

SYNTHESIS ENERGY SYSTEMS INC

FORM 8-K (Current report filing)

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Address	THREE RIVERWAY, SUITE 300 HOUSTON, TX 77056
Telephone	713-579-0600
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Industry	Renewable Energy Equipment & Services
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of
the Securities Act of 1934

Date of Report (Date of earliest event reported): August 18, 2017

Synthesis Energy Systems, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-33522
(Commission
File Number)

20-2110031
(I.R.S. Employer
Identification No.)

Three Riverway, Suite 300
Houston, Texas
(Address of principal executive offices)

77056
(Zip Code)

(713) 579-0600
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.133-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 1.01 Entry into a Material Definitive Agreement.

Restructuring Agreement with THVOW and ICCDI

On August 18, 2017, SES Asia Technologies Limited, an indirect subsidiary of Synthesis Energy Systems, Inc. (“SES”), entered into a Restructuring Agreement (the “Restructuring Agreement”) with Suzhou THVOW Technology Co., Ltd. (“THVOW”), formerly known as Zhangjiagang Chemical Machinery, and Innovative Coal Chemical Design Institute (Shanghai) Co., Ltd. (“ICCDI”), with respect to their joint venture Jiangsu Tianwo-SES Clean Energy Technologies Co., Ltd. (“Tianwo-SES”). Pursuant to the Restructuring Agreement, SES will transfer a 10.0% ownership interest in Tianwo-SES to ICCDI in exchange for RMB 11,150,000 (approximately USD \$1.7 million). As a result of the transaction, SES will own 25% of Tianwo-SES. The transaction will be effective upon receipt of the funds by SES. In addition, for 26 months after the effective date, SES has a right of first offer on any ownership interest in Tianwo-SES that either THVOW and ICCDI desires to sell to a third party, provided that SES shall not exceed 50% ownership of Tianwo-SES.

In connection with entering into the Restructuring Agreement, on August 18, 2017, but effective upon effectiveness of the Restructuring Agreement, SES entered into a Share Transfer Agreement with ICCDI respecting the ownership transfer contemplated by the Restructuring Agreement.

Joint Venture Contract

On August 18, 2017, but effective upon effectiveness of the Restructuring Agreement, in connection with entering into the Restructuring Agreement, SES, THVOW and ICCDI entered into an amended Joint Venture Contract (the “JV Contract”) respecting Tianwo-SES. The JV Contract replaces in its entirety the prior joint venture contract between SES and THVOW dated February 14, 2014 as described in the Current Report on Form 8-K filed by SES on February 14, 2014 (the “2014 8-K”). The primary purpose of the JV Contract was to add ICCDI as a party. Except as noted below, the material terms of the JV Contract remain unchanged from what was described in the 2014 8-K.

In addition to the ownership changes described above, Tianwo-SES will now be managed by a board of directors (the “Board”) consisting of eight directors, four appointed by THVOW, two appointed by ICCDI and two appointed by SES. Certain acts as described in the JV Contract require the unanimous approval of the Board. If the Board becomes deadlocked on any issue, it will be resolved through binding arbitration in Shanghai. Each of THVOW and SES also now has the right to appoint a supervisor, which will supervise the management of Tianwo-SES, including through (i) inspecting accounting records, vouchers, books and statements of Tianwo-SES; (ii) supervising the actions of directors and management; and (iii) attending meetings of the Board to raise questions or suggestions regarding matters to be resolved by the Board. The general manager, which will serve as the principal executive of the Joint Venture, will now be appointed by ICCDI. Certain other members of management will now be appointed by both SES and THVOW.

Technology Usage and Contribution Agreement

On August 18, 2017, but effective upon effectiveness of the Restructuring Agreement, in connection with entering into the Restructuring Agreement, SES, THVOW and ICCDI entered into an amended Technology Usage and Contribution Agreement (the “TUCA”) respecting Tianwo-SES. The TUCA replaces in its entirety the prior technology usage and contribution agreement between SES and THVOW dated February 14, 2014 as described in the 2014 8-K. The material terms of the TUCA remain unchanged from what was described in the 2014 8-K.

The foregoing descriptions are qualified in its entirety by reference to the full text of the Restructuring Agreement, the Share Transfer Agreement, the JV Contract and the TUCA which are filed with this Current Report on Form 8-K as Exhibit 10.1, Exhibit 10.2, Exhibit 10.3 and Exhibit 10.4, respectively.

Item 9.01 Financial Statements and Exhibits.

Exhibits

*10.1 Restructuring Agreement dated August 18, 2017 among SES Asia Technologies Limited, Suzhou THVOW Technology Co., Ltd., and Innovative Coal Chemical Design Institute – English translation from Chinese document.

*10.2 Share Transfer Agreement dated August 18, 2017 between SES Asia Technologies Limited and Innovative Coal Chemical Design Institute – English translation from Chinese document.

*10.3 Joint Venture Contract among Suzhou THVOW Technology Co., Ltd., Innovative Coal Chemical Design Institute and SES Asia Technologies, Ltd., dated August 18, 2017 – English translation from Chinese document. ++

*10.4 Technology Usage and Contribution Agreement among Jiangsu Tianwo-SES Clean Energy Technologies Co., Ltd., Suzhou THVOW Technology Co., Ltd., Innovative Coal Chemical Design Institute and SES Asia Technologies, Ltd., dated August 18, 2017 – English translation from Chinese document. ++

* Filed herewith.

++ Portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission and this exhibit has been filed separately with the Securities and Exchange Commission in connection with such request.

SIGNATURE

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.

Synthesis Energy Systems, Inc.

Dated: August 24, 2017

/s/ Delome Fair
Delome Fair
President and Chief Executive Officer

Exhibit Index

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Among

苏州天沃科技股份有限公司

Suzhou THVOW Technology Co., Ltd.

和 / And

新煤化工设计院(上海)有限公司

Innovative Coal Chemical Design Institute (Shanghai) Co., Ltd.

和 / And

SES ASIA TECHNOLOGIES LIMITED

之间的

江苏天沃综能清洁能源技术有限公司重组协议

TSEC Restructuring Agreement

本重组协议(“协议”)于2017年08月18日由以下三方共同签署:

This restructuring agreement (“Agreement”) is executed on August 18,2017 by and among the following parties:

新煤化工设计院(上海)有限公司(“ICCDI”), 一家依照中华人民共和国法律成立并存续的有限责任公司, 注册地址为中国上海市宜山路717号8楼。
Innovative Coal Chemical Design Institute (Shanghai) Co., Ltd. (“ICCDI”), a limited liability company established and existing under the laws of the PRC whose registered address is 717 Yishan Road, 8th Floor, Shanghai, China,

和/and

SES Asia Technologies Limited(“SESHK”), 是由Synthesis Energy Systems Technologies, LLC (“SEST”)持有的有限公司, 并根据中华人民共和国香港特别行政区的法律成立并存续, 注册地址为香港上环文咸东街79-85号文咸中心七字楼。

SES Asia Technologies Limited (“SESHK”), a limited company owned by Synthesis Energy Systems Technologies, LLC (“SEST”) and established and existing under the laws of Hong Kong Special Administrative Region of the PRC whose registered address is 7/F, Bonham Centre, 79-85 Bonham Strand, Sheung Wan, Hong Kong,

和/and

苏州天沃科技股份有限公司(“THVOW”), 一家依中国法律成立并存续的上市公司, 注册地址位于中国江苏省苏州张家港市金港镇临江路1号, 邮编215631。

Suzhou THVOW Technology Co., Ltd. (“THVOW”), a listed company established and existing under the laws of the PRC, whose registered address is No. 1 Linjiang Road, Jingang Town, Zhangjiagang City, Suzhou, Jiangsu Province, 215631, PRC.

各方单独称作为“一方”或统称为“三方”。

These companies may be referred to individually as a Party (the “Party”), or collectively as the Parties (the “Parties”).

鉴于 | WHEREAS,

- 张家港综能中美清洁技术有限公司-后更名为江苏天沃综能清洁能源技术有限公司于2014年成立(“TSEC”), 系一家由SESHK和张家港化工机械(ZCM), 后改名为苏州天沃科技股份有限公司共同成立的合资公司, 注册资本金额为人民币153,800,000元, SESHK以价值人民币5380万元的SGT技术完成了向TSEC的注资, THVOW完成了向TSEC人民币5380万元的注资,因此, 天沃综能实收资本为人民币107,600,000元。
ZCM-SES Sino-US Clean Energy Technologies Co., Ltd., since renamed to Jiangsu Tianwo-SES Clean Energy Technologies Co., Ltd. (“TSEC”), was formed in 2014, as a joint venture company between SESHK and Zhangjiagang Chemical Machinery (“ZCM”) – since renamed to Suzhou THVOW Technology Co., Ltd. (THVOW), with a registered capital value of RMB 153,800,000, and where SESHK completed its contribution of SGT Technology valued at RMB 53,800,000 to TSEC, and THVOW contributed RMB 53.8 million. Therefore, the paid-in capital of TSEC amounts to RMB 107.6 million.

- ICCDI是一家依照中国法律成立并存续的化工工程公司,专业从事煤化工设计和建设,旨在发展其EPC业务并拥有基于SGT的合成气营运资产以出售合成气给第三方,而TSEC计划快速建立中国第一个40公斤SGT示范设施,三方认为这是进入中国大规模煤制化学品和发电市场的关键。 ICCDI is a chemical designing company established and existing under the laws of the PRC, specializing in coal chemical engineering design and construction with intentions to grow its EPC business and own syngas operating assets based on SGT which sell syngas to third parties and where TSEC will quickly build China's first 40 bar SGT demonstration facility which all Parties believe is key to penetrating China's large scale coal to chemicals and power markets.
- 三方有意引进ICCDI重组TSEC,重组后TSEC的实缴股份分配为:ICCDI:25%,SESHK:25%,THVOW:50%。
The Parties intend to introduce ICCDI and restructure TSEC, such that the ownership based on paid-in capital after the restructuring of TSEC shall become: 25% ICCDI, 25% SESHK and 50% THVOW.
- 三方有意基于本协议、合资合同和TUCA,通过合作来加强并大力发展TSEC。
The Parties intend to cooperate together to strengthen and aggressively grow TSEC based on the terms of this Agreement, the Joint Venture Contract and the TUCA.

考虑到上述因素并且确认三方已完全知悉,根据平等互利的原则,三方在此同意如下:

Considering the above factors and confirming that the Parties are completely informed, in conformity with the principles of equality and mutual benefit, the Parties hereby agree as follows:

1. 交易 | The Transaction

- 1.1. SESHK与THVOW同意将根据其在TSEC持有的实缴资本的比例确认其在TSEC的股东权利(即SESHK:50%,THVOW:50%),包括但不限于分红权、收益权等。ICCDI将向SESHK支付人民币11,150,000元(“股权支付款”),SESHK将转让其在TSEC的相当于目前已认缴的注册资本17.5%的股权,占实缴的注册资本的25%的股权给ICCDI。SESHK将保留其在公司的相当于已认缴的注册资本17.5%的股份,占已实缴的注册资本的25%的股权。为完成此交易所需的文本,包括股权转让协议等协议将会起草并由相关方签署。THVOW同意放弃上述股权转让的优先购买权。
SESHK and THVOW agree to confirm their shareholders' rights based on their own ratio of the paid-in capitals of TSEC (i.e., SESHK: 50%, THVOW: 50%), including but not limited to the rights to receive dividends, rights to realize profit, etc.. ICCDI will pay to SESHK RMB 11,150,000 (the “Equity Payment”) and SESHK will transfer to ICCDI ownership in TSEC equals to 17.5% of TSEC's current subscribed registered capital, representing 25% of the total paid-in capital of TSEC. SESHK will retain ownership in TSEC equals to 17.5% of TSEC's current subscribed registered capital, representing 25% of the total paid-in capital of TSEC. The required documents to complete this transaction, including the Share Transfer Agreement, will be prepared and signed by the relevant parties. THVOW agrees to give up its preemptive right to purchase such shares.

1.2. 在签订本协议后, 三方将准备好所有相关的文本(“交易文本”)以完成交易, 包括但不限于下列:

After signing the Agreement the Parties shall prepare all relevant documents (the “Transaction Documents”) to complete the transaction, including but not limited to, the following:

- a) 股权转让协议
The Share Transfer Agreement (the “STA”)
- b) 同意减少注册资本的相关文本
Consents and related documents required to reduce the registered capital
- c) TSEC董事会相关决议
Any related TSEC Board resolutions
- d) 根据重组协议的要求, 对TSEC的公司章程、合资合同和TUCA等文件进行修改
Amendments to the TSEC Articles of Association, Joint Venture Contract and TUCA etc, as required by the Restructuring Agreement
- e) 其他必要文件
Other required documents

1.3. 股权转让协议签署后一周内, ICCDI将通过电汇的方式向SESHK的关联方埃新斯新能源技术(上海)有限公司(“埃新斯”)支付全部的股权支付款, 共计人民币11,150,000元。埃新斯收到上述股权转让价款视为甲方从乙方收到该股权转让价款。

Within one week of the execution of the the STA, ICCDI shall pay via wire fund transfer to SES New Energy Technologies (Shanghai) Co., Ltd. (“SES Shanghai”), the entire Equity Payment of RMB 11,150,000. Receiving the equity transfer amount above-mentioned by SES Shanghai will be deemed as receiving such amount by Party A from Party B.

1.4. 在埃新斯收到以上股权支付款后, 所有有关TSEC重组的文件才正式生效。

Upon receipt by SES Shanghai of the above Equity Payment, all Transaction Documents shall become legally effective.

2. 交易后条款 | Post Transaction Items

在完成了条款1的交易后, 三方同意:

Upon completion of the Transaction described in item 1 the Parties hereby agree as follows:

2.1. 在股权转让协议生效日后的36个月内, ICCDI/THVOW出售任何份额的TSEC股份时, SESHK有权优先以原股权转让价格购买(价格为:每1%的股权=人民币44.6万元)。但, SESHK在TSEC的持股比例最高不得超过50%。

Within the 36 months after the effectiveness of the STA, for any ownership portion of the TSEC offered for sale by ICCDI/THVOW, SESHK has the first right to purchase such additional ownership in TSEC for the same equity transfer price (Price: RMB 446,000 per each 1% of TSEC equity). However, SESHK equity ownership in TSEC shall not exceed 50%.

