
CONNECTED TRANSACTIONS

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Upon the Listing of our H Shares on the Stock Exchange, transactions between our Group and our Connected Persons will constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

The historical amounts disclosed for the financial years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015 in respect of the continuing connected transactions in this section are not equivalent to transactions with related parties for the financial years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015 in Note 36 to the financial information in the Accountant's Report set forth in Appendix I to this prospectus. The differences between the historical amounts disclosed for the financial years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015 in respect of the continuing connected transactions in this section and the amounts disclosed in Note 36 to the financial information in the Accountant's Report are attributable to: (i) transactions between our Company and the respective associates of TBEA and Mr. Zhang Xin that will not continue following the Listing Date and therefore not constituting continuing connected transactions requiring disclosure in this section; (ii) transactions between our Company and our joint ventures or related parties which are not our Connected Persons as defined under the Listing Rules; and (iii) transactions which are connected transactions as defined under the Listing Rules but not related parties transaction.

CONNECTED PERSONS

Upon the Listing, the following entities, with whom we have entered into certain transactions in the ordinary and usual course of our business, will become our Connected Persons:

- **TBEA**

TBEA has been our sole Controlling Shareholder throughout the Track Record Period. As of the Latest Practicable Date, TBEA was interested in approximately 71.65% of the total issued share capital of our Company. Upon completion of the Global Offering, TBEA will be interested in approximately 61.40% of the total issued share capital of our Company (assuming the Over-allotment Option is not exercised) or approximately 60.12% of the total issued share capital of our Company (assuming the Over-allotment Option is exercised in full). TBEA will continue to be our sole Controlling Shareholder and thus our Connected Person as defined under Chapter 14A of the Listing Rules after the Listing.

- **Associates of TBEA (excluding our Group)**

Associates of TBEA (excluding our Group), being the subsidiaries or companies in which TBEA, individually or together with its subsidiaries, hold 30% or more interest (the "30%-controlled companies") or subsidiaries of the 30%-controlled companies, are our Connected Persons by virtue of them being associates of TBEA (excluding our Group) as defined under Chapter 14A of the Listing Rules.

- **Mr. Zhang Xin**

Mr. Zhang Xin, being the Director of our Company, is a Connected Person by virtue of his position as our Director as defined under Chapter 14A of the Listing Rules.

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- **Associates of Mr. Zhang Xin**

Associates of Mr. Zhang Xin, being the companies in which Mr. Zhang Xin holds 30% or more interest, including but not limited to Xinjiang Tebian and its subsidiaries, are our Connected Persons by virtue of them being associates of Mr. Zhang Xin as defined under Chapter 14A of the Listing Rules.

Accordingly, upon Listing the following transactions between each of the Connected Persons and our Group, which have been entered into in the ordinary and usual course of our business on a recurring and continuing nature, will constitute continuing connected transactions for us under Chapter 14A of the Listing Rules.

Summary Table of Continuing Connected Transactions

Nature of Transaction	Applicable Listing Rules	Waiver Sought	Historical Amounts (RMB)	Proposed Annual Cap for the Year ending December 31 (RMB)
Exempt Continuing Connected Transactions				
A. Transactions with TBEA and/or its Associates				
1. Training Service Agreement	14A.76(1)	N/A	For the Year ended December 31 2012: N/A 2013: N/A 2014: 460,000 For the Six Months ended June 30 2015: 385,000	2015: N/A 2016: N/A 2017: N/A
2. Conference Service Agreement	14A.76(1)	N/A	For the Year ended December 31 2012: N/A 2013: 53,000 2014: 370,000 For the Six Months ended June 30 2015: 515,000	2015: N/A 2016: N/A 2017: N/A
3. Property Leasing Framework Agreement	14A.76(1)	N/A	For the Year ended December 31 2012: 620,000 2013: 1,740,000 2014: 7,320,000 For the Six Months ended June 30 2015: 4,534,000	2015: N/A 2016: N/A 2017: N/A
4. Trademark Licensing Agreement	14A.76(1)	N/A	For the Year ended December 31 2012: 1,250,000 2013: 4,000,000 2014: 16,600,000 For the Six Months ended June 30 2015: Nil	2015: N/A 2016: N/A 2017: N/A

