmed as invalid, then the guarantor still bear the joint liability for the debtor's debts.
3. If the applicant violates the master contract (including but not limited to the applicant fails to use the loan under the sub-contract) , shall not affect the liability of guarantee, the guarantor cannot require to reduce or waive the responsibility of guarantee.

#### **Article 15 the continuity of obligation**

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

#### **Article 16 priority subrogation arrangements**

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

#### **Article 17 offsetting arrangements**

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

#### **Article 18 Files, Communications and Notifications**

1. The parties of this Contract hereby confirm that their domiciles and service methods given herein are their service addresses and methods of relevant legal documents (including but not limited arbitration application, arbitration notice, case filing notice or acceptance notice, statement of defense, written counterclaim, evidence, notice of court session, award, mediation document, execution notice, notice of performance within a time limit, and other legal documents during hearing and execution of arbitration).

Recipient: Pan Dangyu

Detailed Address: Workshop Building A, Shunchao Industrial Zone, Renmin Road, Danhu Community, Guanlan Street, Bao'an District, Shenzhen City

Zip Code: 518172

Tel.: \*\*\*

Designated Agent (if any):

Detailed Address:

Zip Code:

Tel.:

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The parties of this Contract hereby confirm and agree to send legal documents by personal delivery or by the following methods:

Post;  Fax, No. ;  E-mail, Address: ;

SMS, Receiving No.:\*\*\* .

The foregoing legal documents shall be deemed as having been served (to the principal if having been served to the designated agent) once they are sent by any means to the address given above. In case of change of any party's service address and service method, the other party shall be timely notified in written form. If the other party is not timely notified, such change shall be deemed invalid and the party of change shall assume relevant responsibilities arising therefrom.

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

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

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

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

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

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

#### **Article 19 Applicable Law, Jurisdiction and Dispute Resolution**

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

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

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

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

#### **Article 20 the contract effectiveness and other matters**

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

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

3. (3) the guarantor has full read all the terms and conditions of this contract, and pay special attention to the terms of this contract with black font, at the request of the guarantor, the creditor has the corresponding provisions for the purpose of this contract to do, the guarantor/issuer the meanings of the terms of this contract and the corresponding legal consequences have all know and understand fully, volunteered to give priority to contract the debtor to provide guarantee, and guarantee obligations pursuant to this contract.

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

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

6. The main contract for the creditor to a debtor to open the l/c, letter of guarantee or standby letter of credit business, creditor and the debtor of the letter of credit, letter of guarantee under the main contract or any modifications, additions or standby letter of credit financing under l/c, etc., such as the financing are considered to be modified or have the prior consent of the consent of the guarantor, the guarantor shall still undertake suretyship liability stipulated in this contract.

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

8. During the period of the line of credit, if the series of contracts, agreements and other legal documents are not explicitly for the contract of guarantee, that shall be deemed as a guarantee by the guarantee contract.

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

#### **Article 21 the notarization and voluntarily to accept compulsory execution**

1. The contract should be in the provisions of the state notary office for notarization if any party request notarization.

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

#### **Article 22 supplement:**

The creditor (official seal): /s/ [COMPANY SEAL]  
the legal representative (signature):

The guarantor :

the guarantor (signature): Pan Dangyu ID NO:\*\*\*

The guarantor's spouse special commitment:

Himself as a surety of a spouse, as well as the performance of this guarantee contract agreed to the guarantor, have to pay special attention to the contract terms and related rights and obligations and black restrict or exemption clauses, and on a comprehensive and accurate understanding and the terms of the contract is given priority to with the common property of husband and wife agreed to in accordance with the contract debt under contract to provide joint liability guarantee.

Signature: Yin Zhoutao ID: \*\*\*

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**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 11, 2018

/s/ Dang Yu Pan

By: Dang Yu Pan

Chairman of the Board and Chief Executive Officer  
(Principal Executive Officer)

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**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, Sunny Pan, certify that:

1. I have reviewed this quarterly report on Form10-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 11, 2018

/s/ Sunny Pan

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Sunny Pan

Chief Financial Officer

(Principal Financial Officer)

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**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 Form10-Q for the quarter ending March 31, 2018, 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 11, 2018

/s/ Sunny Pan

Sunny Pan  
Chief Financial Officer  
(Principal Financial and Accounting Officer)  
May 11, 2018

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