- 2.2. SESHK, ICCDI和THVOW同意减少TSEC的注册资本(即单方减少THVOW未实缴的人民币4620万元注册资本)。作为交易文本的一部分,将准备TSEC的注册资本从人民币153,800,000元降低到人民币107,600,000元的相关法律文件。
SESHK, ICCDI and THVOW agree to the reduction of TSEC registered capital (i.e., reduce by the amount of registered capital not yet contributed by THVOW). As part of the Transaction Documents, the legal documents required to reduce the registered capital of TSEC from RMB 153,800,000 to RMB 107,600,000 will be prepared.
- 2.3. 积极进行市场公关,在条件具备的情况下,TSEC将在此协议签订后的12个月内建立一个40公斤的示范工厂(“40公斤示范”)。SESHK将根据TUCA的条款提供40公斤PDP的支持工作,此支持工作将由TSEC向SESHK支付双方同意的费用。
To actively promote and when the conditions are right, TSEC shall build a 40 Bar Demonstration Plant (the “40 Bar Demo”) within 12 months from the date of this Agreement. Per the terms of the TUCA, SESHK will provide support the 40 bar PDP, and for such support SESHK will be paid mutually agreed fees by TSEC.
- 2.4. SESHK和TSEC及其他方,如EPC合作方,将就40公斤示范项目性能达成共识,由SESHK按照中国行业规范对其提供的PDP进行担保。
SESHK along with TSEC and other relevant parties such as the EPC contractor will mutually agree on the required guarantees for the 40 Bar Demo. SESHK will guarantee its work on the PDP as is customary based on China market practices.
- 2.5. SESHK或其关联公司、合作伙伴有权向40公斤示范项目进行股权投资以获得40公斤示范项目不超过50%比例的所有权。
SESHK or its Affiliate or its partner has the right to invest in the equity of the 40 Bar Demo for up to 50% ownership in the 40-bar demo project.
- 2.6. SESHK有权自行决定向授权区域内SESHK或其关联公司持股或将进行股权投资的项目提供SGT许可、PDP、SGT设备和服务,需要满足如下条件:

SESHK has the right, in its sole discretion, to provide SGT license, PDP, SGT equipment and service to the projects in the Territory in which SESHK or its Affiliates holds shares or will make shareholding investment, and the following conditions should be met:

1. SESHK及其关联方针对此等项目的投资不得构成与TSEC的竞争关系;
SESHK and its Affiliates are not in competition with TSEC for investment in such project;
2. SESHK及其关联方针对此等项目相关的SGT需要按照合资合同的约定与TSEC共享;
SESHK and its Affiliates shall share with TSEC any SGT technology related to such project according to the Joint Venture Contract;
3. 针对此等项目的SGT设备,TSEC/THVOW享有同等条件下优先中标权。

For SGT equipment provided to such project, TSEC/THVOW has the priority to earn the bidding under the same condition.

- 2.7. 如果TSEC拒绝向某一客户提供SGT技术或由于财务原因无力提供, 那么SESHK或其关联公司有权向此客户提供SGT技术。
Should TSEC decline to provide SGT Technology to a customer or become financially insolvent then SESHK or its Affiliate has the right to provide SGT Technology to the customer.
- 2.8. 由SES或其关联公司向TSEC推荐的有关SGT气化项目, 如果由于SES或其关联公司提供了此等支持并给TSEC因此带来项目订单, 那么SES或其关联公司将获得一笔合理的佣金, 其金额将由双方具体商定。同理, 如果TSEC或其关联公司向SES或其关联公司成功介绍了授权地区之外的SGT机会, 使得SGT授权协议能够达成, 那么TSEC及其关联公司将从SES或其关联公司获得一笔合理的佣金, 其金额将由双方就每个业务具体商定。
Where customers or companies directly contact SES or its Affiliate for technical support of a potential SGT gasification project in the Territory and where SES provides this support and brings the developed opportunity to TSEC and TSEC subsequently benefits by entering into a SGT license agreement, then SES or its Affiliate will receive a fair finder's fee to be mutually agreed with TSEC on a case by case basis. Conversely, where TSEC or its Affiliates bring a SGT opportunity to SES or its Affiliate and where SES or its Affiliate ultimately enter into a SGT license agreement then TSEC or its Affiliates will receive a fair finder's fee from SES or its Affiliates to be mutually agreed on a case by case basis.
- 2.9. TUCA是TSEC成立而共同签署的有关技术的协议, TUCA是管理公司在授权区域内有关SGT技术的唯一文件, 三方同意TSEC受专业的管理并且严格执行合资合同和TUCA的条款。
The TUCA is the technology related agreement in relation to the establishment of TSEC. The Parties agree that the TUCA shall be the sole document governing the rights of TSEC related to SGT Technology in the Territory and the Parties agree that TSEC will be professionally managed and in full compliance with the terms of the JVC and the TUCA.

3. THVOW同意 | THVOW Consent

- 3.1. ICCDI将负责获得THVOW就本协议的全部条款的书面同意或协议。
ICCDI shall be responsible for acquiring THVOW written consent or agreement for all items in this Agreement.

4. 截止 | Closing

- 4.1. 截止为2017年8月18日(“截止日”)。
The Closing shall be on August 18, 2017 (the “Closing Date”).
- 4.2. 有关交易文件的签署必须在截止日或之前完成。SESHK或其关联公司须在截止日后一周内收到全部股权支付款, 否则, 所有的交易文件(包括此协议)无效(保密协议除外)。
All Transaction Documents must be completed on or before the Closing Date. SESHK or its Affiliate must receive all of the Equity Payment within one week after the Closing Date, otherwise all Transaction Documents (including this Agreement) will be invalid, except for the NDA.

5. 公布 | Public Announcements

5.1. 针对重组信息, 任何公布需要三方书面确认。

Any public announcement regarding this restructuring shall require written agreement by the Parties.

6. 生效 | Effectiveness

6.1. 本协议在埃新斯新能源技术(上海)有限公司收到全部股权支付款后生效。(“生效日期”)

This Agreement shall become effective after SES Shanghai has received all of the Equity Payment (the “Effective Date”).

7. 违约 | Breach

7.1. ICCDI未能在签订重组协议后的一周内完成股权支付款, 将被视为对于重组协议的重大违约, 所有的交易文件(包括本协议)无效。

Failure of ICCDI to complete the Equity Payment within one week of signing the Restructuring Agreement shall be considered a material breach of the Restructuring Agreement and all Transaction Documents, including this Agreement, become invalid.

7.2. ICCDI承诺配合SESHK将此股权交易款汇往SESHK在香港的账户, 有关汇款的费用由SESHK负责。

ICCDI commits to coordinate in the remittance of the Equity Payment to the Hong Kong bank account of SESHK. The relating costs of remittance shall be borne by SESHK.

8. 适用法律 | Governing Law

8.1. 按照中华人民共和国相关法律或/和法规。

The laws and/or regulations of the PRC shall be the governing law for this Agreement.

9. 争议解决 | Dispute Resolution

9.1. 本协议产生的所有争议的解决将遵循合资合同和TUCA中的相应条款。

Resolution of all disputes arising from the Agreement shall follow the relevant protocol as already agreed in the Joint Venture Contract and TUCA.

10. 语言 | Language

本协议以中英文版执行, 每个语言各有6份, 有同等效力。如中文文本和英文文本之间存在不一致的, 以中文文本为准。

This Agreement is executed in both English and Chinese in six (6) original counterparts in each language. Both language versions shall be equally valid. Should any inconsistency incurred between the Chinese version and English version, the Chinese version shall prevail.

兹以为证, 双方在此经由各自授权代表的签字在上文提及之日期达成了此协议。

IN WITNESS WHEREOF , the Parties hereto have caused this Agreement to be executed as of the date first above written by their duly authorized representatives.

签字人 | By:

_____/s/ Fred Ma_____

新煤化工设计院(上海)有限公司 | ICCDI

姓名 | Name: Fred Ma

Position: Authorized person

签字人 | By:

_____/s/ Liao Bing_____

苏州天沃科技股份有限公司 | THVOW

姓名 | Name: Liao Bing

Position: Authorized person

签字人 | By:

_____/s/ Chris Raczkowski_____

SES Asia Technologies Limited

姓名 | Name: Chris Raczkowski

Position: Authorized person

附件1-定义

关联方：就本协议而言，指持有至少10%所有权的任何公司。

综合能源系统公司(SES)：SEST和SESHK的母公司，在纳斯达克证券交易所上市。

TUCA：2014年2月14日由SESHK和THVOW之间签署的使用技术入股协议，于2017年8月18日由SESHK、ICCDI、THVOW进行重组修订。TUCA向TSEC提供授权区域内SGT相关的专有制造和经营权，作为SESHK对TSEC的注册资本的投入。

Appendix 1 - DEFINITIONS

AFFILIATE: For the purposes of this Agreement shall mean any company where a party holds at least 10% ownership.

SYNTHESIS ENERGY SYSTEMS, INC (SES): The parent company of SEST and SESHK listed on the NASDAQ stock exchange.

TUCA: Is the Technology Usage and Contribution Agreement dated February 14, 2014 made by and between SESHK and THVOW, and subsequently being amended by SESHK, ICCDI and THVOW. The TUCA provides the TSEC with certain exclusive manufacturing and operation rights relating to the SGT in the Territory as SESHK's contribution to the registered capital of TSEC.

江苏天沃综能清洁能源技术有限公司股权转让协议
Share Transfer Agreement of
Tianwo-SES Sino-US Clean Energy Technologies Co., Ltd.

本股权转让协议(以下简称“协议”)由以下三方于2017年08月18日(“签署日”)在中华人民共和国(“中国”)上海市签署:

This Share Purchase Agreement (“the Agreement”) is entered into on August 18, 2017 (“Execution Date”) by the following Parties in Shanghai, the People’s Republic of China (the “PRC”):

转让方: SES Asia Technologies Limited, 是根据中华人民共和国香港特别行政区的法律成立并存续的有限责任公司, 注册地址为香港上环文咸东街79-85号文咸中心七字楼(以下简称“甲方”)。

授权代表(国籍): Chris Raczkowski (美国)

Transferor: SES Asia Technologies Limited, a company limited by shares established and existing under the laws of Hong Kong Special Administrative Territory of the PRC whose registered address is 7/F., Bonham Centre 79-85 Bonham Strand, Sheung Wan (“Party A”).

Authorized Representative (Nationality): Chris Raczkowski (USA)

受让方: 新煤化工设计院(上海)有限公司, 一家依照中华人民共和国法律成立并存续的有限责任公司, 注册地址为上海市宜山路717号8楼(以下简称“乙方”)。

授权代表(国籍): 廖兵(中国)

Transferee: Innovative Coal Chemical Design Institute (Shanghai) Co., Ltd., a company limited by shares established and existing under the laws of the PRC whose registered address is 717 Yishan Road, 8th Floor, Shanghai, China (Party B).

Authorized Representative (Nationality): Liao Bing (China)

以上转让方和受让方合称为“双方”。

The above Transferor and Transferee hereinafter are referred to as “Parties” collectively.

鉴于 | WHEREAS,

- 江苏天沃综能清洁能源技术有限公司(“天沃综能”)是一家由甲方和苏州天沃科技股份有限公司(“天沃科技”)共同成立的中外合资公司,注册金额为人民币153,800,000元。截至签署日,甲方以价值人民币5380万元的SGT技术完成了向公司的注资,天沃科技完成了人民币5380万元的注资。因此,天沃综能实收资本为人民币107,600,000元;
Tianwo-SES Sino-US Clean Energy Technologies Co., LTD (“TSEC”) is a sino-foreign joint venture company established jointly by Party A and Suzhou THVOW Technologies Co., Ltd (“THVOW”), with a registered capital of RMB 153,800,000. As of the Execution Date, SESHK has contributed SGT Technology valued at RMB 53,800,000 to TSEC, THVOW has contributed RMB 53.8 million, as such, the total paid-in capital of TSEC amounts to RMB 107.6 million;
- 于本协议签署日,天沃科技、甲方以及乙方签署了天沃综能的股权重组协议,根据股权重组协议甲方应向乙方转让部分天沃综能股份。为细化有关股权转让交易条款,双方同意根据本协议条款由甲方向乙方转让部分天沃综能股份。
On Execution Date, THVOW, Party A and Party B executed the Restructuring Agreement and, according to that agreement, Party A shall transfer to Party B a portion of the shares in TSEC. For clarification, the Parties agree, for Party A to transfer a portion of TSEC shares to Party B in accordance with the terms of this Agreement.

双方同意 The Parties agree:

1. 股权转让 Share Transfer

- 1.1 甲方以人民币11,150,000元的对价(“转让对价”)向乙方转让天沃综能实收资本人民币107,600,000元的25%的股份,甲方保留其在天沃综能实收资本人民币107,600,000元其余的25%股份。
For the consideration of RMB 11.15 million (“Consideration”), Party A shall transfer to Party B 25% of the RMB 107.6 million paid-in capital of TSEC, and Party A shall retain the remaining 25% of the RMB 107.6 million paid-in capital of TSEC.
- 1.2 在本协议签署后一周内,乙方应向甲方的关联方埃新斯新能源技术(上海)有限公司(“埃新斯”)的指定银行账户支付人民币11,150,000元的转让对价款。埃新斯收到上述股权转让价款视为甲方从乙方收到该股权转让价款。
Within 1 week of execution of this Agreement, Party B shall pay RMB 11.15 million to the designated bank account of SES New Energy Technologies (Shanghai) Co., Ltd. (“SES Shanghai”, a related party of Party A). Receiving the equity transfer amount above-mentioned by SES Shanghai will be deemed as receiving such amount by Party A from Party B.

- 1.3 在签署本协议的同时三方应签署有关天沃综能新的合资合同、章程、使用技术入股协议等有关文件或该等文件的补充协议以反映以上股权变更。在埃新斯收到人民币11,150,000元后双方应在有关政府部门办理相关变更登记手续。同时，乙方承诺配合甲方和埃新斯将此转让对价款汇往甲方在香港的账户，有关汇款的费用由甲方负责。

Concurrent to signing this Agreement, the Parties shall also execute the new joint venture agreement, articles of association, technology usage and contribution agreement and other related documents or supplementary agreements of those agreements to reflect the above change in shareholding. After the receipt of RMB 11.15 million by SES Shanghai, the Parties shall process the registration changes with the relevant government authorities. In addition, Party B shall commit to cooperate with Party A and SES Shanghai for the payment of such Consideration to Party A's bank account in Hong Kong. The resulting cost of remittance will be burdened by Party A.

2. 保证 Warranties

- 2.1 甲方保证所转让给乙方的股权是甲方在天沃综能合法拥有的股权。甲方保证对所转让的股权在签署日没有设置任何抵押、质押或担保，无任何第三方的追索。

Party A warrants that it legally owns the shares to be transferred to Party B in TSEC. Party A warrants that as of the Execution Date, the transferred shares are not subject to any mortgage, pledge or security, and is free of any third party's recourse.

- 2.2 在甲方转让其股权后，其在TSEC原享有的与有关股权的权利和应承担的义务，随股权转让而转由乙方享有与承担。

After the share transfer by Party A, the corresponding rights and responsibilities of transferred shares will be moved to Party B from Party A.

3. 协议解除 Termination of the Agreement

发生下列情况之一时，可变更或解除本协议：

This Agreement can be amended or terminated under the following circumstances:

- 1) 由于一方违约, 严重影响了守约方的经济利益, 使协议履行成为不必要, 在此情况下守约方有权解除本协议;
The Agreement implementation is not necessary due to one Party's breach of the Agreement and hurt another Party's benefits seriously. Under such circumstances the non-breaching Party shall have the right to terminate the Agreement;
- 2) 因情况发生变化, 经过双方协商同意变更或解除协议。
Due to the change in conditions, the Parties agree unanimously to amend or terminate this Agreement after discussion.

4. 违约责任 Liabilities for Breach

由于一方违约, 造成本协议不能履行或不能完全履行时, 由违约一方承担违约责任; 如属双方违约, 根据实际情况, 由双方分别承担各自应负的违约责任。

When the Agreement can't be fulfilled totally or partly due to one Party's breach of the agreement, the breach responsibility shall be taken by the breaching Party; if both Parties breach the Agreement, each Party take their own responsibilities they shall take.

