



Investment Profile

November 2008

Hong Kong Highpower Technology, Inc. NYSE Alternext US: HPJ

Shenzhen, China

www.haopengbattery.com

Hong Kong Highpower Technology is a profitable growth company that develops, manufactures and markets nickel-metal hydride (Ni-MH) and lithium-ion (Li-ion) rechargeable batteries and related products for both consumer and industrial applications. The Company's products are distributed worldwide for use in various electronic products and emergency power supplies such as digital and communication products, power tools, toys, notebook computers, cellular telephones, GPS navigation systems, military products, electronic bikes and medical devices.

The global rechargeable battery market exceeded \$7.0 billion⁽¹⁾ in 2006. Through its significant production capacity and established distribution networks, Hong Kong Highpower Technology has become a worldwide leader in the Ni-MH rechargeable battery market capturing an estimated 10% share of the global rechargeable battery market. The Company's large scale quality manufacturing provides cost-effective production and consistent, high quality products for its customers, which include leading original equipment manufacturers (OEMs) such as Energizer and UniRoss Batteries.

To complement its existing strengths in its core Ni-MH business and add an incremental revenue stream, Hong Kong Highpower Technology has developed a line of lithium-ion (Li-ion) batteries. Li-ion batteries are the preferred choice for cell phones and notebook computers. Industry experts predict the Li-ion market will nearly double to \$6.0 billion by 2012⁽¹⁾.

The Company is executing on a multi-faceted growth strategy to expand its overseas distribution channels and grow its existing and new product offering to drive revenue. Currently the Company is building out a larger manufacturing facility in Huizhou, Guangdong Province, PRC, to increase its production capacity and improve margins with a target of increasing its global rechargeable battery market share.

The Company's manufacturing and product development facilities are located in Shenzhen, Guangdong Province, PRC, which facilitates low labor costs and easy access to land and raw materials, as well as additional cost and cycle time advantages garnered by proximity to electronics supply chains and end-markets.

Since inception in 2001 through 2007 the Company's sales have achieved a compound annual growth rate of 112% to \$73.3 million. For 2007 the Company reported a profit of \$1.7 million⁽²⁾.



 深圳市豪鹏科技有限公司
SHENZHEN HIGHPOWER TECHNOLOGY CO., LTD.

WHY INVEST IN HONG KONG HIGHPOWER?

- ▶ Large and growing industry
- ▶ Optimal market position and timing
- ▶ Competitive leadership in battery product quality, consistency and reliability
- ▶ Substantial worldwide market share in Ni-MH battery market; positioned for growth in global Li-ion battery market
- ▶ Enabler of green power technologies
- ▶ Aggressive expansion strategy
- ▶ Strong financials and capital resources
- ▶ Seasoned, well-rounded leadership

STOCK DATA

Hong Kong Highpower began trading on the NYSE Alternext US (formerly the American Stock Exchange) on June 19, 2008. The Company's public offering consisted of 603,750 shares of common stock at a price of \$3.25 per share, including exercise of the over-allotment option.

Recent price (November 6, 2008)	\$3.10
Trading range since IPO:	\$1.68 – \$8.35
Shares outstanding	13.6M
Market capitalization	\$42.0M
FY07 revenue	\$73.3M
FY07 net income ⁽²⁾	\$1.7M
Forward P/E (for 2008) ⁽³⁾	16.2x
Fiscal year end	December 31

(1) Source: AVICENNE Compilation research report, June 2007.

(2) Net income includes a \$0.6 million one-time charge to earnings related to the Company's reverse merger in November 2007.

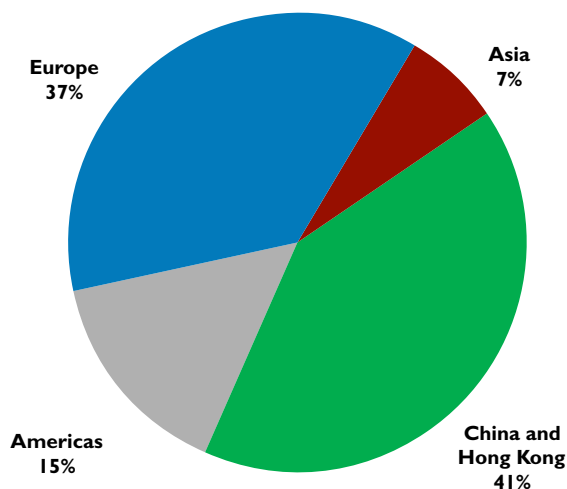
(3) 2008 P/E is based on the bottom of management's 2008 net income guidance range of \$2.6 million - \$2.8 million.