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Nature of Transaction	Applicable Listing Rules	Waiver Sought	Historical Amounts (RMB)	Proposed Annual Cap for the Year ending December 31 (RMB)
5. Miscellaneous Construction Service Framework Agreement	14A.76(1)	N/A	For the year ended December 31 2012: 739,000 2013: 3,260,000 2014: 4,430,000 For the six months ended June 30 2015: 28,000	2015: N/A 2016: N/A 2017: N/A
B. Transactions with Mr. Zhang Xin and/or his Associates				
1. Leasing of Property Framework Agreement	14A.76(1)	N/A	For the year ended December 31 2012: N/A 2013: N/A 2014: N/A For the six months ended June 30 2015: 763,000	2015: N/A 2016: N/A 2017: N/A
2. Procurement of Miscellaneous Services Framework Agreement	14A.76(1)	N/A	For the year ended December 31 2012: N/A 2013: 4,240,000 2014: 1,400,000 For the six months ended June 30 2015: 1,414,000	2015: N/A 2016: N/A 2017: N/A
Non-exempt Continuing Connected Transaction				
A. Transactions with TBEA and/or its Associates				
1. Products Procurement Framework Agreement (Transaction 1)	14A.34, 14A.35, 14A.49, 14A.52, 14A.53 and 14A.71	Announcement requirement	For the year ended December 31 2012: 368,300,000 2013: 212,800,000 2014: 127,270,000 For the six months ended June 30 2015: 47,861,000	2015: 135,000,000 2016: 140,000,000 2017: 145,000,000
2. Coal Procurement Framework Agreement (Transaction 2)	14A.34, 14A.35, 14A.49, 14A.52, 14A.53 and 14A.71	Announcement requirement	For the year ended December 31 2012: 671,000 2013: 59,810,000 2014: 88,685,000 For the six months ended June 30 2015: 73,776,000	2015: 130,000,000 2016: 130,000,000 2017: 130,000,000
B. Transactions with Mr. Zhang Xin and/or his Associates				
1. Procurement of Products Framework Agreement (Transaction 3)	14A.34, 14A.35, 14A.49, 14A.52, 14A.53 and 14A.71	Announcement requirement	For the year ended December 31 2012: 36,470,000 2013: 30,060,000 2014: 3,900,000 For the six months ended June 30 2015: 5,084,000	2015: 20,000,000 2016: 20,000,000 2017: 20,000,000

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EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following transactions are made in the ordinary and usual course of business and on normal commercial terms where each of the relevant percentage ratios (except for the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules will, as our Directors currently expect, be less than 0.1% on an annual basis. By virtue of Rule 14A.76(1) of the Listing Rules, the transactions are exempted from the annual reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A. Transactions with TBEA and/or its Associates

1. Training Service Agreement

**Parties: TBEA (as the service provider); and
Our Company (as the service receiver)**

Background and Principal Terms:

TBEA has established a training center in 2004 to provide training, and subsequently, in order to provide more systematic training and to expand the scale of training, TBEA established and registered a TBEA employee training center in Changji, Xinjiang, to provide uniform training to employees of TBEA and its subsidiaries (including our Group) in 2014. Our Company entered into a training service agreement (the "Training Service Agreement") with TBEA on October 30, 2015, pursuant to which, TBEA will provide comprehensive employee training service to our staffs. The Training Service Agreement is for a term of 3 years commencing on the Listing Date and will be automatically renewed upon its expiry for another 3 years for unlimited times unless otherwise agreed in writing by both parties and subject to the regulations under the Listing Rules.

Reasons for the Transaction:

TBEA is familiar with professional skills that are essential to our staffs, industry and business operation of our Group, and has been continually providing us high quality employee training service before Listing, thus it will be cost efficient for TBEA to continue providing employee training service to us. In addition, it will also be more cost efficient considering that the training center has geographical proximity to our Company.

Historical Figures:

The amounts of transaction in respect of the provision of training service for the year ended December 31, 2014 and for the six months ended June 30, 2015 were approximately RMB460,000 and RMB385,000, respectively.

2. Conference Service Agreement

**Parties: TBEA (as the service provider); and
Our Company (as the service receiver)**

Background and Principal Terms:

TBEA has established an international conference center in Changji, Xinjiang in 2013. Our Company entered into a conference service agreement (the "Conference Service Agreement") with TBEA on October 30, 2015, pursuant to which, TBEA will provide conferencing service for various

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meetings organized by our Group, including technical meetings and meetings with suppliers and customers. The principal terms of the Conference Service Agreement are as follows:

- the Conference Service Agreement is for a term of 3 years commencing on the Listing Date and will be automatically renewed upon its expiry for another 3 years for unlimited times unless otherwise agreed in writing by both parties and subject to the regulations under the Listing Rules; and
- relevant subsidiaries or associated companies of both parties will enter into separate agreements which will set out the specific terms and conditions according to the normal commercial terms provided in the Conference Service Agreement.