5. 适用法律及争议的解决 Applicable Laws and Settlement of Disputes

5.1 与本协议有效性、履行、违约及解除等有关的一切争议, 各方应友好协商解决。如果协商不成, 则任何一方均可申请向上海市人民法院起诉。
Any disputes occurred from the effectiveness, execution, breach and termination of the Agreement shall be settled through friendly consultation by the Parties. If the consultation failed, either Party can initiate a lawsuit at the People's Court of Shanghai.

5.2 本协议的订立、效力、解释、履行和争议的解决均受中华人民共和国法律的管辖。
The formation, effectiveness, explanation, execution of this Agreement and settlement of disputes in relation to this Agreement shall be governed by PRC laws.

6. 生效 Effective

6.1 本协议在获得TSEC董事会批准且甲方收到乙方根据第1.2条支付的全部付款后生效。
This Agreement shall become effective upon the receipt of both the approval of the board of directors of TSEC as well as all funds from Party B in accordance with Article 1.2 hereunder.

6.2 本协议须经TSEC原审批机关批准。
This Agreement shall be approved by the original governing authority who approved the establishment of TSEC.

7. 本协议正本一式6份, 甲、乙双方各执1份、TSEC执4份(包括用于报审批、登记机关), 均具有同等法律效力
This Agreement is executed in 6 originals, and each original has the same legal effect. The Parties shall each hold 1 copy, TSEC shall hold 4 copies (including for use in approval and registration).

8. 本协议以中英文书写。如中文文本和英文文本之间存在不一致的, 以中文文本为准。

This Agreement is written in Chinese and in English. Should any inconsistency incurred between the Chinese version and English version, the Chinese version shall prevail.

天沃科技同意本协议所述的股权转让。
THVOW consents to the share transfer of this Agreement.

/s/ Chris Raczkowski

/s/ Liao Bing

甲方 /Party A (签名/signature):
姓名 /Name: Chris Raczkowski

乙方 /Party B (签名/signature):
姓名 /Name: 廖兵 (Liao Bing)

职务: 授权代表
Title: authorized representative

职务: 授权代表
Title: authorized representative

同意本协议有关条款方 Consent to this Agreement by:
/s/ Illegible
苏州天沃科技股份有限公司 Suzhou THVOW Technologies Co., Ltd.
姓名/Name: Illegible

职务: 授权代表
Title: authorized representative

JOINT VENTURE CONTRACT

among

SUZHOU THVOW TECHNOLOGY CO., LTD.

and

SES ASIA TECHNOLOGIES LIMITED

and

INNOVATIVE COAL CHEMICAL DESIGN INSTITUTE (SHANGHAI) CO., LTD.

FOR THE RESTRUCTURING OF

JIANGSU TIANWO-SES CLEAN ENERGY TECHNOLOGIES CO., LTD.

Amended on August 18, 2017

ZHANGJIAGANG, PEOPLE'S REPUBLIC OF CHINA

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JOINT VENTURE CONTRACT

THIS JOINT VENTURE CONTRACT is entered into in accordance with the Law of the People's Republic of China on Chinese-Foreign Equity Joint Ventures and the Regulations for the Implementation of the Law of the People's Republic of China on Chinese-Foreign Equity Joint Ventures (the “Joint Venture Law”) and other relevant and currently effective Chinese laws and regulations, and is amended on August 18, 2017 and entered into by the following three parties:

Suzhou Thvow Technology Co., Ltd., a company limited by shares established and existing under the laws of the PRC whose registered address is No. 1 Linjiang Road, , Jingang Town, Zhangjiagang City, Jiangsu Province, 215631, PRC (“ **THVOW** ”);

AND

SES Asia Technologies Limited, a limited company established and existing under the laws of Hong Kong Special Administrative Region of the PRC whose registered address is 7/F, Bonham Centre, 79-85 Bonham Strand, Sheung Wan, Hong Kong (“ **SESHK** ”);

AND

Innovative Coal Chemical Design Institute (Shanghai) Co., Ltd., a company limited by shares established and existing under the laws of the PRC whose registered address is 8/F, No. 717 Yishan Road, Shanghai, PRC (“ **ICCDI** ”).

THVOW, SESHK and ICCDI may hereinafter be referred to individually as a “ **Party** ” or collectively as the “ **Parties** ”.

WHEREAS, the Parties intend to restructure Jiangsu Tianwo-SES Clean Energy Technologies Co., Ltd. (the “Company”) with the primary objectives of:

- Three Parties’ cooperation in low quality coal, long flame coal pressured gasification technology so as to set up the company;
- Establishing the leading gasification technology in China;
- Generating significant income and profit for the Parties;
- Eventually listing the Company on the public markets (e.g. Chinese security market, or Hong Kong security market or other security markets).

Considering the above factors and confirming that the Parties are completely informed, in conformity with the principles of equality and mutual benefit, the Parties hereby agree as follows:

1. DEFINITIONS

The following terms shall have the meanings set forth below:

“Affiliate”, with respect to a Party, shall mean any entity directly or indirectly controlling, controlled by or under common control with such Party; an entity shall be deemed to “control” another entity if the former possesses, directly or indirectly, no less than 50% voting shares or registered capital, or the power to appoint or elect the majority of directors or the actual control rights of the latter.

“Articles of Association” shall mean the Articles of Association of the Company dated as of the date of execution hereof between the Parties, and as may be amended or restated from time to time by the Board appointed by the Parties.

“Basic Engineering Design Package” or **“BEDP”** shall mean a package of technical document deliverables prepared, after delivery of the PDP, for the next step engineering design, which shall comply with the China’s latest industrial standards.

“Board” or **“Board of Directors”** shall mean the Board of Directors of the Company.

“Business License” shall mean the business license to be issued to the Company by the competent PRC State Administration for Industry and Commerce, including the business license issued by the authorities, which may be amended from time to time.

“Chairman” shall mean the chairman of the Board of Directors of the Company.

“China” or the **“PRC”**, for the purpose of this Contract, shall mean the People's Republic of China.

“Company” or the **“Joint Venture”** shall mean Jiangsu Tianwo-SES Clean Energy Technologies Co., Ltd. or any other name approved by the competent authority, the equity joint venture company restructured by the Parties pursuant to the Joint Venture Law, other relevant and officially promulgated laws and regulations of the PRC, and this Contract.

“Confidential Information” shall mean technology and Know-How as well as trade secrets, strategic business or marketing information, business projections, secret processes and etc., including but not limited to processes, data, formulae, material balance, control logic, programs, manuals, designs, sketches, photographs, plans, drawings, specifications, reports, studies, findings, non-patented inventions and ideas, any data relating to a patent that is not disclosed in a granted patent, and other information relating to the production, packaging, use, pricing, or sales and distribution, whether of a technical, engineering, operational, business or economic nature, whenever provided by SESHK (or its Affiliates), or by THVOW (or its Affiliates), or by ICCDI (or its Affiliates) in connection with the establishment of the Company and any matters related thereto, the implementation of and/or the conduct of the business contemplated by this Contract and the other contracts contemplated herein. Confidential Information, however, shall not include information which is now or hereafter becomes part of the public domain through authorized publication, or information which the receiving Party can demonstrate was in its possession, prior to the effectiveness of the Contract, and which was legally obtained and is not in violation of any agreement.

“**Contract**” shall mean this Joint Venture Contract and the Annexes attached hereto.

“**Critical Design Parameters**” or “**CDP**” shall mean key SGT and SGT Proprietary Equipment design parameters for a project on a case-by-case basis, which are based on a specific basis for design for a project and are fundamental technology parameters required to initiate the PDP.

“**Detailed Engineering Design Package**” or “**DEDP**” shall mean the detailed engineering design package, which is prepared as a follow up to the BEDP.

“**Director**” shall mean a member of the Board of Directors.

“**Effective Date**” shall mean the day on which this Contract becomes effective and approved by the competent examination and approval authority and the Parties.

“**Establishment Date**” shall mean the date on which the Business License of the Company is issued.

“**Examination and Approval Authority**” shall mean the competent authority as is duly authorized by law to approve this Contract.

“**Restructuring Date**” shall mean the date on which the Share Transfer Agreement has become effective.

“**Force Majeure**” shall mean any (a) acts of God; (b) flood, fire, earthquake or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) government order or law; (e) actions, embargoes or blockades in effect on or after the date of this Contract; (f) action by any governmental authority; (g) national or regional emergency; (h) strikes, labour stoppages or slowdowns or other industrial disturbances; and (i) shortage of adequate power or transportation facilities.

“**Foreign Exchange**” shall mean any foreign currency which can be freely exchanged, converted, or traded in the open international currency market.

“**General Manager**” shall mean the general manager of the Company.

“**GTI**” shall mean the Gas Technology Institute of the United States.

“**Improvements**” shall mean any improvements within the SGT (including new inventions and designs) created, invented, developed or discovered by a Party or the Company after the Establishment Date with respect to the SGT process and SGT Proprietary Equipment.

“**Joint Venture Term**” shall mean the duration of the Company as provided for in Article 20 hereof.

“**Labour Contract**” shall mean the individual labour contract to be entered into between the Company and any of its employees, excluding Seconded Personnel.

“**Management By-laws**” shall mean the Company’s By-laws that are approved at the first Board of Directors Meeting.

“**Management Personnel**” shall mean the General Manager, Vice General Manager, Chief Financial Officer, Marketing Director, Chief Accountant, Chief Technology Officer, Chief Mechanical Engineer and such other senior personnel positions that are designated as Management Personnel positions by the Board from time to time.

“**Pressurized Fluidized Bed**” shall mean the gasification reactor or system, at any pressure above atmospheric pressure, that converts SGT Feed stock into syngas by reaction of SGT Feedstock with air, enriched air, or oxygen (with or without the addition of steam, carbon dioxide or other diluents gases) in a fluidized bed (including bubbling bed and fast fluidized bed) wherein SGT Feedstock is fed and syngas is produced.

“**Process Design Package**” or “**PDP**” shall mean a process design package prepared, on the basis of the existing PDP provided by SESHK and its Affiliates, for a specific customer project for which a PSA has been executed, and which shall comply with China’s latest industrial standard.

“**Project Sublicense Agreement**” or “**PSA**” shall mean the agreement to be entered into by the Company as licensor, from which a technology license must be obtained from the Company for the normal operation of a Project in the Territory. The form of the PSA as set out in Annex3 shall be a reference and subject to any necessary changes as requested by the customer, as long as the technology will be protected during the implementation of such Project.

“**Renminbi**” or “**RMB**” shall mean the lawful currency of the PRC.

“**Restructuring Agreement**” shall mean the agreement entered into by and between the Parties in August 18, 2017 for the restructuring of the Company.

“**Seconded Personnel**” shall mean the employees of each Party or of any of its Affiliates, who will be seconded for providing full time services to the Company. The costs of such Seconded Personnel shall be borne by the Company.

“**Services**” shall mean any engineering or design services related to the SGT, modularization services, procurement services, construction management services, plant commissioning and start-up services, plant operations and maintenance services and any other services beyond this scope that are authorized by a unanimous vote of the Board.

“**SES Gasification Technology**” or “**SGT**” shall include the collection of SES Intellectual Property, Know-How, trade secrets and methods developed by SESHK and its Affiliates for its advanced fluidized bed gasification technology. The SGT has been extensively developed since 2004 and was initially based upon the U-Gas® technology licensed by SEST and its Affiliates from GTI, and which has been further developed through additional improvements, Know-How and patents developed by SESHK’s Affiliates through industry experience of SESHK’s Affiliates from developing, designing and operating projects in China and from designs by or for SESHK and its Affiliates in their development of projects globally. The SGT is one of the most advanced gasification technologies, which has been commercialized through the construction and operation of industrial projects to be reliable, environmentally-friendly, economically feasible, sustainable and in conformity with China’s energy independence policy and energy strategies. SGT is a part of the equity contribution of SESHK as described in the TUCA. Prior to the Establishment Date, SESHK has full rights and authorization of the SGT to be contributed to the Company. And any Improvement developed by the Company after the Company is established belong to the Company, subject to the terms of the TUCA.

“**SES Shanghai**” shall mean SES New Energy Technologies (Shanghai) Co., Ltd. (埃新斯新能源技术(上海)有限公司).

“**SEST**” shall mean Synthesis Energy Systems Technologies, LLC, a wholly owned subsidiary of Synthesis Energy Systems, Inc. and the licensor of the SGT license right to SESHK, which authorizes SESHK as the licensor in the TUCA.

“**SGT Feedstock**” shall have the meaning as defined in the Technology Usage and Contribution Agreement as set forth in Annex 4.

“**SGT Know-How/Know-How**” shall mean all commercial and technical information, including trade secrets, pertaining to the SGT, and/or THVOW’s manufacturing of the SGT proprietary equipment, including, but not limited to, theses, designs, drawings, blueprints, specifications, test data, charts, fabrication techniques, materials of construction, and formulations, graphs, operating and test procedures, shop practices and instruction manuals.

“**SGT Proprietary Equipment**” shall mean the Gasifier Reactor, Gasifier Heat Recovery Steam Generator, Cyclones, Filtration, Bottom Char Cooling and Removal System, Gasifier Coal Feeding System; Metering/Measuring System; Gasifier Control and Safety System logic etc., subject to adjustment per the requirements of customer.

“**Share Transfer Agreement**” shall mean the agreement entered into by and between the Parties in August 18, 2017 for the transfer of certain equity ownership in the Company from SESHK to ICCDI.

“**Sub-license Royalty To GTI**” shall mean ***% of the license fee to be paid to GTI, pursuant to the legally effective agreement between SEST and GTI, from the license fee received under any sub-license Project by the Company.

“**Technology Usage and Contribution Agreement**” or “**TUCA**” shall mean the authorization agreement for the use of technologies related to SGT, and agreement related to SGT and performance guarantee as described in TUCA which shall be contributed to the Company as SESHK’s capital contribution, and which shall be in accordance with Annex 4.

“**Territory**” shall mean China, Indonesia, the Philippines, Vietnam, Mongolia and Malaysia as set forth in the TUCA.

“**United States Dollars**” or “**US\$**” shall mean the lawful currency of the United States of America.

“**Working Personnel**” shall mean all employees of the Company other than Management Personnel and members of the Board.

“**Yima Plant**” shall mean the project/plant operated and managed under the joint venture of YMCIG-SES New Energy Company Ltd..

“**ZZ Plant**” shall mean project/plant operated and managed under the joint venture of Synthesis Energy Systems (Zaozhuang) New Gas Company Ltd.

2. PARTIES TO THE CONTRACT

The Parties to this Contract are as follows:

- (a) **THVOW**, a duly incorporated company with its registered office address at No. 1 Linjiang Road, Jingang Town, Zhangjiagang City, Jiangsu Province, 215631, PRC

The legal representative of THVOW is:

Name: CHEN, Yuzhong

Position: Chairman

Nationality: Chinese

- (b) **SESHK**, a duly incorporated company under the laws of Hong Kong Special Administrative Region with its registered office address at 7/F, Bonham Centre 79-85 Bonham Strand, Sheung Wan, Hong Kong.