MARKET OPPORTUNITY: Evolving Electronic Technology Is Driving Increasing Global Demand

In 2006 the global rechargeable battery market reached \$7.0 billion and is expected to grow as advancements in electronic technology expand the number of battery-powered devices that feature more sophisticated functions, more compact sizes and lighter weight batteries. Rechargeable batteries generally can be used in many non-rechargeable battery applications, as well as high energy drain applications such as electric toys, power tools, portable computers and other electronics, medical devices and consumer products.

The first rechargeable Li-ion batteries were commercialized in 1991. Manufacturers are constantly working to improve Li-ion technology with new and enhanced chemical combinations and market demand for Li-ion batteries is currently outpacing worldwide supply. The Li-ion share of the global rechargeable battery business is expected to nearly double to \$6.0 billion by 2012.

**First Nine Months of 2008
Revenue by Geography**

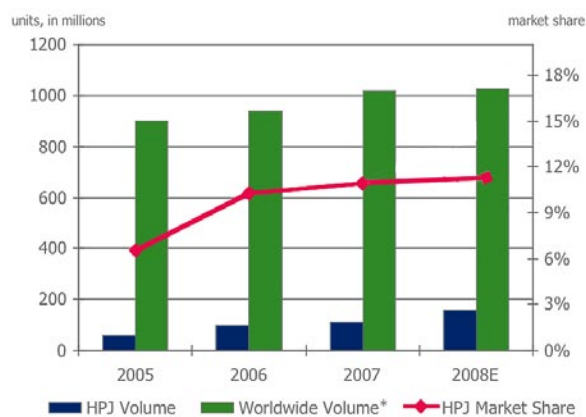


The initial technology for rechargeable batteries was nickel cadmium (Ni-Cad). Ni-Cad batteries are offered in a variety of sizes and shapes but suffer from low energy density and low cycle life. In addition, disposal of Ni-Cad batteries poses environmental issues due to the high toxicity level of cadmium. To meet the demand for higher performing rechargeable batteries, Ni-MH and Li-ion batteries were developed. Electrically, Ni-MH batteries are similar to their Ni-Cad counterparts but utilize a hydrogen-absorbing alloy instead of cadmium. High capacity Ni-MH and Li-ion batteries can replace Ni-Cad batteries in many devices because they operate on the same voltage, possess similar power and fast charge capabilities, and can optimize equipment performance.

PRODUCT ADVANTAGES: Capturing Global Market Share

Hong Kong Highpower Technology estimates that it has captured approximately 10% of the global rechargeable battery market share to date. The Company's expertise in Ni-MH battery technology and large-scale manufacturing enables Hong Kong Highpower to improve the quality of its products and reduce manufacturing costs while keeping pace with evolving industry standards. Hong Kong Highpower Technology's Ni-MH rechargeable batteries have been developed to respond to a number of specific market requirements such as recyclability, high power, high energy density, long life, low cost and other important characteristics for consumer and OEM applications. The Company is ramping up its Li-ion production to supplement its leading Ni-MH position and capture additional market share.

Ni-MH Market Share Expansion



* Source: AVICENNE Compilation research report, June 2007

Ni-MH Rechargeable Batteries

Hong Kong Highpower Technology is a leader in Ni-MH battery technology and large-scale manufacturing. The Company produces an extensive line of Ni-MH batteries in two main categories: Consumer and Industrial. The Company produces A, AA and AAA sized batteries in blister packing as well as chargers and battery packs. Industrial batteries are designed for electric bikes, power tools, and electric toys.

Advantages

- ◆ **High capacity** – up to 40% greater energy density vs. Ni-Cad batteries
- ◆ **Long life cycle** – up to 1,000 charge/discharge cycles
- ◆ **No memory effect** – quicker and more convenient recharging
- ◆ **Performs at extreme temperatures** – capable of operation on discharge from -20° C– 50° C and charge from 0° C to 45° C
- ◆ **Environmentally friendly** – profitable for recycling
- ◆ **Cost efficient** – less expensive
- ◆ **High safety** – zero toxicity



Li-ion Rechargeable Batteries

To complement its Ni-MH product line and offer the complete power solution, Hong Kong Highpower Technology is ramping up its Li-ion production capabilities. In September 2008, the Company completed the build-out of two Li-ion production lines. These additions are expected to more than double initial production capabilities. Hong Kong Highpower is targeting production of 250,000 Li-ion units per month by the end of 2008.

Advantages

- ◆ **High capacity** – up to 100% greater energy density vs. Ni-Cad batteries
- ◆ **Low self-discharge** – up to less than half that of nickel-based batteries
- ◆ **Low maintenance** – no memory effect and low self discharge; provides very high current to applications such as power tools
- ◆ **Flexible form factor** – prismatic Li-ion enables lightweight and small volume power solutions



ENABLING GREEN POWER TECHNOLOGIES

Hong Kong Highpower Technology's rechargeable batteries promote renewable energy and green enterprise development with applications in many non-rechargeable battery products, as well as those that require high energy drain. Among these are applications that reduce dependence on oil and gas including electric vehicles and personal electronic devices.