Reasons for the Transaction:

TBEA's international conference center has geographical proximity to our Group and provides well-equipped facilities. It has strong conference reception capacity to hold large conferences in Changji. Thus it would be more cost efficient for TBEA to continue providing conferencing service to us. In addition, the conference service charge paid by us to TBEA will be no higher than that paid by us to other Independent Third Parties.

Historical Figures:

The amounts of transaction in respect of provision of conference service in 2013 and 2014 and for the six months ended June 30, 2015 were approximately RMB53,000, RMB370,000 and RMB515,000, respectively.

3. Property Leasing Framework Agreement

**Parties: TBEA (as the lessor); and
Our Company (as the lessee)**

Background and Principal Terms:

Our Company entered into a property leasing framework agreement (the "Property Leasing Framework Agreement") with TBEA on October 30, 2015, pursuant to which, we will lease properties from TBEA and/or its associates as office premises. The principal terms of the Property Leasing Framework Agreement are as follows:

- the Property Leasing Framework Agreement is for a term of 3 years commencing on the Listing Date and is subject to renewal upon mutual consent;
- relevant subsidiaries or associated companies of both parties will enter into separate agreement which will set out the specific terms and conditions (including the rents and payment methods) according to the pricing principles provided in the Property Leasing Framework Agreement; and
- the rent and maintenance fee payables under the Property Leasing Framework Agreement shall be agreed based on arm's length negotiations between the relevant parties with reference to the prevailing market rates of properties, interest, cost and depreciation with comparable size and quality situated in the same locality and subject to relevant rules and regulations of the PRC.

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Existing Leases:

Xinjiang New Energy, a subsidiary of our Group, and TBEA entered into a property leasing agreement in January 1, 2015 and January 1, 2015, respectively, pursuant to which Xinjiang New Energy leased several properties from TBEA with (i) an annual rental fee of RMB1,736,000 for a total area of 1,056.62 sq.m located at 6/F, Building 27, 18th District, Headquarter Building, No. 188, South Fourth Ring, Fengtai District, Beijing (the “Beijing Property”) and (ii) an annual rental fee of RMB5,586,000 for a total area of 3633.13 sq.m located at the 18/F, Office Building, Commercial District, Headquarter, No. 189, Beijing South Road, Changji City, Xinjiang (the “Xinjiang Property”), respectively, for general office premises, business operation and market development purposes.

Reasons for the Transaction:

In order to satisfy business development needs, we historically have leased certain properties from TBEA and/or its associates as office premises during the Track Record Period. Any relocation will cause unnecessary disruptions to our operation and incur unnecessary costs.

Historical Figures:

The annual rent and maintenance fee paid by us to TBEA for the three years ended December 31, 2012, 2013, 2014 and for the six months ended June 30, 2015 were approximately RMB620,000, RMB1,740,000, RMB7,320,000 and RMB4,534,000⁽¹⁾, respectively.

(1) We have made prepayment for the Xinjiang Property and the Beijing Property, namely RMB4,534,000. The total annual rental for the Beijing Property and the Xinjiang Property is approximately RMB7,320,000.

4. Trademark Licensing Agreement

**Parties: TBEA (as the licensor); and
Our Company (as the licensee)**

Background and Principal Terms:

Our Company entered into a trademark licensing agreement (the “Trademark Licensing Agreement”) with TBEA on October 30, 2015, pursuant to which TBEA agreed to grant our Group an exclusive license for the use of various trademarks of “新特能源” registered under TBEA as of the date of the Trademark Licensing Agreement (the “Exclusive Licensed Trademarks”) and grant our Group a non-exclusive license for the use of various trademarks of “TBEA”, “特變電工”, and a combination of “TBEA” and “特變電工” (the “Non-exclusive Licensed Trademarks”). We undertake to use the Exclusive Licensed Trademarks and the Non-exclusive Trademarks within the scope specified in the Trademark Licensing Agreement. For details of the licensed trademarks, see “Appendix VI—Statutory and General Information—2. Further Information about Our Business—B. Our Intellectual Property Rights” of this prospectus.

The principal terms of the Trademark Licensing Agreement are as follows:

- the Trademark Licensing Agreement is for a term of 3 years commencing on the Listing Date and is subject to renewal upon mutual consent;
- relevant subsidiaries or associated companies of both parties will enter into separate agreement which will set out the specific terms and conditions (including the scope of

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usage) according to the normal commercial terms provided in the Trademark Licensing Agreement. The scope of usage includes the promotion of our products and the image of our Company ; and

- The trademark licensing fee for the use of the Exclusive Licensed Trademarks and Non-exclusive licensed Trademarks is nil.