The duly authorized representative of SESHK is:

Name: Robert Wayne RIGDON

*** This information has been omitted in reliance upon Rule 24b-2 under the Securities Exchange Act of 1934, as amended and has been filed separately with the Securities and Exchange Commission.

Position: Director

Nationality: USA

(c) **ICCDI**, a duly incorporated company with its registered office address at 8/F, No. 717, Yishan Road, Shanghai, PRC.

The legal representative of ICCDI is:

Name: LIAO, Bing

Position: Chairman

Nationality: Chinese

3. ESTABLISHMENT OF THE COMPANY

3.1 Establishment of the Company

In accordance with the Joint Venture Law and other relevant and currently effective PRC laws and regulations, the Parties hereby agree to establish the Company pursuant to the terms of this Contract. The Company shall be a legal person under the laws of the PRC subject to the protection and jurisdiction of PRC law.

3.2 Name and address of the Company

The name of the Company shall be Jiangsu Tianwo-SES Clean Energy Technologies Co., Ltd. in English and 江苏天沃综能清洁能源技术有限公司 in Chinese, or other name as approved by the competent authority.

The legal address of the Company shall be in Room 801-3, Petrochemical Trading Building, Zhangjiagang tax free area.

3.3 Limited Liability Company

The Company shall be a limited liability company established in accordance with the Law of the People's Republic of China on Chinese-Foreign Equity Joint Ventures and the Regulations for the Implementation of the Law of the People's Republic of China on Chinese-Foreign Equity Joint Ventures and other relevant and currently effective Chinese laws and regulations.

3.4 No Agency Relationship

Neither Party is the agent of the other Parties nor does either Party have any power to assume or to create any obligation or responsibility, express or implied, on behalf of the other Parties in the other Parties' names.

4. PURPOSE AND SCOPE OF BUSINESS

4.1 The Purpose of the Company

With the desire to strengthen the economic and technical cooperation between the Parties, the purpose of the Company will be to use advanced and available techniques and scientific management methods to improve the SGT, develop new products, and enable competitiveness in quality and price in the international market; to be compatible with the needs of the Chinese clean coal chemical development, and to satisfy the gradually increasing market demand for clean energy; enable economical and clean conversion of SGT Feedstock into syngas for the production of a variety of high value products such as chemicals, power, transportation fuels, direct reduced iron (DRI) steel, fertilizers, synthetic natural gas (SNG) and industrial fuels through the efficient collaboration of THVOW which, has a strong capability in coal chemical equipment manufacturing, ICCDI's capability on design, engineering and related services in China, and SESHK's advanced SGT which has been utilized in industrial gasification projects. The Company aims to make the SGT the primary gasification technology in the Territory, through its scientific business management.

4.2 The Business Scope of the Company

The business scope of the Company is to obtain full exclusive authorization in the Territory to provide SGT and related technologies, engineering services and SGT sub-licensing rights, engineering design of the SGT, supply related technologies and supply SGT Proprietary Equipment, to manufacture and sell SGT Proprietary Equipment, to provide SGT EPC project services, and to develop and improve the scope, pressure and capacity of the SGT, etc. The business scope shall be subject to the business scope as shown on Business License.

5. TOTAL AMOUNT OF INVESTMENT AND REGISTERED CAPITAL

5.1 Total Amount of Investment

The total investment for the Company shall be RMB107,600,000 after restructuring.

5.2 Registered Capital and Capital Contribution

The actual ratios of capital contributed by the Parties are as below after restructuring:

- (a) THVOW contributed cash in the amount of RMB53,800,000 to the registered capital of the Company, representing fifty percent (50%) of the total paid-in capital of the Company.

- (b) SESHK contributed per the terms and conditions of the Technology Usage and Contribution Agreement, which, according to the appraisal report (Ping Bao Zi [2014] 1002, as attached in Annex 5), has a value equal to RMB 53,800,000 as its capital contribution to the Company, representing fifty percent (50%) of the total paid-in capital of the Company. With the execution of the Share Transfer Agreement and the Restructuring Agreement by and between SESHK, ICCDI and THVOW, SESHK shall sell 25% of the total paid-in capital of the Company to ICCDI for RMB11,150,000. After the restructuring, the capital contributed by SESHK shall represent 25% of the total paid-in capital of the Company.
- (c) With the execution of the Share Transfer Agreement and the Restructuring Agreement by and between SESHK, ICCDI and THVOW, ICCDI shall purchase from SESHK 25% of the total paid-in capital of the Company for RMB11,150,000. After the restructuring, the capital contributed by ICCDI shall represent 25% of the total paid-in capital of the Company.

After the restructuring, the respective equity ownership percentages of the Parties in the Company are: THVOW 50%, SESHK 25% and ICCDI 25%.

5.3 Additional Financing

In accordance with Article 12.6, the Company may obtain additional funds through loans from domestic or foreign financial institutions on terms and conditions approved by the Board of Directors and the Parties. The Company may also obtain loans or guarantees from the Parties or their Affiliates on terms and conditions to be determined by the relevant parties; provided, however, that no Party shall be obligated to lend funds to the Company or to guarantee a loan to the Company from a third party or financial institution or if a guarantee is required, each Party shall, in principle, undertake its share in such guarantee in a proportion equal to its Equity Interest in the Company. In the event that a Party does agree to lend funds to the Company or to guarantee a loan to the Company from a third party or financial institution, such Party shall be entitled to be paid interest on the loan at such rate or guarantee fees in such amount that such Party would have been entitled to be paid as if such Party were not a party to this Contract and as if the transaction were a negotiated arm's length financing from a third party. The Company may mortgage or otherwise grant a security interest in its assets, as permitted by law, to be mortgaged or secured in order to obtain loans.

5.4 Timing of Capital Contributions

According to the terms of the Restructuring Agreement and the Share Transfer Agreement, and with respect to capital contributions by the Parties, the Parties shall have fulfilled their respective capital contribution obligations to the Company on the Restructuring Date.

5.5 Capital Contribution Certificate

Within thirty (30) days after the Parties have made their capital contributions, the Company shall engage an independent accountant registered in China to verify such contributions, with verification expenses borne separately by the Parties.

Before the issuance of a verification report by such independent accountant, the Company shall issue to each contributing party an interim capital contribution certificate signed by the Chairman evidencing that the contribution was made. Upon receipt of the final certificate of verification from the independent accountant, the Company shall promptly issue a final capital contribution certificate to each Party setting forth the aggregate amount of such Party's contribution(s). The final capital contribution certificates shall be signed by the Chairman of the Company.

5.6 Increase or Reduction of Registered Capital

Any increase or reduction in the registered capital of the Company shall be subject to unanimous approval by the Board of Directors of the Company and submitted to the competent Examination and Approval Authorities for approval. Upon receipt of such approval, the Company shall register the increase or reduction in the registered capital with the appropriate administration for industry and commerce.

6. TRANSFER OF EQUITY INTERESTS

6.1 Encumbrance of the Investment

Except as otherwise contemplated in this Contract, neither Party may mortgage, pledge, charge or otherwise encumber its equity interests in the Company, its rights and obligations under this Contract and other interests in the Company (“ **Equity Interests** ”) without the prior written consent of the other Parties, which shall not be unreasonably withheld.

6.2 Valuation

Any Party who desires to sell or otherwise transfer its Equity Interests in the Company shall bear the cost of any valuation of the Company. The Parties shall render all assistance and provide all such documentation and other information to the appraiser as such appraiser may consider necessary.

6.3 Transfer of Equity Interests

- (a) Within 36 months after the effective date of the Share Transfer Agreement, for any ownership portion of the Company offered for sale by ICCDI or THVOW, SESHK has the priority to purchase such additional ownership in the Company based on the price at the Company's restructuring (Price: RMB 446,000 for every 1% of the ownership interests) subject to the limit that the total ownership percentages in the Company held by SESHK shall not exceed 50%.

- (b) Either Party shall not transfer, sell, or dispose, in whole or in part, its Equity Interests to any third party without agreement in writing by the other Parties.

6.4 Continued Implementation of Contract

Prior to the Transfer of a Party's Equity Interests, the Parties shall continue to perform their obligations under this Contract.

6.5 Effect of Transfer

The Transfer of a Party's Equity Interest shall not release such Party from its liability to pay any sums of money accrued, due and payable, or to discharge its then-accrued and unfulfilled obligations to the Company or the other Parties.

7. REPRESENTATIONS AND WARRANTIES OF THE PARTIES

7.1 Representations and Warranties of THVOW

THVOW hereby represents and warrants to SESHK and ICCDI as follows:

- (a) THVOW is a listed company duly organized and validly existing under the laws of the PRC and is in compliance with all conditions required to maintain its status as an enterprise legal person under the laws of the PRC.
- (b) THVOW has submitted to SESHK and ICCDI a valid, true and complete copy of its current business license.
- (c) THVOW has taken all appropriate and necessary actions to (i) empower its legal representative or such other duly authorized representative whose signature is affixed hereto to sign this Contract and all of the agreements contemplated herein to which it is a party, (ii) authorize the execution and delivery of this Contract and all of the agreements contemplated herein to which it is a party, and (iii) authorize the performance and observance of the terms and conditions of this Contract and all of the agreements contemplated herein.
- (d) THVOW has obtained all licenses, permits, consents, approvals and authorizations necessary for the valid execution and delivery of this Contract and all of the agreements contemplated herein to which it is a party; provided, however, that this Contract shall be subject to the approval of the Examination and Approval Authority or other authority before the it may become effective.
- (e) Upon the approval of the Examination and Approval Authority, this Contract shall constitute the legal, valid and binding obligation of THVOW and is enforceable against THVOW in accordance with the terms herein.

- (f) THVOW's execution, delivery and performance of this Contract or any of the other agreements contemplated herein will not violate any of the constitutional documents, any other agreement or obligation of THVOW or its Affiliates, or currently effective law, regulation or decree of China that may be applicable to any aspect of the transactions contemplated hereunder.
- (g) All information supplied to SESHK and ICCDI by THVOW in relation to this Contract, including information concerning the business and financial status of THVOW and any relevant assets, inventories and outstanding contractual arrangements with their respective suppliers and customers, is true and correct in all material respects, whether any of the same has been verified or audited by an independent third party or not.
- (h) THVOW is in compliance in all material respects with all applicable laws, including in connection with the operation of its business. THVOW has not received written notice of any material violation of any law, or any potential legal liability, relating to the operation of its business.
- (i) THVOW is not in default under, and, to the knowledge of THVOW, no condition exists that with notice or lapse of time or both would constitute a default or could give rise to a right of early termination, cancellation or accelerated termination under, any license, permit, consent, approval or authorization held by THVOW prior to the expiration of its terms.
- (j) THVOW is not the subject of any existing, pending, threatened or contemplated (i) bankruptcy, insolvency or other debtor's relief proceeding, or (ii) litigation, claim, action, suit or other judicial or administrative proceeding, which could adversely affect THVOW's right or ability to enter into this Contract or to consummate the transactions contemplated herein.
- (k) THVOW agrees that the Company shall be liable for the payment of the Sub-license Royalty To GTI under the sub-license Project.

7.2 Representations and Warranties of SESHK

SESHK hereby represents and warrants to THVOW and ICCDI as follows:

- (a) SESHK is a company duly organized, validly existing and in good standing under the laws of Hong Kong Special Administrative Region.
- (b) SESHK has submitted to THVOW and ICCDI a valid, true and complete copy of its certificate of incorporation.
- (c) SESHK and its Affiliates have taken all appropriate and necessary corporate actions to (i) empower its duly authorized representative whose signature is affixed hereto to sign this Contract and all of the agreements contemplated herein to which it is a party, (ii) authorize the execution and delivery of this Contract and all of the agreements contemplated herein to which it is a party, (iii) authorize the performance and observance of the terms and conditions of this Contract and all of the agreements contemplated herein.

- (d) SESHK has obtained all consents, approvals and authorizations necessary for the valid execution and delivery of this Contract and all of the agreements referred to herein to which it is a party; provided, however, that this Contract shall be subject to the approval of the Examination and Approval Authority or other authority before it may become effective.
- (e) Upon the approval of the Examination and Approval Authority, this Contract shall constitute the legal, valid and binding obligation of SESHK and is enforceable against SESHK in accordance with the terms herein.
- (f) SESHK's execution, delivery and performance of this Contract or any of the other agreements contemplated herein will not violate any of its constitutional documents, any other agreement or obligation of SESHK, or currently effective law, regulation or decree of the PRC that may be applicable to any aspect of the transactions contemplated hereunder.
- (g) All information supplied to THVOW and ICCDI by SESHK in relation to this Contract, including information concerning the business and financial status of SESHK and any relevant assets, inventories and outstanding contractual arrangements with their respective suppliers and customers, is true and correct in all material respects, whether any of the same has been verified or audited by an independent third party or not.
- (h) SESHK is in compliance in all material respects with all applicable laws, including in connection with the operation of its business. SESHK has not received written notice of any material violation of any law, or any potential legal liability, relating to the operation of its business.
- (i) SESHK is not in default under, and, to the knowledge of SESHK, no condition exists that with notice or lapse of time or both would constitute a default or could give rise to a right of early termination, cancellation or accelerated termination under, any license, permit, consent, approval or authorization held by SESHK prior to the expiration of its terms.
- (j) SESHK is not the subject of any existing, pending, threatened or contemplated (i) bankruptcy, insolvency or other debtor's relief proceeding, or (ii) litigation, claim, action, suit or other judicial or administrative proceeding, which could adversely affect SESHK's right or ability to enter into this Contract or to consummate the transactions contemplated herein.