Hong Kong Highpower Technology has invested significant capital in the construction of its facilities and manufacturing to ensure tightly controlled measures that assist in environmental efficiencies, such as energy saving equipment for efficient use of water, gas and raw materials, as well as noise pollution control.

Trends suggest that rechargeable batteries will ultimately replace single use batteries which could significantly expand the rechargeable battery market and further reduce the impact on the environment incurred from non-renewable energy sources.



LEADING OEM CUSTOMERS

The Company sells its products to OEMs and a well-established network of distributors and resellers allowing for worldwide market penetration. Relationships with many of the Company's distributors extend from its inception in 2001. Hong Kong Highpower Technology's customers include leading OEMs such as Energizer Battery Company and Uniross Batteries.

EXPANSION STRATEGY

Hong Kong Highpower technology plans to expand its leadership position in the development and manufacture of rechargeable battery products through the implementation of the following strategies:

Expand production capacity: To expand its market share, Hong Kong Highpower Technology has commenced construction of a new manufacturing facility in Huizhou Industrial Park. The new industrial park's production capacity will be approximately three times that of the current Shenzhen facility. The increased manufacturing capacity will provide Hong Kong Highpower Technology with the economies of scale to lower unit product costs and improve margins.

Aggressively pursue distribution channels: To broaden its distribution and increase sales in targeted markets, the Company intends to select additional distributors based on access to markets and retail outlets that are candidates for Hong Kong Highpower Technology's products. In addition, the Company plans to expand its international sales presence and diversify its revenue sources by entering emerging new markets. In the first nine months of 2008, the Company increased its year-over-year sales in Europe by 21% to \$21.0 million.

Expand existing and new product offerings: Hong Kong Highpower Technology offers more than 10 product lines, each of which includes batteries of varying sizes, capacities and voltages. In order to stay technologically competitive the Company plans to expand its existing lines of Ni-MH batteries and devote additional resources for use in other applications, such as hybrid-electric cars. Additional resources will also be devoted to develop of a line of rechargeable Li-ion batteries for higher-end, high-performance applications. In 2008, the Company expects research and development expenses to be approximately 2% of revenue, with a gradual rise to 5% in the coming years.

Enhance marketing efforts to increase brand awareness: The Company plans to utilize its broad sales network of approximately 50 salespersons in China and Hong Kong to promote brand development and marketing concepts to enhance product marketability.

MANAGEMENT EXPERIENCE

Hong Kong Highpower Technology's management is well-rounded with decades of experience in all key aspects of the Company's operations including product design, manufacturing, and sales and marketing. Management and directors own approximately 61% of the Company.

<i>Name, Title</i>	<i>Years in Industry</i>
Dang Yu "George" Pan, Chairman and CEO	>12
<i>Past Experience:</i> Shenzhen Highpower, Guangzhou HaoPeng Technology Co., HuangPu Aluminum Factory, Guangzhou Aluminum Products Factory	

Yu Zhi "Sam" Qiu, CFO	>15
<i>Past Experience:</i> Shenzhen Highpower, Shenzhen FeiShang Industrial Development Co., Shenzhen Shuangling Steel & Iron Co., Neo-Concept Fashion	

Wen Liang Li, VP, CTO and Director	>20
<i>Past Experience:</i> Shenzhen Highpower, Zhuhai Taiyi Battery Co., Ltd.	

Wen Wei Ma, VP of Manufacturing	>16
<i>Past Experience:</i> Shenzhen Highpower	

Wen Jia Xiao, VP of Quality Control	>7
<i>Past Experience:</i> Shenzhen Highpower	



FINANCIAL SUMMARY

For 2008, Hong Kong Highpower Technology is targeting net sales of approximately \$70.0 million to \$75.0 million, net income of \$2.6 million to \$2.8 million, EBITDA of \$4.7 million to \$5.0 million and gross margin of approximately 16%.

In 2007 the market cost of nickel rose substantially, impacting the Company's net income, EBITDA* and gross margin. After March 2007, the Company adjusted the sales price of its batteries to absorb the increased price of nickel, and the Company began to return to more normalized growth rates.

The Company enjoys a healthy capital structure. As of September 30, 2008, Hong Kong Highpower Technology had cash and cash equivalents and restricted cash totaling \$8.5 million, total assets of \$51.4 million, working capital of \$6.0 million and stockholders' equity of \$16.4 million. The Company also had \$28.6 million in bank credit facilities at September 30, 2008, of which \$15.4 million was available as unused credit.