Reasons for the Transaction:

The Exclusive Licensed Trademarks and the Non-exclusive Licensed Trademarks are critical to our business operation and we have been using the Exclusive Licensed Trademarks and the Non-exclusive Licensed Trademarks for several years and gained market recognition. TBEA plans to transfer the Exclusive Licensed Trademarks to us, in the meantime we will continue to use the Non-exclusive Licensed Trademarks to avoid immediate business disruption to our Company. By entering into the Trademark Licensing Agreement, TBEA agreed to let us use the Exclusive Licensed Trademarks and the Non-exclusive Licensed Trademarks with nil consideration. Our Directors consider that entering into Trademark Licensing Agreement is in the best interests of our Company and our Shareholders as a whole.

Historical amounts:

The trademark licensing fee paid by us to TBEA for each of the three years ended December 31, 2012, 2013, 2014 and for the six months ended June 30, 2015 were approximately RMB1,250,000, RMB4,000,000, RMB16,600,000 and nil, respectively.⁽¹⁾

- (1) Before we entered into the Trademark Licensing Agreement, the trademark licensing fee was paid by us in accordance with the uniformed trademark licensing measure implemented by TBEA. The uniformed trademark licensing measure was applicable to all subsidiaries of TBEA (including our Group) which obtained trademark license from TBEA. The trademark licensing fee is 5% of the estimated annual net profit of the licensee which is based on the estimation made in the beginning of the financial year. The trademark licensing fee would not be adjusted according to the actual annual net profit of the licensee.

5. Miscellaneous Construction Service Framework Agreement

**Parties: TBEA (as the service provider); and
Our Company (as the service receiver)**

Background and Principal Terms:

Our Company entered into miscellaneous construction service framework agreement (the “Miscellaneous Construction Service Framework Agreement”) with TBEA on October 30, 2015, pursuant to which, TBEA and/or its associates will provide the following types of services to us:

- Miscellaneous construction service (such as greening service, installation of water, electricity, gas and heat) (the “Miscellaneous Construction Services”); and
- The Miscellaneous Construction service is mainly in supporting nature which is different from the main construction service for our EPC and BT business.

The principal terms of the Miscellaneous Construction Service Framework Agreement are as follows:

- the Miscellaneous Construction Service Framework Agreement is for a term of 3 years commencing on the Listing Date and is subject to renewal upon mutual consent; and

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- relevant subsidiaries or associated companies of both parties will enter into separate agreement which will set out the specific terms and conditions (including the pricing and quality standards) according to the normal commercial terms provided in the Construction Service Framework Agreement.

Reasons for the Transaction:

TBEA and its associates have provided us Miscellaneous Construction Services of high quality during the Track Record Period and have a better understanding of our needs and requirements for Miscellaneous Construction Services when compared with Independent Third Party. Our Directors consider that entering into Miscellaneous Construction Services Framework Agreement is in the best interests of our Company and our Shareholders as a whole.

Historical Amount:

The service fees paid by us to TBEA for the Miscellaneous Construction Services in 2012, 2013, 2014 and for the six months ended June 30, 2015 were approximately RMB739,000, RMB3,260,000, RMB4,430,000 and RMB28,000, respectively.

B. Transactions with Mr. Zhang Xin and/or his Associates

1. Leasing of Property Framework Agreement

**Parties: Xinjiang Tebian (as the lessor); and
Our Company (as the lessee)**

Our Company entered into a leasing of property framework agreement (the “Leasing of Property Framework Agreement”) with Xinjiang Tebian on October 30, 2015, pursuant to which, we will lease properties from Xinjiang Tebian as office premises. The principal terms of the Leasing of Property Framework Agreement are as follows:

- the Leasing of Property Framework Agreement is for a term of 3 years commencing on the Listing Date and is subject to renewal upon mutual consent;
- relevant subsidiaries or associated companies of both parties will enter into separate agreement which will set out the specific terms and conditions (including the rents and payment methods) according to the normal commercial terms provided in the Leasing of Property Framework Agreement; and
- the rent and maintenance fee payables under the Leasing of Property Framework Agreement shall be agreed based on arm’s length negotiations between the relevant parties with reference to the prevailing market rates of properties with comparable size and quality situated in the same locality and subject to relevant rules and regulations of the PRC.