- (k) SESHK warrants that its contribution of the SGT rights to the Company, pursuant to the TUCA is exclusive within the Territory and no other entities and/or individuals, including SESHK and its Affiliates (excluding the existing ZZ Plant and Yima Plant), shall conduct any SGT operational business relating to sub-licensing, PDP, SGT Proprietary Equipment and services (excluding projects developed for equity investment by SESHK or its Affiliates, provided, however, that such projects shall meet the conditions of the relevant terms of the TUCA and the Restructuring Agreement). During the Joint Venture Term, if SESHK or its Affiliates conducts SGT operational business relating to sub-licensing, PDP, SGT Proprietary Equipment within the Territory that result in breach of the above and the terms in the related agreements, THVOW's actual losses shall be compensated pursuant to the relevant legal requirements, and if any profits are realized as a result of such breach, such profits shall be paid from SESHK to THVOW unconditionally.
- (l) SESHK warrants that the exclusive usage rights of the SGT which it has granted to the Company are legitimate and continuously existing. During the Joint Venture Term, if the Company loses such continuing SGT usage rights due to reasons attributable to a breach by SESHK of its warranties under this Contract, THVOW's actual losses shall be compensated pursuant to the relevant legal requirements.
- (m) SESHK warrants to provide the Company with all of the SGT Know-How and technical data described in Annex 2 hereto. For the 0.2MPa and 1.0MPa Projects similar to the ZZ Plant and Yima Plant (new technology excluded) SESHK shall be responsible for the various SGT technology performance guaranteed parameters under the PSA for the Project. SESHK warrants to make sure the Company has the capability to produce the PDP design and guarantee performance for SGT (similar to ZZ Plant and/or Yima Plant), and SESHK will bear the costs where support and assistance by SESHK and its Affiliates and/or partners are needed. After the Company has completed two Projects (similar to ZZ Plant and/or Yima Plant) and once these Projects have achieved their required technical performance guaranteed parameters, SESHK shall not be required to continue providing such warranties or support or assistance

7.3 Representations and Warranties of ICCDI

ICCDI hereby represents and warrants to SESHK and THVOW as follows:

- (a) ICCDI is a company duly organized and validly existing under the laws of the PRC and is in compliance with all conditions required to maintain its status as an enterprise legal person under the laws of the PRC.
- (b) ICCDI has submitted to SESHK and THVOW a valid, true and complete copy of its current business license.
- (c) ICCDI has taken all appropriate and necessary actions to (i) empower its legal representative or such other duly authorized representative whose signature is affixed hereto to sign this Contract and all of the agreements contemplated herein to which it is a party, (ii) authorize the execution and delivery of this Contract and all of the agreements contemplated herein to which it is a party, and (iii) authorize the performance and observance of the terms and conditions of this Contract and all of the agreements contemplated herein.
- (d) ICCDI has obtained all licenses, permits, consents, approvals and authorizations necessary for the valid execution and delivery of this Contract and all of the agreements contemplated herein to which it is a party; provided, however, that this Contract shall be subject to the approval of the Examination and Approval Authority or other authority before the it may become effective.
- (e) Upon the approval of the Examination and Approval Authority, this Contract shall constitute the legal, valid and binding obligation of ICCDI and is enforceable against ICCDI in accordance with the terms herein.
- (f) ICCDI 's execution, delivery and performance of this Contract or any of the other agreements contemplated herein will not violate any of the constitutional documents, any other agreement or obligation of ICCDI or its Affiliates, or currently effective law, regulation or decree of China that may be applicable to any aspect of the transactions contemplated hereunder.
- (g) All information supplied to SESHK and THVOW by ICCDI in relation to this Contract, including information concerning the business and financial status of ICCDI and any relevant assets, inventories and outstanding contractual arrangements with their respective suppliers and customers, is true and correct in all material respects, whether any of the same has been verified or audited by an independent third party or not.
- (h) ICCDI is in compliance in all material respects with all applicable laws, including in connection with the operation of its business. ICCDI has not received written notice of any material violation of any law, or any potential legal liability, relating to the operation of its business.

- (i) ICCDI is not in default under, and, to the knowledge of ICCDI, no condition exists that with notice or lapse of time or both would constitute a default or could give rise to a right of early termination, cancellation or accelerated termination under, any license, permit, consent, approval or authorization held by ICCDI prior to the expiration of its terms.
- (j) ICCDI is not the subject of any existing, pending, threatened or contemplated (i) bankruptcy, insolvency or other debtor's relief proceeding, or (ii) litigation, claim, action, suit or other judicial or administrative proceeding, which could adversely affect ICCDI's right or ability to enter into this Contract or to consummate the transactions contemplated herein.
- (k) ICCDI agrees that the Company shall be liable for the payment of the Sub-license Royalty To GTI under the sub-license Project.

8. RESPONSIBILITIES OF THE PARTIES

8.1 Responsibilities of THVOW

In addition to its other obligations under this Contract, THVOW

shall have the following responsibilities:

- (a) Making its cash contributions to the registered capital of the Company in accordance with relevant provisions of this Contract;
- (b) Actively assisting the Company in obtaining all necessary approvals, grants, consents, permits, and licenses for the establishment of the Company, including but not limited to, assisting in the attaining of a business license providing a term of validity and scope of business acceptable to both Parties as well as licenses, permits and approvals from the competent authorities and all other required government approvals;
- (c) Assisting the Company to obtain the most preferential tax reductions and exemptions and other investment incentives otherwise available to or for the Company under national, provincial or local laws and regulations, if any; and actively assisting the Company to obtain PRC central government endorsement of the SGT technology.
- (d) Assisting the Company in the purchase of equipment, supplies and raw materials and auxiliary materials manufactured inside the Territory;
- (e) Assisting the Company in arranging for the transportation of imported equipment and materials (if any);

- (f) Manufacturing SGT Proprietary Equipment and other equipment for SGT Projects and selling such equipment to the Company. THVOW shall also ensure that all the equipment to be provided to the Company are fully compliant with PRC law and have all approvals and permits required under PRC law, and are in good condition in all material aspects. A separate equipment sales agreements shall be executed (see Annex 6);
- (g) Assisting the Company in applying for and procuring documents and/or licenses, and in carrying out all customs procedures and formalities, for the import of machinery, equipment, materials, supplies and office equipment;
- (h) Assisting with the entry visas and working permits for expatriates who will provide services to the Company;
- (i) Assisting the Company in the smooth transfer of employees recruited by the Company from THVOW and with the recruitment of other qualified Management Personnel and Working Personnel;
- (j) Assisting SESHK's Affiliate in completing the performance acceptance test of the Yima Plant in a timely manner;
- (k) Assisting the Company to license and sell SGT Proprietary Equipment for a high-pressure gasifier of no less than 3.0MP(a) at the lowest capital cost possible, including the financing of a lump sum turn-key solution for a SGT gasification island;
- (l) Undertaking non-disclosure obligations and liabilities under this Contract and the TUCA; and
- (m) Handling other matters entrusted to it from time to time by the Company and as agreed by THVOW.

8.2 Responsibilities of SESHK

In addition to its other obligations under this Contract, SESHK shall have the following responsibilities:

- (a) Making its contributions to the registered capital of the Company in accordance with relevant provisions of this Contract;
- (b) Performing its obligations under this Contract;
- (c) SESHK commits to the smooth transfer of its key personnel into the Company, so as to ensure that the SGT could can be completely and continuously implemented by the Company (the Company has the right to select the personnel from SES Shanghai who are appropriate for the Company per Section 14.2); in principle,

the Company will execute the employment contracts with the said personnel with remuneration no less than their previous amounts;

- (d) Providing the Company with access to SESHK's global marketing and sales information, and assistance in preparing the marketing and sales plan for the Company as per conditions mutually agreed by the Parties;
- (e) Ensuring that SESHK will be responsible for supplying a complete and workable SGT for projects similar to the ZZ Plant and Yima Plant, and that the Company does not need to make additional payment for the use of SGT by the Company, except for the ***% Sub-license Royalty To GTI.
- (f) Providing the Critical Design Parameters free of charge for every Project which implements SGT;
- (g) Assisting the Company in the purchase of equipment, supplies and raw materials and auxiliary materials manufactured outside the Territory;
- (h) Assisting the Company in the smooth transfer of SES Shanghai's employees recruited by the Company to the Company. Prior to the establishment of the Company, ZCM has the right to select the personnel from SES Shanghai who are appropriate for the Company per Section 14.2), and assisting with the recruitment of other qualified Management Personnel and Working Personnel;
- (i) Assisting the Company to obtain access to lab and bench-scale coal testing services at the ZZ Plant or other operating facilities which SESHK and its Affiliates control, free of charge, provided that the Company provides sufficient free coal to run the ZZ Plant at full capacity for five (5) or more days;

Ensuring that the Company obtains free access to all the coal testing data, currently and in the future, of various coals from SESHK and its affiliate and GTI (if any)
- (j) Providing engineering design reviews for the benefit of the Company as described in the TUCA;
- (k) Providing SGT related documents as described in Annex 2 pursuant to the Contract; if SESHK is found to have deliberately provided false information, or conceal any technology or SGT Know-How described in Annex 2, it shall indemnify the Company for any losses pursuant to the relevant legal requirements;
- (l) Handling other matters entrusted to it by the Company and as unanimously agreed upon from time to time.

*** This information has been omitted in reliance upon Rule 24b-2 under the Securities Exchange Act of 1934, as amended and has been filed separately with the Securities and Exchange Commission.

8.3 Responsibilities of ICCDI

In addition to its other obligations under this Contract, ICCDI shall have the following responsibilities:

- a) Making its cash contributions to the registered capital of the Company in accordance with relevant provisions of this Contract;
- b) Actively assisting the Company in obtaining all necessary approvals, grants, consents, permits, and licenses for the establishment of the Company, including but not limited to, assisting in the attaining of a business license providing a term of validity and scope of business acceptable to both Parties as well as licenses, permits and approvals from the competent authorities and all other required government approvals;
- c) Assisting the Company to obtain the most preferential tax reductions and exemptions and other investment incentives otherwise available to or for the Company under national, provincial or local laws and regulations, if any; and actively assisting the Company to obtain PRC central government endorsement of the SGT technology.
- d) Assisting the Company in the purchase of equipment, supplies and raw materials and auxiliary materials manufactured inside the Territory;
- e) Assisting the Company in arranging for the transportation of imported equipment and materials (if any);
- f) Assisting the Company in applying for and procuring documents and/or licenses, and in carrying out all customs procedures and formalities, for the import of machinery, equipment, materials, supplies and office equipment;
- g) Assisting with the entry visas and working permits for expatriates who will provide services to the Company;
- h) Assisting the Company in the recruitment of other qualified Management Personnel and Working Personnel;
- i) Assisting SESHK's Affiliate in completing the performance acceptance test of the Yima Plant in a timely manner;
- j) Assisting the Company to license and sell SGT Proprietary Equipment for a high-pressure gasifier of no less than 3.0MP(a) at the lowest capital cost possible, including the financing of a lump sum turn-key solution for a SGT gasification island;
- k) Undertaking non-disclosure obligations and liabilities under this Contract and the TUCA; and

l)

- m) Handling other matters entrusted to it from time to time by the Company and as agreed by ICCDI.

8.4 Non-Competition

- (a) During the Joint Venture Term, the Company shall be the exclusive legal entity within the Territory, subject to the provisions in the TUCA, for the marketing and sale of any gasification technology that utilizes SGT Feedstock, even though SESHK acknowledges and agrees that THVOW and/or ICCDI shall continue to manufacture and sell within the Territory gasification equipment outside the scope outlined in paragraph(c) below.
- (b) After the termination of the Company, THVOW and/or ICCDI must obtain written consent from SESHK for the development and marketing of any gasification technology similar to the SGT utilizing the SGT; and after the expiration of the Joint Venture Term, the Parties shall settle such matters according to mutual agreement.
- (c) THVOW and/or ICCDI shall have the right to bid on and manufacture any equipment in the Territory if THVOW and/or ICCDI obtains SESHK's prior written consent to bid on and manufacture other Pressurized Fluidized Bed gasification technology equipment.
- (d) During the Joint Venture Term, THVOW and/or ICCDI shall sell only through the Company, any proprietary equipment to the Projects that utilize the SGT within the Territory (excluding the event where a customer only purchases an SGT license and is not willing to purchase equipment from THVOW and/or ICCDI or the Company). If the Company intends to develop any other gasification technology, it shall be submitted to the Board for unanimous Board approval.

9. ENVIRONMENTAL PROTECTION

The Company shall comply with currently effective environmental protection, health and safety, and other compliance rules of the PRC imposed on the Company during the operation and shall undertake any costs of bringing the Company's operations (but not the individual operations of either Party hereto) into compliance with any subsequent officially-promulgated environmental protection, health and safety, and other compliance rules of the PRC imposed on the Company.

10. PURCHASE OF MATERIALS

In accordance with this Contract, the Company shall be entitled to purchase and acquire necessary raw materials, tools, machines and equipment, parts, office supplies and services for the establishment and operation of the Company, from both the domestic and international market on a best value basis. THVOW will assist the Company in obtaining raw materials, utilities services and on-site support, per the above. All such raw materials, machines and equipment, and parts shall be in compliance with the applicable quality standards of the Company and PRC laws and regulations. The Company shall have the right to utilize the service of THVOW, SESHK or any third party for purchase of, or may directly purchase parts, materials and office supplies from overseas markets, subject to approval by the Board of Directors of the Company. The Parties shall use their best efforts to procure the lowest possible prices for the materials to be purchased by the Company.

11. BUSINESS DEVELOPMENT AND OPERATION

11.1 Development of Business

- (a) The Company's main focus shall be the marketing and sub-licensing of the SGT, the sale of SGT Proprietary Equipment and other equipment, and the sale of Services.
- (b) In furtherance of paragraph (a) above, the Company shall develop specific marketing materials and websites for each country in the Territory, promote the SGT at industry conferences, make all reasonable efforts to have the PRC central government endorse the SGT technology host events for prospective customers, maintain prospects lists and organize all other activities typical of a well-managed and aggressive sales and marketing effort.

11.2 Business Implementation

- (a) The Company will grant technology sublicenses, sell SGT Proprietary Equipment and other related equipment, and provide Services to third parties in the Territory.
- (b) The Company will endeavour to further expand the scope of supply of equipment from only SGT Proprietary Equipment to also including other gasification upstream and downstream technology, equipment and pre-fabricating modularization of equipment (if applicable).

11.3 Engineering, Procurement and Construction

The Company will endeavour to expand the scope of supply of equipment and engineering design with a key objective to eventually include turnkey gasification island offerings with expansion to gas cleaning.

12. BOARD OF DIRECTORS AND BOARD OF SUPERVISORS

12.1 Establishment

The Board of Directors of the Company shall be established by the Parties and shall hold its first meeting within thirty (30) days of the Establishment Date.

12.2 Composition and Term

The Board of Directors shall be composed of eight (8) Directors, of whom four (4) shall be appointed by THVOW, two (2) by SESHK and two (2) by ICCDI. THVOW shall appoint the Chairman of the Board, SESHK shall appoint the Deputy Chairman. The tenure of Directors on the Board, including Chairman and Deputy Chairman, shall be no more than three (3) years. Directors may be permitted to serve another term if re-appointed. Any vacancy created in the Board of Directors shall be filled by the Party which originally appointed the absent Director causing the vacancy. Any Party may at any time remove for any reason any or all of the individuals appointed by such Party as a Director and appoint in lieu thereof another individual or individuals to serve the remainder of the relevant term(s).

12.3 Legal Representative

The Chairman of the Board shall be the legal representative of the Company and shall act in accordance with the specific decisions, resolutions and instructions of the Board of Directors. Whenever the Chairman is unable to fulfil his/her duties to call and preside over a board meeting, the Deputy Chairman has the right to act for and on his/her behalf.

12.4 Authority

The Board of Directors shall be the highest authority of the Company and shall make decisions on all major and important matters of the Company. The rules of procedure governing the Board of Directors and its powers and responsibilities are set forth in this Contract and the Articles of Association.

12.5 Personal Liability of Directors

A Director, including the Chairman and Deputy Chairman, shall not have personal liability for action he/she undertakes on behalf of the Company within the scope of authority of this Contract, the Articles of Association or the Board resolutions unless his or her action:

- (a) is outside the scope of the approval or authorization by this Contract or the Board resolution; or
- (b) is in breach of Articles 147-151 of the Company Law of the PRC; or
- (c) is in breach of the laws and regulations of the PRC at the time.

Any Director, including the Chairman and Deputy Chairman, acting in violation of this Contract or Board resolutions shall indemnify and hold harmless the Company against all losses caused to or liabilities and expenses incurred by the Company. The Company shall, to the extent permitted by law, indemnify any Director for damages or losses incurred in good faith by such Director in the performance of his or her obligations.