The Company defines EBITDA as net income (loss) before net interest expense, provision (benefit) for income taxes, and depreciation and amortization. The Company believes the use of EBITDA facilitates the use by investors of operating performance comparisons from period to period and company to company by backing out potential differences caused by variations in such items as the book amortization of intangible assets (affecting relative amortization expense), the age and book value of facilities and equipment (affecting relative depreciation expense), and capital structure (affecting relative interest expense).

The Company expects net income for the year ended December 31, 2008 to be \$2.6 million to \$2.8 million. The Company expects EBITDA for the year to be \$4.7 million to \$5.0 million. The Company expects interest expense of approximately \$0.9 million for the year, and depreciation and amortization of \$0.8 million. Based on this, the Company expects a provision of income taxes of \$0.4 million to \$0.5 million for the full year 2008.

The Company believes that trends in its EBITDA are a valuable indicator of its operating performance and of its ability to produce operating cash flows to fund working capital needs, to service debt obligations and to fund capital expenditures.

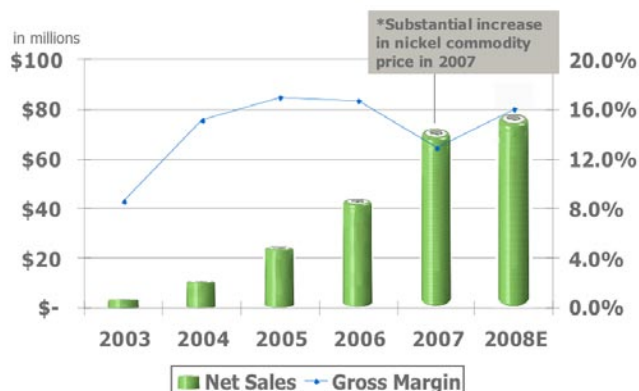
The term EBITDA is not defined under U.S. GAAP, and is not a measure of operating income, operating performance or liquidity presented in accordance with U.S. GAAP. The Company's EBITDA has limitations as an analytical tool, and when assessing the Company's operating performance, EBITDA should not be considered in isolation, or as a substitute for net income (loss) or other consolidated statement of operations data prepared in accordance with U.S. GAAP.

	Years Ended December 31	
	2007	2006
Net income (loss)	\$1,663,690	\$3,032,327
Interest expense	696,132	253,617
Income taxes	145,458	240,487
Depreciation	560,073	343,841
Amortization	50,000	-
EBITDA	\$3,115,353	\$3,870,272

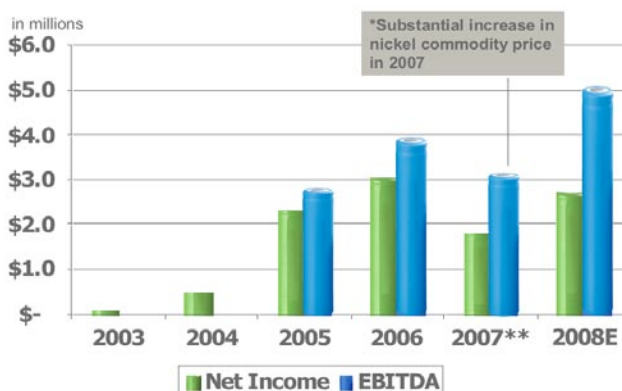
2008 Third Quarter Financial Highlights

- ◆ Net sales totaled \$20.5 million
- ◆ Gross profit was \$3.5 million
- ◆ Net income was \$0.02 per diluted share

Net Sales Growth



Net Income and EBITDA*



* EBITDA is defined as net income before interest expense, income taxes, depreciation and amortization.
** Pro-forma net income includes a one-time charge related to the reverse merger in 2007.

Contact

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This document contains "forward-looking statements" within the meaning of the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of Hong Kong Highpower Technology to differ materially from the results expressed or implied by such statements. Such risks and uncertainties include, but are not limited to, fluctuations in the cost of raw materials, the Company's dependence on major customers for a significant portion of its net sales, changes in the laws of the PRC that affect the Company's operations, the devaluation of the U.S. Dollar relative to the Renminbi, the Company's dependence on the growth in demand for portable electronic devices and the success of manufacturers of the end applications that use its battery products, and the Company's ability to successfully develop its Li-ion battery business. The forward-looking statements are also identified through use of the words "believe," "enable," "may," "will," "could," "intends," "estimate," "anticipate," "plan," "predict," "probable," "potential," "possible," "should," "continue," and other words of similar meaning. Actual results could differ materially from the expectations contained in forward-looking statements as a result of several factors, including regulatory approval requirements and competitive conditions. These and other factors that may result in differences are discussed in greater detail in the Company's reports and other filings with the Securities and Exchange Commission, including its most recently filed reports on Form 10-K and 10-Q. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company has no obligation to update the forward-looking information contained in this press release.

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