Existing Leases:

We entered into a property leasing agreement with Xinjiang Tebian in January 1, 2015, pursuant to which we leased a piece of property from Xinjiang Tebian with an annual rental fee of RMB763,200 for a total area of 522.5 sq.m which is located on 2/F and 3/F, Office Building, No. 230,

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West Alley 1, Kunming Road, New & High-Tech Development Zone, Urumqi, for general office premises, business operation and market development purpose.

Reasons for the Transaction:

In order to satisfy our business needs, we leased the above property from Xinjiang Tebian for us to better provide consulting services to our client in Urumqi. Any relocation will cause unnecessary disruptions to our operation and incur unnecessary costs.

Historical Figures:

The rent paid by us to Xinjiang Tebian for the six months ended June 30, 2015 was approximately RMB763,000.

2. Procurement of Miscellaneous Services Framework Agreement

**Parties: Xinjiang Tebian (as the service provider); and
Our Company (as the service receiver)**

Backgrounds and Principal Terms:

Our Company entered into a procurement of miscellaneous services framework agreement (the “Procurement of Miscellaneous Services Framework Agreement”) with Xinjiang Tebian on October 30, 2015, pursuant to which we will procure miscellaneous services such as engineering laboring, electricity and gas installation service (the “Miscellaneous Services”) from Xinjiang Tebian and its associates. The principal terms of the Procurement of Miscellaneous Services Framework Agreement are as follows:

- the Procurement of Miscellaneous Services Framework Agreement is for a term of 3 years commencing on the Listing Date and is subject to renewal upon mutual consent; and
- relevant subsidiaries or associated companies of both parties will enter into separate agreements which will set out the specific terms and conditions (including the pricing, quality and service standards) according to the normal commercial terms provided in the Procurement of Miscellaneous Services Framework Agreement.

Reasons for the Transaction:

We have demands on these Miscellaneous Services for our business operation and will go through competitive bidding processes for procurement of the Miscellaneous Services. Xinjiang Tebian and its associates participated in and won some bid by virtue of the high quality Services and competitive price offered during the Track Record Period.

Historical Figures:

The amounts of transaction in respect of the procurement of Services in 2013, 2014 and for the six months ended June 30, 2015 were approximately RMB4,240,000, RMB1,400,000 and RMB1,414,000, respectively.

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NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into the following transactions with TBEA and/or its associates and Mr. Zhang Xin and/or his associates, respectively in the ordinary and usual course of our business. As the highest applicable percentage ratio for the three financial years ending December 31, 2015, 2016 and 2017 calculated for the purpose of Chapter 14A of the Listing Rules is expected to be more than 0.1% but less than 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of our Company subject to annual reporting, annual review and announcement requirements, but will be exempted from circular, independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

A. Continuing Connected Transactions Relating to TBEA and/or its Associates

1. Products Procurement Framework Agreement (Transaction 1)

**Parties: TBEA (as the seller); and
Our Company (as the buyer)**

Background and Principal Terms:

Our Company entered into a products procurement framework agreement (the "Products Procurement Framework Agreement") with TBEA on October 30, 2015, pursuant to which, TBEA and/or its associates will provide transformers (including ancillary equipments), wires, cables and other equipments (the "Equipments") to us:

The principal terms of the Products Procurement Framework Agreement are as follows:

- the Products Procurement Framework Agreement is for a term of 3 years commencing on the Listing Date and is subject to renewal upon mutual consent; and
- relevant subsidiaries or associated companies of both parties will enter into separate agreement which will set out the specific terms and conditions (including the pricing and quality standards) according to the normal commercial terms provided in the Products Procurement Framework Agreement.

Reasons for the Transaction:

We have demands on the Equipments for our business operation and will go through a competitive bidding process for procurement of the Equipments. TBEA and its associates participated in and won some bid by virtue of the high quality Equipments and competitive price offered during the Track Record Period.

Pricing Policy:

We adopt the following bidding procedures and principles to determine the price for procurement of products:

- our procurement department and bidding department will regularly contact our suppliers in order to get close to the market development and the price trend of the raw materials of the relevant products;