12.6 Matters to be decided by the Board

Matters to be decided by the Board shall be approved by a simple majority vote of the Directors except for the matters listed below which shall require a unanimous vote of Directors:

- (a) Amendment to the Contract and the Articles of Association;
- (b) Termination, liquidation or dissolution of the Company ;
- (c) Increasing, reducing or transferring the registered capital of the Company;
- (d) Merger of the Company with another entity or separation of the Company;
- (e) Any matters relating to the IPO or listing of the Company, including transforming the Company to be a joint stock limited company;
- (f) Capitalization, separation, liquidation, voluntary winding-up, or dissolution of the Company, or commencement of any bankruptcy, liquidation or winding- up procedures;
- (g) Issuing any bond of the Company, borrowing, lending or guarantee of an amount exceeding RMB 50,000,000 each or making of a restructuring or other arrangements with creditors;
- (h) Approval of the annual budget (i.e. the operating plan, forecasted revenues and forecasted expenses) and final account, investment plan, and profit distribution plan; approval of any capital expenditure, investment or other purchase of tangible or intangible assets by the Company exceeding by ten percent (10%) of the approved annual budget;
- (i) Company's redeeming, purchasing or otherwise buying the shares or debt from a Party;
- (j) Any transfer, sale, lease or other manner of disposition of, or the granting of a mortgage, pledge or lien on any intellectual property;
- (k) Approval of the participation by the Company in any project of any competitor of SESHK's existing or potential global partner;
- (l) Entering into any related-party transaction that is not on an arm's length basis;
- (m) Adopting the business plan setting forth the guidelines and procedures for continuing the operation of the Company after substantial losses sustained by the Company for four (4) out of eight (8) consecutive quarters;

- (n) Deciding on the branding and/or trademarks of the Company;
- (o) Deciding the policy and procedure for protecting Confidential Information;
- (p) Other issues that are unanimously agreed by the members of Board to be decided by the Board.

12.7 Deadlock

In the event of a deadlock the Parties will follow relevant laws and will work in good faith to try and resolve such deadlock.

12.8 Board Meetings

The regular meetings of the Board of Directors shall be held at least two (2) times per calendar year, with each regular meeting to be held no later than twenty (20) days before closing of each half of that calendar year, unless otherwise agreed by the Parties. Meetings of the Board of Directors shall normally be held at the registered address of the Company at the date as set by the Chairman, but may be held at the alternative location and/or date as proposed by one Party if the other Party expresses no objection to such proposal or, though expresses objection, fails to propose an alternative location and/or date for the meeting within two (2) weeks of the originally proposed date by the first Party, where the other Party shall be deemed to be in attendance and counted for the purpose of the quorum.

12.9 Interim Board Meeting

Within three (3) days after the receipt of the written proposal by at least one-third (1/3) of the Directors requesting that an interim Board meeting be held, either the Chairman or the Deputy Chairman shall send a written notice calling an interim Board meeting. Interim Board meetings shall be held, in principle, in the form of teleconference or video-conference.

12.10 Notice of Meetings

The written notice shall be sent at least twenty (20) days prior to any Board meeting specifying the agenda, time and place of the meeting. Such notice may be waived by the unanimous consent of all Directors attending (in person or by proxy) the meeting. A Board meeting shall be convened not less than twenty (20) days or more than thirty (30) days from the date of the notice.

12.11 Emergency Board Meeting

In extraordinary circumstances requiring immediate action by the Board and otherwise as provided in this Contract, the Chairman or the Deputy Chairman may call an emergency meeting of the Board. The Chairman shall send written notice at least twenty-four (24) hours prior to any emergency meeting, specifying the agenda, time and place of the meeting.

12.12 Attendance

A Director may attend a Board meeting in person, by conference telephone or designating another person by proxy to vote in his place. Such designation shall be in writing and signed by the Director, and shall identify the meeting or meetings at which the person may act as a proxy and any instructions that may be applicable to the proxy. A Director may appoint another Director as his proxy. A person acting as a proxy may do so for more than one (1) Director.

12.13 Quorum for Meetings

The quorum for a Board meeting shall consist of two-thirds (2/3) of the Directors present in person or by conference telephone or by proxy, with each Party having at least one (1) Director present. However, if a proper notice to convene a Board meeting has been given and if the Directors appointed by a Party fail to attend the meeting by themselves or by proxy or by conference telephone, and therefore a quorum is not present as aforesaid, such Board meeting shall be adjourned and reconvened at the same location and time fifteen (15) days later. If, at the reconvened Board meeting, these Directors still fail to attend by themselves or by proxy or by conference telephone, the present Directors shall vote in respect of the resolution(s) (the proposal of which shall have already been set out in the enclosures of the notice of the Board meeting). Resolutions passed in such manner shall have full legal effect.

12.14 Voting

The Directors may vote on any matters by attending meetings in person, by telephone conference or by proxy. Each Director, including the Chairman and Deputy Chairman, shall have only one vote. Matters not requiring a unanimous vote by the Board of Directors shall be decided by a simple majority vote of the Directors at a meeting at which a quorum is present.

12.15 Written Consent

The Board of Directors may conduct any business and make decisions and take actions that could have been otherwise duly taken pursuant to a Board meeting by means of a unanimous written consent in lieu of a meeting.

12.16 Compensation and Expenses

The Company shall not pay any fee, remuneration or subsidy to any Director for his/her attendance at a Board meeting. The Company shall reimburse a Director for reasonable expenses incurred in respect of travelling, accommodations and other living expenses to attend Board meetings.

12.17 Minutes

Minutes shall be kept for each Board meeting and signed by all Directors present at the Board meeting in person or by proxy. In order to facilitate the smooth conduct of Board meetings, the Deputy Chairman shall appoint a “designee” for the purpose of the Board meeting. The duties of such designee shall be to take detailed minutes of the Board meeting, procure the proper signatures for the adoption of such minutes, translate or arrange for the translation of documents and dispatch documents relating to the Board meeting to the Directors. Minutes of the Board meeting shall be maintained in both Chinese and English. Copies of the minutes in both Chinese and English languages shall be sent to THVOW, ICCDI and SESHK at the addresses set forth in Article 28.6 herein.

12.18 Appointment of the Supervisors

- (a) The Company shall have two (2) Supervisors, one (1) of whom shall be appointed by THVOW, and one (1) of whom shall be appointed by SESHK. The chairman of the Board of Supervisors shall be appointed by THVOW. At the execution of the Contract and the Articles of Association, one (1) Supervisor shall be appointed at each time and each Party shall notify in writing the other Party of the names of its appointee(s).
- (b) Each Supervisor shall be appointed for a term of three (3) years and may serve consecutive terms if reappointed by the Party originally appointing that Supervisor. A Supervisor shall serve and may be removed at the discretion of the Party which appointed that Supervisor. If an office of a Supervisor is vacated by the retirement, resignation, illness, disability or death of such Supervisor or by the removal of such Supervisor by the Party which originally appointed that Supervisor, the Party which originally appointed such Supervisor shall appoint a successor to serve out such Supervisor's remaining term.
- (c) No member of the Board or Management Personnel may concurrently serve as Supervisor.

12.19 Powers of the Supervisors

- (a) To supervise the management of the Company, the Supervisors may take the following actions:(i) inspect accounting records, vouchers, books and statements of the Company; (ii) supervise the duty-related acts of the Directors and Management Personnel, to put forward proposals on the removal of any Director or Management Personnel who violates any law, administrative regulation, the bylaw or any resolution of the Board meeting; (iii) request the Board members and the Management Personnel to rectify their conducts which are prejudicial to the interest of the Company;(iv) propose to call interim shareholders' meetings, to call and preside over shareholders' meetings when the Board of Directors does not exercise the function of calling and presiding over Board meetings as prescribed under the PRC Company Law; (v) attend meetings of the Board and to make queries or suggestions regarding matters to be resolved by the Board; (vi) conduct investigation in respect of any abnormal operation of the Company; (vii) put forward proposals at Board meetings; and (viii) initiate actions against Directors or Management Personnel according to Article 152 of the PRC Company Law.

- (b) Each Supervisor shall serve the Company in such capacity without any remuneration, but all reasonable costs incurred by the Supervisors in the performance of their duties as Supervisor of the Company shall be borne by the Company.

12.20 Further Policies and Procedures

The Company shall abide by any other policies and procedures adopted by the Board. The Parties shall take all appropriate actions to cause the Board of Directors and board of Supervisors to adopt standards of conduct and business practices in conformity with the laws and regulations of the PRC and such laws and regulations which apply to SESHK's operations outside the United States, provided that they do not conflict with the laws and regulations of the PRC.

13. MANAGEMENT ORGANIZATION

13.1 Establishment

- (a) The Board of Directors shall establish a management organization comprised of Management Personnel who shall be in charge of the day-to-day operations and management of the Company. The management organization shall include and be headed by one (1) General Manager. The General Manager shall establish the management team subject to the approval of the Board. The General Manager shall be nominated by ICCDI.
- (b) The Management Personnel shall also consist of, three (3) Vice General Managers, one (1) Chief Technology Officer, one (1) Chief Financial Officer, and one (1) Chief Accountant. One (1) Chief Financial Officer and two (2) Vice General Managers (including one in charge of marketing) shall be nominated by THVOW. Another Vice General Manager, Chief Technology Officer, and the Chief Accountant shall be nominated by SESHK. Material financial matters shall be subject to the mutual decision of the Chief Financial Officer and the Chief Accountant and shall be managed in accordance with the financial delegation of authority of the management policies of the Company.

- (c) The candidates shall be officially appointed following approval by the Board of Directors. Each Party agrees to cause the Directors appointed by it to approve the other Parties' nominees for the Management Personnel. The tenure of the Management Personnel shall be no more than four (4) years, but they may be permitted to serve subsequent terms. If it becomes necessary, due to dismissal or resignation, to replace a member of the Management Personnel, the Party which originally nominated such individual shall nominate a replacement to serve the remainder of the relevant term.

13.2 The General Manager shall be responsible for carrying out the decisions of the Board of Directors and organizing and directing the day-to-day operations of the Company. Specifically, the General Manager shall perform the following duties:

- (a) to implement the resolutions of the Board;
- (b) to manage the Company to ensure the purpose of the Company is achieved, as outlined in Article 4.1;
- (c) to be responsible for the profits (or losses) of the Company;
- (d) to draft the annual financial budget and annual accounts of the Company for the Board's approval;
- (e) to stipulate the basic management rules and specific regulations of the Company;
- (f) to work on the rational and efficient allocation of Company resources (e.g. capital resources, human resources, etc.);
- (g) to oversee the dedicated business development personnel;
- (h) to manage the personnel responsible for developing business;
- (i) other matters as delegated by the Board.

13.3 The Chief Financial Officer and the Chief Accountant shall be responsible for the supervision and maintenance of proper records and forecasts of the Company's financial performance. The Vice General Manager shall be responsible for assisting General Manager for the operations of the Company. The mechanical engineer shall be the main interface with THVOW for equipment procurement and shall be responsible for equipment mechanical specifications, materials selection, engineering, fabrication techniques, and quality control which include all shop and field inspections (pressure tests, all NDT methods and related inspections) of materials and fabrication quality. The Chief Technology Officer shall be responsible for technical support to technical pricing in sales, marketing or customer proposals, process design and SGT performance, PDPs, SGT Proprietary Equipment process specifications, all other gasification system equipment process specifications, non-equipment engineering design packages, technical proposals, operating instructions and all other process related gasification-related matters. The Marketing Director shall be responsible for the marketing and sales of SGT and SGT related equipment for the Company.

13.4 Indemnification to the Management

The specific powers and responsibilities of Management Personnel shall be prescribed in the relevant provisions of the Articles of Association of the Company. Except for gross negligence, no Management Personnel shall have any personal liability for any acts performed in good faith, in the normal course of their employment and within the scope of activities permitted to be engaged in by such Management Personnel as set forth in this Contract and the Articles of Association.

13.5 Compensation

Matters such as salaries, wages, subsidies, benefits, insurance, allowances, rewards and other compensation matters of Management Personnel, except for Seconded Personnel, shall be stipulated in the Labour Contract between the Company and such Management Personnel.

13.6 Confidentiality and Non-Competition

Each member of the Management Personnel shall, as a precondition to employment by the Company, execute a written agreement in form and substance acceptable to the Board which shall contain provisions prohibiting the disclosure of confidential information obtained during the course of employment with the Company and prohibiting such personnel from competing with the business of the Company.

Except for Seconded Personnel, all Management Personnel are forbidden from concurrently serving or working in any other company, unit, entity or organization whatsoever unless approved in writing by the Board.

13.7 Management By-laws

The Company shall publish Management By-laws, which shall regulate coordination of responsibilities within management, reporting and work procedures; areas of responsibility, decision-making competency, any other issues decided by the Board.

The said Management By-laws, as approved by the Board at the first Board meeting, shall be provided in both Chinese and English.

14. LABOUR MANAGEMENT

14.1 Enterprise Autonomy

The Company shall have all possible autonomy under the laws and regulations of the PRC concerning the recruitment, employment, compensation, welfare benefits, procurement of labour insurance, promotion, discipline and dismissal of Working Personnel. The labour policies of the Company shall be determined in accordance with applicable PRC labour law, labour contract law and regulations and the relevant local rules on labour management in foreign investment enterprises.

14.2 Employment

The Company shall have right to select from SES Shanghai. The Company and SESHK will consult with each other on the remuneration of such SES Shanghai employees, and execute a separate memorandum on the employment of such employees within ten (10) working days of the execution of this Contract.

The qualification and number of Working Personnel shall be determined in accordance with the operating needs of the Company as determined by the Board. Each Working Personnel shall, as a condition to employment by the Company, execute a Labour Contract with the Company, to the extent permitted by the labour laws and regulations of the PRC. Working Personnel shall observe the various rules and regulations of the business of the Company in fulfilling their respective tasks.

Prior to the establishment of the Company, various SES Shanghai employees provided services to the ZZ Plant and the Yima Plant. Should the ZZ Plant require such services or support after the establishment of the Company, the Company shall provide such services or support, as reasonably requested, at cost. Should the Yima Plant require such services or support after the establishment of the Company, the Company shall provide such services or support, as reasonably requested, at a reasonable mark-up.

14.3 Compensation Packages and Labour Protection

Matters such as compensation, wages, subsidies, benefits, insurance, allowances, rewards, and other compensation matters of Working Personnel shall be stipulated in the Labour Contract between the Company and each Working Personnel; the provisions therein shall be in compliance with Applicable Law.

The Company shall conform to rules and regulations of the Chinese government concerning labour protection. Working Personnel shall have the right to establish a Labour Union in accordance with the applicable laws.

14.4 Training

All candidates, except for the Management Personnel and the personnel taken over from SES Shanghai to the Company, must satisfactorily complete the training program(if any) specified in their Labour Contracts and a subsequent probationary period of work before they will be officially considered employees of the Company. An employee's direct supervisor shall have right to decide, on behalf of the Company, whether such persons have successfully completed their probationary period and shall be granted employment, or that such persons shall not be granted employment for whatever reasons, including lack of qualification or otherwise. Any person to whom the Company does not offer employment after the probationary period shall be given notice before dismissal.