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- our bidding management department and bidding evaluation committee (the “Bidding Evaluation Committee”) representatives from the procurement department including procurement and supply chain management departments, supervisory departments including finance department, legal department and audit division, and bidding management department and other persons in charge including deputy general manager, chief accountant and general manager and representatives from departments which would use the procured products will formulate a special department to consider factors, such as the product features, quality requirements, etc. in order to recommend suppliers, we will also invite several different types of qualified suppliers in our recognized supplier’s list to submit fee quotations and proposals on the specifications before issuing certain procurement orders;
- the prices of the products of the suppliers will be determined by the Bidding Evaluation Committee; Our Bidding Evaluation Committee would attach more importance to the quality of the products which would satisfy our business needs. Provided that the quality standards can be satisfied, we will consider the bidding price in order to maintain effective cost control. If the bidding prices made by different suppliers are competitive, we will also consider other factors including the background of the supplier, the warranty terms and period, the products return rate, punctuality and the payment terms.
- if there are other independent suppliers, we will require fee quotations of the same products from other independent suppliers, so as to ensure if products with the same quality could be timely obtained at the most competitive price; and
- during the bidding process, our Group will treat our Connected Persons and independent suppliers equally. Thus, on the condition that the relevant technical and quality requirements are satisfied, if we can obtain more preferential terms from independent suppliers, for instance better payment terms, we will not procure the products from our Connected Persons.

Historical Figures:

The amounts of transaction in respect of the procurement of Equipments in 2012, 2013, 2014 and for the six months ended June 30, 2015 were approximately RMB368,300,000, RMB212,800,000, RMB127,270,000 and RMB47,861,000⁽¹⁾, respectively.

(1) Our Equipments procurement plans were formulated by taking into account, among others, the progress of the construction project which is slower in the first half of the year as compared with the second half of the year, which would in turn result in our lower demand for procurement of Equipments from TBEA Group and/or its associates in the first half of the year. Furthermore, the procurement of Equipments is made by way of bidding, as a result there is a large fluctuation for the Equipments procurement historical figures.

Annual Caps:

The maximum aggregate annual amount in respect of the procurement of Equipments payable by us to TBEA and/or its associates for the years ending December 31, 2015, 2016 and 2017 shall not exceed the caps set out below:

	Proposed annual cap for each of the year ending December 31		
	2015	2016 (RMB million)	2017
Estimated amount of Equipments procurement fee to be paid by us to TBEA and/or its associates	135	140	145

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Basis of Caps:

In determining the above annual caps, we have considered the following: (i) the historical prices of the Equipments provided by TBEA and its associates and their percentage in winning the biddings during the Track Record Period; (ii) since we continue to expand our PV and wind power generation business, we expect the demand for the Equipments would increase; and (iii) the expected market condition and general cost inflation of these Equipments in the next few years.

2. Coal Procurement Framework Agreement (Transaction 2)

**Parties: TBEA (as the seller); and
Our Company (as the buyer)**

Background and Principal Terms:

Our Company entered into a coal procurement framework agreement (the “Coal Procurement Framework Agreement”) with TBEA on October 30, 2015, pursuant to which, TBEA and/or its associates will provide coal to us.

The principal terms of the Coal Procurement Framework Agreement are as follows:

- the Coal Procurement Framework Agreement is for a term of 3 years commencing on the Listing Date and is subject to renewal upon mutual consent; and
- relevant subsidiaries or associated companies of both parties will enter into separate agreement which will set out the specific terms and conditions (including the pricing and quality standards) according to the normal commercial terms provided in the Coal Procurement Framework Agreement.

Reasons for the Transaction:

Xinjiang Tianchi Energy Co., Ltd. (新疆天池能源有限責任公司) (the “Xinjiang Tianchi”), a subsidiary of TBEA, currently own two open coal mines with a total coal reserve of 12 billion tonnes. Coal procured by our Company is mainly used for power generation and heating and we purchased coal from Xinjiang Tianchi during the Track Record Period. Given the supply stability, the high quality, the geographical proximity of this coal mine to us and the lower purchase and transportation cost, our Directors considers it is in the best interests of our Company and our Shareholders as a whole to continue purchasing coal from Xinjiang Tianchi after the Listing.

Pricing Policy:

In order to ensure that the terms of procurement of coal offered by TBEA and/or its associates are fair and reasonable and in line with market practice, we will adopt the following comprehensive measures and principles:

- The final coal supplier will be determined by taking into account of several factors, including whether the coal supplied satisfies the coal quality requirement for boilers implemented in our power plant, the price, distance with the supplier, the transportation cost, the scale of the supplier, the management standard of the supplier and whether the supplier can provide sufficient and stable supply.

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- Our Company will collect the selling price information from different coal suppliers located in the same or proximate district which are able to provide coal to meet our standard requirements.
- Through arm's length negotiations with the coal suppliers, including Independent Third Party, we can determine the suitable procurement price for coal procurement.

Historical Figures:

The amounts of transaction in respect of the procurement of coal paid by us to TBEA and/or its associates in 2012, 2013, 2014 and for the six months ended June 30, 2015 were approximately RMB671,000, RMB59,810,000, RMB88,685,000 and RMB73,776,000⁽¹⁾ respectively.