15. ANNUAL OPERATING PLANS AND BUDGETS

15.1 Preparation

The General Manager shall be responsible for the preparation of the annual operating plans and budgets of the Company. The operating plan and budget for the next fiscal year shall be submitted to the Board of Directors for examination and approval prior to November 1st of each year and shall include detailed plans and projections regarding:

- (a) capital expenditures of the Company;
- (b) estimated revenues, expenditures and profits of the Company;
- (c) staffing levels and plans for training personnel of the Company; and
- (d) marketing and Project development plans and policies.

15.2 Examination and Implementation

The Board of Directors shall complete its examination and approval of each annual operating plan and budget for the next fiscal year prior to the end of December 31st of each year. The Management Personnel shall be responsible for the implementation of the annual operating plan and budget as approved by the Board.

16. TAXATION, THREE FUNDS AND PROFIT DISTRIBUTION

16.1 Tax Treatment

The Company shall pay taxes in accordance with relevant Chinese laws and regulations and shall enjoy all preferential tax and customs treatment available to it under the PRC law. In order to confirm the tax treatment applicable to the Company, the Parties shall, immediately after the Establishment Date, procure that the Company submit an application to the appropriate tax authorities of China requesting confirmation of the tax and duty exemptions, reductions and other preferences to be accorded to the Company.

Furthermore, with the Assistance of THVOW, the Company shall also apply for any other reductions of or exemptions from relevant taxes and customs duties which are now available or will become available to the Company under any of the laws and regulations of the PRC.

16.2 Statutory Common Reserve

After fully making up accumulated losses of previous years, if any, and payment of taxes in accordance with the relevant laws and regulations of the PRC, the Company shall allocate and reserve ten percent (10%) of its annual after-tax profits as the Company's statutory common reserve. The Company may stop allocating and reserving the profits if the aggregate balance of the common reserve accounts for over fifty percent (50%) of the Company's registered capital. After the Company has drawn statutory common reserve from the after-tax profits, it may, upon a resolution made by the Board meeting, draw a discretionary common reserve from the after-tax profits. The amount to be drawn as statutory common reserve shall be decided by the Board annually in accordance with the financial status of the Company and pursuant to the laws and regulations of China.

16.3 Profit Distribution

- (a) After paying taxes in accordance with the law, making up losses and making contributions to the statutory common reserve, the remaining earnings of the Company shall be available for dividend distribution to the Parties. The Parties hereby agree that as long as the Company has eighteen (18) months of working capital reserved that the Company shall distribute to the Parties the profits in that fiscal year above the amount required to maintain eighteen (18) months of working capital. Distributable profits shall be distributed to the Parties within thirty (30) days of a Board resolution stipulating the distribution of such distributable profits to the Parties. Each Party shall procure that its Directors shall vote in favour of a resolution of any Board member proposing the distribution of the profits as outlined in this paragraph to the Parties. Such profits shall be distributed to a Party according to such Party's proportion of its paid-in registered capital at the time such profits were earned.
- (b) The Company shall not distribute dividends unless the losses of previous fiscal year(s) have been fully made up. Remaining undistributed dividend from previous years must be distributed together with that of the current year and the Board of Directors shall authorise the payment of dividends from undistributed dividends from previous years at any time so long as the Company has eighteen (18) months of working capital reserved.

17. FINANCIAL AFFAIRS AND ACCOUNTING

17.1 Accounting System

- (a) The Company shall maintain its accounts in accordance with the regulations in respect of the financial management and accounting system of foreign-invested enterprises enacted by the Ministry of Finance of the PRC and any other officially promulgated PRC laws and regulations and the provisions of this Contract and the Articles of Association. The Chief Financial Officer and the Chief Accountant, under the supervision of the General Manager, shall establish the accounting system and procedures for the Company in accordance with the enterprise accounting system and other relevant regulations. The accounting system and procedures to be adopted by the Company shall be submitted to the Board for approval. Once approved by the Board, the accounting system and procedures shall be filed with the relevant local department of finance and the tax authorities for record purpose.

- (b) The Company shall submit reports relating to the usage of foreign investment in accordance with the laws and regulations on statistics and the statistical system of the State and of the Municipality where it is incorporated (if any) concerning the usage of foreign investment.
- (c) The fiscal year of the Company shall start on January of the year and end on December 31 of the same year. The first fiscal year of the Company shall commence on the Establishment Date and end on December 31 of the same year. The last fiscal year of the Company shall start on January 1 of the year of termination and end on the date of termination.

17.2 Books and Records

The Company shall keep true and correct records and accounts in accordance with applicable PRC accounting laws. All accounting records, vouchers, books and statements of the Company shall be made and kept in Chinese, however, on the other hand, the Company shall provide financial reports to SESHK in English on a quarterly basis in accordance with USGAAP.

17.3 Inspection of Books and Records

Each Party shall have the right to examine and copy all books of account, records, vouchers, contracts and documents of any kind that are necessary or appropriate for monitoring the financial performance of the Company. Each Party may make such examination and copies during the Company's normal business hours, provided that such examination and copying do not unreasonably interfere with the business operations of the Company. Each Party may exercise such rights through its agent or employee or by an independent accounting firm designated by the Party (at its own cost).

17.4 Accounting Unit

The currency of accounts of the Company shall be Renminbi. When foreign currency transactions take place, the foreign currency amount will be converted into the reporting currency for recording purposes. Any increase or decrease in the balance of accounts relating to foreign currency transactions shall be translated into the currency of account in accordance with the official Foreign Exchange rate announced by the People's Bank of China on the transaction date or on the first day of the month when the transaction takes place.

17.5 Reports

The Company shall prepare and provide to the Parties:

- (a) Within ninety (90) days after the last day of each fiscal year, the balance sheet of the Company as of the end of such fiscal year and the related profit and loss statement and statement of cash flows for the fiscal year then ended, in each case audited as provided below.
- (b) Within thirty (30) days after the last day of each financial quarter, the unaudited balance sheet of the Company as of the end of such quarter and the related profit and loss statement (for such quarter and for the year-to-date).
- (c) Within thirty (30) days after the last day of each month, (i) a profit and loss statement for such month; and (ii) a forecast/outlook for the remainder of the current fiscal quarter, which shall include, without limitation, the number of personnel, revenue, cash balance and expenses.

17.6 Audit

A qualified independent accounting firm, licensed in China, shall be engaged by the Company as its auditor, which shall be the same auditor as engaged by THVOW, to examine and verify the annual financial statements of the Company and shall submit the audit report to the Board and the General Manager. Either Party shall also have the right to appoint an accountant registered in China or abroad to audit the accounts of the Company. The expense of the auditor shall be borne by the Party appointing the auditors. Unless the result of any such auditor is significantly different from that conducted by the Company's auditor and are accepted by the Board, the expense of such audit shall be borne by the Company. The Company will permit such accountant to have access to the Company's books and records and Management Personnel and will provide such accountant with office space and all other reasonable facilities to enable the accountant to carry out the audit.

17.7 Additional Reports and Provision of Returns

The Company shall provide, without charge, to any Party that may so request a copy of each tax return and report that it is required to file with any governmental entity in sufficient time prior to such filing to permit its review by such Party prior to filing.

18. BANK ACCOUNTS AND FOREIGN EXCHANGE

The Company shall open RMB deposit accounts and Foreign Exchange deposit accounts with authorized banks in China, and the procedures for issuing and signing checks shall be implemented in accordance with the management policies of the Company. The Company may also open Foreign Exchange deposit accounts with foreign banks outside China as designated by the Board of Directors subject to approval by the relevant government authorities.

19. CONFIDENTIALITY

- (a) Each of the Parties acknowledges and agrees that the disclosure of its obligations under this Contract and the agreements and documents referred to herein to which it is a party will involve the disclosure of Confidential Information.
- (b) The Parties shall use all Confidential Information only for the purposes specified in this Contract, the Annexes and the other agreements and documents contemplated herein and therein to which it is a party, and shall not disclose any Confidential Information to third parties without the prior written consent of the Party providing such Confidential Information; provided, however, that a Party may be permitted to disclose Confidential Information received by it to its Affiliate(s) when such disclosure is necessary for such Party to carry out its obligations under this Contract, the Articles of Association or the other agreements referred to herein upon the execution of a non-disclosure agreement (which shall hold the receiving party to the same standard of confidentiality as the transmitting party) between such Affiliate(s) and the Party providing the Confidential Information.
- (c) The Company, the Parties and their respective Affiliates that receive Confidential Information shall make such Confidential Information available only to those of their directors, managers and personnel whose duties necessitate familiarity with such Confidential Information and shall cause such directors, managers and personnel also to comply with the confidentiality obligations set forth in Article 19(b).
- (d) The confidentiality obligations set forth in this Article 19 shall survive the termination or expiration of this Contract.
- (e) The Parties acknowledge and agree that SESHK has entered into this Contract under the condition that the SGT, the SGT Know-How and all other relevant intellectual property will be protected by THVOW, ICCDI and the Company and that THVOW, ICCDI and the Company shall protect all Confidential Information related to the SGT, and SGT Know-How and ensure that all such information is not transmitted to third parties and will be returned to SESHK at the end of the Joint Venture Term or upon liquidation of the Company and shall not be used by THVOW, ICCDI or the Company except as specifically authorized under this Contract or under the TUCA.

- (f) This aforesaid confidentiality provisions under this Article 19 shall not jeopardize, surpass, substitute or impact the Technical Non-disclosure Agreement already entered into between THVOW and Synthesis Energy Systems, Inc. on October 11, 2009.

20. DURATION OF THE COMPANY

The term of the Company established under this Joint Venture Contract and the Articles of Association shall be twenty (20) years, commencing on the date of issuance of the Company's Business License by the relevant administration for industry and commerce (the “**Joint Venture Term**”).

One (1) year prior to the expiry of the Joint Venture Term, the Parties shall enter into discussions regarding the extension of such term. If the Parties agree to extend the Joint Venture Term, they shall enter into a written extension agreement and apply to the Examination and Approval Authority for approval no less than six (6) months prior to the expiration of the Joint Venture Term. The Joint Venture Term may be extended only upon the execution of the written extension agreement by the Parties and approval of the Examination and Approval Authority.

21. EARLY TERMINATION

This Contract may be terminated in the event that any of the conditions or events set forth below occurs:

- (a) There occurs a material breach of this Contract and such breach is not cured by the breaching Party within sixty (60) days after receipt of written notice of the breach from the non-breaching Party. In such case, the non-breaching Party may give notice of termination to the breaching Party.
- (b) The Company, THVOW, ICCDI or SESHK materially violates or fails to perform under the TUCA, and fails to timely rectify its breach or non-performance in accordance with the TUCA, and as a result, the non-breaching Party is entitled to terminate this Contract and the TUCA at its own discretion.
- (c) The Company is unable to achieve positive Net Income within 24 months after its establishment or, after such initial 24 month period, does not achieve positive Net Income in any two (2) consecutive years or sustains substantial losses for four (4) out of eight (8) consecutive quarters and the Company is unable to attain its business goals and, after consultation, the Parties are unable to agree on a business plan to improve the economic situation of the Company. In such case, either Party may give notice of termination.

- (d) Total or partial performance of this Contract is prevented by an Event of Force Majeure lasting for more than ninety (90) days and, after consultation, the Parties are unable to agree on a method to perform this Contract. In such case, either Party may give notice of termination.
- (e) The Parties unanimously agree to terminate this Contract and agree on the terms for the dissolution of the Company.

Where the TUCA is terminated pursuant to Article 21(b) or other provisions herein, the Company shall be liquidated in accordance with Article 22.1.

In case this Contract is terminated early upon the occurrence of any of the above circumstances, the Parties shall observe and abide by the requirements and consequences as stipulated in Article 22.3.

22. LIQUIDATION AND DISSOLUTION

22.1 Liquidation

Upon the adoption of a unanimous Board resolution to terminate this Contract pursuant to Articles 12.6 and approval by the Examination and Approval Authority to dissolve the Company, the Parties shall cause the Directors appointed by them to adopt a resolution to liquidate the Company and establish a liquidation committee. The composition, powers and functions of the liquidation committee, formulation of liquidation procedures, and payment of liquidation proceeds shall be set forth in the Articles of Association.

In the event of a liquidation of the Company, any of THVOW's and ICCDI's paid-in registered capital contribution to the Company after deduction of the dividends should be, or already received by THVOW and ICCDI before liquidation, shall be returned to THVOW and ICCDI in priority within the existing liquid assets (excluding the intangible assets); and SESHK shall not be entitled to such funds; and any remaining cash current net assets shall be distributed to the Parties according to the respective ownership percentage.

22.2 Effect of Dissolution or Sale as a Going Concern

The dissolution of the Company or sale of the Company as a going concern, shall not release a Party from its liability to pay any sums of money accrued, due and payable to the other Party, or to discharge its then-accrued and unfulfilled obligations including any liability to the Company or the other Party in respect of any breach of this Contract pursuant to the provisions hereof.

Notwithstanding the foregoing, prior to the liquidation of the Company, SESHK shall have (i) the right to take out from the premises of the Company any materials relating to SGT provided by SESHK, including any proprietary property provided to the Company pursuant to this Contract and any other documents, drawings, data, or information in any form; and (ii) have the right of first refusal to purchase any SGT-related intellectual property legitimately owned by the Company on the same conditions that would be afforded to any reasonable buyer. If the Company and SESHK cannot agree on such value then SESHK shall be entitled to appoint an independent valuation firm to appraise the value of such SGT related intellectual property.

22.3 Termination

- (a) After the liquidation of the Company is completed and the Company has been effectively dissolved, the Parties shall terminate this Contract and the Articles of Association in writing via their respective authorized representative(s).
- (b) Upon termination of this Contract for whatever reason, the Company shall return to SESHK the SGT related information injected as equity contribution from SESHK and any material containing SGT information or SGT Know-How. Any Improvement developed after the establishment of the Company shall be settled pursuant to the terms of the TUCA. After the establishment of the Company, any Know-How related materials developed by a Party, shall be returned to such Party.
- (c) Immediately after termination or expiration of this Contract, the Company and THVOW/ICCDI shall no longer be entitled to use SGT or SGT Know-How, subject to the terms of TUCA and above item of 22.2.(the technology developed by the Company shall belong to the Parties and under such circumstance, a purchase to the other parties can be done through consultation).
- (d) Termination or expiration of this Contract shall constitute an automatic termination of the Technology Usage and Contribution Agreement and, as a result, a termination or expiration of any authorization to use SGT or SGT Know-How.

23. LIABILITY FOR BREACH OF CONTRACT

23.1 Breach of Contract

If a Party fails to perform any of its material obligations under this Contract, or if a representation or warranty made by a Party under this Contract is materially untrue or inaccurate, the Party shall be deemed to have breached this Contract.

23.2 Failure to Pay Capital Contributions

Provided that each of the conditions in Article 5.4 has either been expressly fulfilled or waived by the Parties, should one of the Parties fail to pay any portion of its contribution to the registered capital of the Company at the time and in the amounts stipulated in Article 5 of this Contract, such Party shall be deemed to be in breach of the Contract and, in addition to any liability it may incur for such breach, such Party shall pay to the Company a late contribution penalty at a monthly rate equal to the then applicable lending rate of the same kind and duration which is published by the People's Bank of China for Renminbi loans on the amount of the contribution due and unpaid for as long as such contribution is due and unpaid.