(1) The procurement of coal is based on market conditions, since the first half of the year is winter which is a peak season for coal consumption, our Company has procured more coal in the first half of the year.

Annual Caps:

The maximum aggregate annual amount in respect of the procurement of coal payable by us to TBEA and/or its associates for the years ending December 31, 2015, 2016 and 2017 shall not exceed the caps set out below:

	Proposed annual cap for each of the year ending December 31		
	2015	2016 (RMB million)	2017
Procurement of coal payable by us to TBEA and/or its associates	130	130	130

Basis of Caps:

In determining the above annual caps, we have considered the following: (i) during the Track Record Period, since the relative coal price of the eastern Junggar district was lower, the price offered by Xinjiang Tianchi which is located in the eastern Junggar district was cheaper than other coal suppliers. Thus to lower our cost of procurement, we procure substantial amount of coal from Xinjiang Tianchi; (ii) we consume significant amount of coal to generate electricity to support our polysilicon production and the sales of power to local power grid. Our coal-fired power plant has a designed installed capacity of 700 MW which could have 6,500 planned output hours for the year ended of 2015, 2016 and 2017. We expect the total consumption of coal would be 2.6 million tonnes to fill the coal for our coal-fired power plant. As part of our production capacity expansion project, we have started to procure coal from TBEA and/or its associates for experimental operation in 2012. Since the production capacity has been expanded gradually, we have procured more coal to meet our demand for polysilicon production. The total volume of coal procured from TBEA and/or its associates in 2012, 2013, 2014 and for the six months ended June 30, 2015 were approximately 0.01 million tonne, 0.91 million tonnes, 1.77 million tonnes and 1.27 million tonnes. Based on the historical amount of coal procurement from TBEA and/or its associates and considered our coal consumption to generate electricity for our polysilicon production and the sales of power to local power grid, we expect to purchase approximately 2.1 million tonnes of coal from Xinjiang Tianchi. Since the cost of coal supplied by Xinjiang Tianchi is approximately RMB60 per tonne, the annual cap for the aggregate amount of coal procurement for the year ended 2015, 2016 and 2017 will be approximately RMB130 million, RMB130 million and RMB130 million respectively; (iii) according to the existing production capacity of us, the quantity of the blending coal used in the boiler implemented in our power plant is

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fixed and certain. Thus the proportion of consumption of coal that we procure from Xinjiang Tianchi is fixed and certain; and (iv) the overall increase in demand in the coal supplying district and the estimated fluctuation of coal price in the near future.

B. Continuing Connected Transactions Relating to Mr. Zhang Xin and/or his Associates

1. Procurement of Products Framework Agreement (Transaction 3)

**Parties: Xinjiang Tebian (as the seller); and
Our Company (as the buyer)**

Backgrounds and Principal Terms:

Our Company entered into a procurement of products framework agreement (the “Procurement of Products Framework Agreement”) with Xinjiang Tebian on October 30, 2015, pursuant to which we will procure equipments and cabinets such as high-low voltage switch cabinet, control cabinet, electricity control cabinet, power distribution cabinet (the “Products”) from Xinjiang Tebian and its associates. The principal terms of the Procurement of Products and Services Framework Agreement are as follows:

- the Procurement of Products Framework Agreement is for a term of 3 years commencing on the Listing Date and is subject to renewal upon mutual consent; and
- relevant subsidiaries or associated companies of both parties will enter into separate agreements which will set out the specific terms and conditions (including the pricing, quality and service standards) according to the normal commercial terms provided in the Procurement of Products Framework Agreement.

Reasons for the Transaction:

We have demands on the Products for our business operation and will go through a competitive bidding process for procurement of the Products. Xinjiang Tebian and its associates participated in and won in some biddings by virtue of the high quality Products and competitive price offered during the Track Record Period.

Pricing Policy:

We adopt the following bidding procedures and principles to determine the price for procurement of products:

- our procurement department and bidding department will regularly contact our suppliers in order to get close to the market development and the price trend of the raw materials of the relevant products;
- our bidding management department and bidding evaluation committee (the “Bidding Evaluation Committee”) comprised of representatives from the procurement department including procurement and supply chain management departments, supervisory departments including finance department, legal department and audit department, and bidding management department and other persons in charge including deputy general manager, chief accountant and general manager and representatives from departments which would use the procured products will formulate a special department to consider factors, such as the product features, quality requirements, etc. in order to recommend

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suppliers, we will also invite several different types of qualified suppliers in our recognized supplier's list to submit fee quotations and proposals on the specifications before issuing certain procurement orders;

- the prices of the Products of the suppliers will be determined by the Bidding Evaluation Committee; Our Bidding Evaluation Committee would attach more importance to the quality of the products which would satisfy our business needs. Provided that the quality standards can be satisfied, we will consider the bidding price in order to maintain effective cost control. If the bidding prices made by different suppliers are competitive, we will also consider other factors including the background of the supplier, the warranty terms and period, the products return rate, punctuality and the payment terms.
- if there are other independent suppliers, we will require fee quotations of the same products from other independent suppliers, so as to ensure if products with the same quality could be timely obtained at the most competitive price; and
- during the bidding process, the Company will treat our Connected Persons and independent suppliers equally. Thus, on the condition that the relevant technical and quality requirements are satisfied, if we can obtain more preferential terms from independent suppliers, for instance better payment terms, we will not procure the products from our Connected Persons.

Historical Figures:

The amounts of transaction in respect of the procurement of Products in 2012, 2013, 2014 and for the six months ended June 30, 2015 were approximately RMB36,470,000, RMB30,060,000, RMB3,900,000 and RMB5,084,000, respectively⁽¹⁾.

(1) Our Products procurement plans were formulated by taking into account, among others, the progress of the construction project which is slower in the first half of the year as compared with the second half of the year, which would in turn result in our lower demand for procurement of Products from TBEA Group and/or its associates in the first half of the year. Furthermore, the procurement of Products is made by way of bidding, as a result there is a large fluctuation for the Products procurement historical figures.

Annual Caps:

The maximum aggregate annual amount in respect of the procurement of Products payable by us to Xinjiang Tebian and/or its associates for the years ending December 31, 2015, 2016 and 2017 shall not exceed the caps set out below:

	Proposed annual cap for each of the year ending December 31		
	2015	2016 (RMB million)	2017
Estimated amount of Products procurement fee to be paid by us to Xinjiang Tebian and/or its associates	20	20	20

Basis of Caps:

In determining the above annual caps, we have considered the following: (i) the historical prices of the Products provided by Xinjiang Tebian and its associates and their percentage in winning bid during the Track Record Period; (ii) since we continue to expand our PV and wind power generation business, we expect the demand for the Products will increase; and (iii) the expected market condition and general cost inflation of the Products in the next few years.

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OUR DIRECTORS' CONFIRMATION

Our Directors (including our independent non-executive Directors) are of the view that (i) the non-exempt continuing connected transactions described above, and for which waiver have been sought, have been entered into in the ordinary and usual course of business, are on normal commercial terms, and are fair and reasonable and in the interest of the Company and its Shareholders as a whole; and (ii) the proposed annual caps (where applicable) for these transactions are fair and reasonable and in the interest of the Company and Shareholders as a whole.

THE JOINT SPONSORS' CONFIRMATION

The Joint Sponsors are of the view that (i) the non-exempt continuing connected transactions described above, and for which waiver have been sought, have been entered into in the ordinary and usual course of business, are on normal commercial terms, and are fair and reasonable and in the interest of the Company and its Shareholders as a whole; and (ii) the proposed annual caps for these transactions are fair and reasonable and in the interest of the Company and Shareholders as a whole.

WAIVERS FROM THE STOCK EXCHANGE

In relation to the continuing connected transactions described under the subsection headed "*Non-exempt Continuing Connected Transactions*", since the highest applicable percentage ratio for the three financial years ending December 31, 2015, 2016 and 2017 calculated for the purpose of Chapter 14A of the Listing Rules is expected to be more than 0.1% but less than 5% on an annual basis, such transactions will, upon Listing, constitute continuing connected transactions of our Company subject to annual reporting, annual review and announcement requirements, but will be exempted from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the above non-exempt continuing connected transactions are expected to continue after Listing on a recurring and continuing basis and have been fully disclosed in the prospectus, our Directors consider that strict compliance with announcement requirement would be impractical, and such requirements would lead to unnecessary administrative costs and would be unduly burdensome to us.

Accordingly, we have applied to the Stock Exchange, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement requirement pursuant to Rule 14A.105 of the Listing Rules, provided that the total value of transactions for each of the three financial years ending December 31, 2015, 2016 and 2017 will not exceed the relevant annual caps set forth above. Our independent non-executive Directors and auditors of our Company will review whether the non-exempt continuing connected transactions have been entered into based on the principal terms and pricing policies under the relevant agreements as disclosed in this section. The confirmations of our independent non-executive Directors and our auditors will be disclosed annually, as required by the Listing Rules.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this prospectus, we will take immediate steps to ensure compliance with such new requirements within a reasonable time.