23.3 Indemnity for Breach of Contract

- (a) If the Company suffers any loss, including but not limited to lost profits, as a result of a breach of this Contract by either Party, then the breaching Party shall indemnify and hold the Company harmless in relation to such loss. If the non-breaching Party suffers any loss, including but not limited to lost profits, as a result of a breach of this Contract by the breaching Party, the breaching Party shall indemnify and hold the non-breaching Party harmless in relation to such loss incurred by the non-breaching Party.
- (b) Unless it is otherwise agreed herein, in the event that any Party fails to make its contributions to the registered capital of the Company, the contributing party has the right to terminate the Contract.

23.4 Continued Implementation of Contract

During the period of breach, the Parties shall in all other respects continue their implementation of this Contract.

24. INSURANCE

The Company shall, at its own cost and expense and at all times during the operation of the Company, procure and maintain full and adequate insurance coverage in a manner prudent and advisable for the Company. The relevant insurance policies may be obtained from any insurance company authorized to provide such policies in the PRC. The types of insurance (which shall include product liability insurance) and the value, duration and denomination of the currency of the premiums and insurance proceeds shall be determined by the Board of Directors based upon the recommendation of the General Manager based on the practices of similar business in other countries and the actual circumstances in the PRC.

25. FORCE MAJEURE

25.1 Performance of Obligations

If any Party is prevented from performing any of its obligations due to an Event of Force Majeure, the time for performance of the obligations under this Contract specifically prevented from performance by such Event of Force Majeure shall be extended by a period equal to the period of delay caused by such Event of Force Majeure. A Party claiming inability to perform due to an Event of Force Majeure shall take appropriate means to minimize or remove the effects of the Event of Force Majeure and, within the shortest possible time, attempt to resume performance of the obligation(s) affected by the Event of Force Majeure. If an Event of Force Majeure occurs, no Party shall be responsible for any damage, increased costs or loss which the other Parties may sustain by reason of such a failure or delay of performance, and such failure or delay shall not be deemed a breach of this Contract. All other obligations under this Contract and the time for performance thereof shall remain unaffected.

25.2 Notice

The affected Party shall immediately notify the other Party of the occurrence of any Event of Force Majeure and shall provide available evidence thereof. Should the delay caused by any Event of Force Majeure continue for more than ninety (90) consecutive days, the Parties shall settle the issue of further performance of this Contract through friendly negotiations in accordance with Article 27(a) and (b).

25.3 Continued Implementation of Contract

During the period of an Event of Force Majeure, the Parties shall in all other respects continue their implementation of this Contract.

26. APPLICABLE LAW

The laws or regulations of the PRC which are officially published and publicly available shall apply to and govern the formation, validity, interpretation and implementation of this Contract. In the event that there is no officially published and publicly available law of China governing a particular matter relating to this Contract, reference shall be made to the relevant provisions in any treaty to which the PRC is a member or signatory. If there is no such applicable treaty provision, then reference shall be made to general international practices.

27. DISPUTE RESOLUTION

In the event of a dispute arising out of or relating to this contract, including any question regarding its existence, validity or termination, the Parties shall first seek settlement of that dispute by friendly consultation. Upon the occurrence of a dispute, then any Party is entitled to send a notice to the other Party (the “ **Reconciliation Notice** ”), to require the Parties to attempt to solve this dispute matter through reconciliation within one (1) month after its occurrence, during which time the Parties shall attempt in good faith to resolve the disagreement and shall cause their respectively designated high level representatives (the “ **Dispute Representatives** ”) to enter into a period of thirty (30) days to negotiate to attempt to resolve the disagreement.

If the Dispute Representatives have not agreed upon the matter in issue within thirty (30) days, any Party is entitled to request the joint appointment of an internationally recognised independent expert in the area related to the matter in issue (the “ **Expert** ”) to resolve the matter in dispute, provided that, in making its determination, the Expert shall consider the interests of the Company. Such Expert's determination shall be non-binding on the Company and the Board. The Parties shall exert best endeavour in good faith to seek the settlement of the dispute and enforce the decisions made by the Expert.

If the Parties fail to jointly appoint such Expert or the Expert fails to reach a determination related to the resolution at issue within ninety (90) days after the occurrence of the dispute, either of the Parties shall be entitled to submit the dispute to China International Economic and Trade Arbitration Commission (“**CIETAC**”) for arbitration in Beijing, PRC.

- (a) There shall be three (3) arbitrators. THVOW shall select one (1) arbitrator ICCDI and SESHK shall each select one (1) arbitrator as well. CIETAC shall select the fourth arbitrator, (who shall not be a national of the PRC, the Hong Kong Special Administrative Region, the Macao Special Administrative Region, Taiwan or the United States), to act as the chief arbitrator. If a Party does not appoint an arbitrator within the period required by CIETAC, the relevant appointment shall be made by CIETAC.
- (b) The arbitration proceedings shall be conducted in English and Chinese. The arbitration tribunal shall apply the arbitration rules of CIETAC in effect on the date when the application for arbitration is submitted. However, if such rules are in conflict with the provisions of this article, including the provisions concerning the appointment of arbitrators, the provisions of this article shall prevail.
- (c) Each Party shall cooperate with the other Party in making full disclosure of and providing complete access to all information and documents requested by the other Party in connection with such proceedings, subject only to any confidentiality obligations binding on such Party.
- (d) The arbitral award shall be final and binding upon all Parties, not subject to any appeal, and shall deal with the question of costs of arbitration and all matters related thereto.
- (e) During the period when a dispute is being resolved, the Parties shall in all other respects continue their implementation of this Contract.

28. MISCELLANEOUS

28.1 Public Information and Publications

No public statements shall be made by one Party on behalf of the other Parties without its prior written consent.

All marketing, advertising and promotional material relating to the Company shall be subject to prepublication review and unanimous agreement by the Parties.

28.2 Language

This Contract is executed in both English and Chinese in twelve (12) original counterparts in each language, each Party shall keep two (2) originals of each language version, with the rest to be kept by the Company. Both language versions shall be equally valid. However, Chinese version shall prevail when there is inconsistency between two versions.

28.3 Entire Agreement

This Contract and the other agreements contemplated herein constitute the entire agreement among THVOW, ICCDI and SESHK with respect to the subject matters set forth herein and therein and supersede all prior discussions, notes, memoranda, negotiations, understandings and all the documents and agreements between them relating to the same. All documents, agreements, understandings and correspondence among the Parties prior to the execution of this Contract shall, with the exception of any non-disclosure/confidentiality undertakings, become null and void automatically when this Contract enters into effect.

28.4 Amendment

Amendments to this Contract and the other agreements contemplated herein may be made only by a written agreement in English and Chinese signed by duly authorized representatives of each of the Parties and, unless prior approval from the Examination and Approval Authority is statutorily required, will become effective as soon as the amendments are filed with the Examination and Approval Authority for record.

28.5 Conflict or Inconsistency

The rights and obligations of the Parties established by and under this Contract shall continue to exist throughout the Joint Venture Term and shall not be prejudiced by the establishment of the Company, the adoption of the Articles of Association or the execution of any of the agreements contemplated herein. In the event of any conflict or inconsistency between this Contract on the one hand and the Articles of Association or other agreements contemplated herein on the other, the Articles of Association and other agreements contemplated herein shall prevail.

28.6 Notices

Notices or other communications required to be given by any Party or the Company pursuant to this Contract shall be written in English and Chinese and may be delivered personally, sent by registered airmail (postage prepaid) by a recognized courier service, or sent by facsimile transmission to the address of the other Party set forth below or such other address notified in lieu thereof. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

- (a) Notices given by personal delivery shall be deemed effectively given on the date of personal delivery.
- (b) Notices given by air courier shall be deemed effectively given on the third business day of the delivery date (as indicated by the airway bill).
- (c) Notices given by facsimile transmission shall be deemed effectively given on the first business day following the date of transmission.

For the purpose of notices, the addresses of the Parties are as follows:

THVOW: Suzhou Thvow Technology Co., Ltd.

No. 1 Linjiang Road, Jingang Town, Zhangjiagang City, Suzhou, Jiangsu Province, 215631, PRC

Attention:

Telephone No: 0512-5673-9008

Facsimile No.: 0512-5673-9009

ICCDI: Innovative Coal Chemical Design Institute (Shanghai) Co., Ltd.

8/F, No. 717, Yishan Road, Xuhui District, Shanghai

Attention: LIAO, Bing

Telephone No.: 021-34289000

Facsimile No.: 021-34289091

SESHK: SES Asia Technologies Limited

C/O Synthesis Energy Systems, Inc. Three Riverway, Suite 300, Houston, TX 77056, USA.

Attention: Robert Wayne RIGDON

Telephone No: 001 (713) 579-0600

Any Party may at any time change its address for service of notice or communication in writing delivered to the other Parties in accordance with the terms hereof.

28.7 Waiver

Unless otherwise provided for, failure or delay on the part of any Party to exercise any right or privilege in this Contract shall not operate as a waiver of such right or privilege nor shall any partial exercise of any right or privilege preclude any further exercise thereof. Any waiver by a Party of a breach of any term or provision of this Contract shall not be construed as a waiver by such Party of any subsequent breach, its rights under such term or provision, or any of its other rights hereunder.

28.8 Headings

The headings contained in this Contract are for reference only and shall not be deemed to be a part of this Contract or to affect the meaning or interpretation hereof.

28.9 Approval

The formation of the Company will be submitted to related PRC approval authority for approval in accordance with related legal procedures.

28.10 Effectiveness

With the signature of each Party's representative, which has been authorized by such party's board of directors, this Contract will come into effect on the day after the Restructuring Agreement and the Share Transfer Agreement have come into effect and upon government approval.

28.11 Appendices

The appendices in various agreements that are not modified during this restructuring of the Company shall remain effective to the Parties after the restructuring.

[*signature pages follow*]

IN WITNESS WHEREOF, the Parties hereto have caused this Contract to be executed as of the date first above written by their duly authorized representatives.

By:

 /s/ Liao Bing

Suzhou THVOW Technology Co., Ltd.

Authorized Representative:

By:

 /s/ Fred Ma

Innovative Coal Chemical Institute (Shanghai) Co., Ltd.

Authorized Representative:

By:

 /s/ Chris Raczkowski

SES Asia Technologies Limited

Authorized Representative:

Annex

1. Business Plan/Objectives
2. SGT Technology Material
3. Form of Project Sub-license Agreement
4. Technology Usage and Contribution Agreement
5. Appraisal Report for SESHK's capital contribution
6. SGT Equipment Sales Framework Agreement
7. Representation Letter from SES and its affiliates for jointly undertaking the obligations and responsibilities of SESHK.

Technology Usage and Contribution Agreement

Among

SUZHOU THVOW TECHNOLOGY CO., LTD.

And

INNOVATIVE COAL CHEMICAL DESIGN INSTITUTE (SHANGHAI) CO., LTD.

And

SES ASIA TECHNOLOGIES LIMITED

Related to the Joint Venture Contract as Appendix IV among
Suzhou Thvow Technology Co., Ltd., Innovative Coal Chemical Design Institute (Shanghai) Co., Ltd. and SES Asia Technologies Limited.

Amended on August 18, 2017

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Technology Usage and Contribution Agreement

THIS TECHNOLOGY USAGE AND CONTRIBUTION AGREEMENT (this “Agreement”) is made by and among SES Asia Technologies Limited (“SESHK”), Suzhou Thvow Technology Co., Ltd. (“THVOW”) and Innovative Coal Chemical Design Institute (Shanghai) Co., Ltd. (“ICCDI”) in relation to the restructuring of Jiangsu Tianwo-SES Clean Energy Technologies Co., Ltd. (the “Company”). SESHK, THVOW and ICCDI are each herein referred to as a “Party” and collectively as the “Parties.”

WHEREAS, Synthesis Energy Systems Technologies LLC. (“SEST”) is the party to a license agreement with the Gas Technology Institute (the “GTI Agreement”) to license and sub-license the GTI U-Gas® technology;

WHEREAS, the U-Gas® technology has been further improved and modified by SEST and its Affiliates and SEST owns 100% of the SES Intellectual Property for these improvements and modifications and such improvements and modifications have been achieved by SEST and its Affiliates through (i) development, investment in and implementation of two commercial projects in China; (ii) numerous technical engineering studies and additional Know-How; and (iii) extensive global customer development for potential project licenses. Before the Establishment Date, SESHK has 100% proprietary rights and authorization of the SGT to be contributed to the Company by it;

WHEREAS, SESHK and THVOW entered into a Sino-foreign equity joint venture contract to establish the Company on February 14, 2014 (the “Contract”), with the goal of establishing the SGT as the leading gasification technology in China. The Contract was amended in August 18, 2017;

WHEREAS, in furtherance of such goal, through this Agreement, SESHK is providing the Company with certain exclusive manufacturing and operation rights relating to the SGT in the Territory under the Contract as its contribution to the registered capital of the Company as agreed by the Parties;

WHEREAS, the Parties intend to introduce ICCDI and restructure the Company, by SESHK transferring to ICCDI ownership in the Company equal to 25% of the Company’s current paid-in registered capital and by reducing the registered capital of the Company to RMB107,600,000, such that the ownership interest of the Parties after the restructuring shall be: ICCDI 25%, SESHK 25% and THVOW 50%.

NOW, THEREFORE in view of the foregoing premises and in consideration of the mutual promises and covenants contained in this Agreement, the Parties agree as follows.

1. Definitions

The following words and phrases will have the meanings set forth below where used herein with initial capital letters. Capitalized terms used but not defined herein shall have the meaning given such term in the Contract.

- 1.1 “Confidential Information” has the meaning set forth under the Contract.
- 1.2 “Effective Date” has the meaning as set out in the Contract.
- 1.3 “License Fee” means a royalty based on the daily capacity of Syngas for which a Project is to be designed under a PSA.
- 1.4 “Marks” means the marks listed in Annex B as well as any other trademark or service mark owned by, created by, or licensed to SESHK and/or ICCDI and/or THVOW or their Affiliates and/or the Company.
- 1.5 “Project” means a third party project that is, in whole or in part, intended to use or utilize the SGT for the production of SGT related chemicals through the purchase of a valid and binding PSA.
- 1.6 “Project Sublicense Agreement” or “PSA” means an agreement that includes the necessary technology sublicenses from the Company that are necessary for the operation of a Project in the Territory, under which the Company is the sub-licensor. The PSA will be subject to amendment per the customer’s requirements. The sample PSA attached as Annex 3 of the Contract shall serve as reference and may be subject to amendments as per the requirements of the client in practices provided that the SGT is protected and will be upheld during the implementation of the Project.
- 1.7 “Proprietary Information” includes, without limitation, any and all drawings, plans, designs, material specifications, dimensions, tolerances, processes, prototypes, assembly procedures, quality control procedures, and other technical information, data and know-how.
- 1.8 “SES Intellectual Property” means the patents and patent applications listed in Annex A as well as any other patent, patent application, copyright, copyrightable work, registered design, invention, Improvement, trade secret, know-how, Proprietary Information, or other intellectual property rights owned by, created by, or licensed to SESHK and related to the SGT, which includes, inter alia, the SGT and the Know-How. These intellectual properties shall be listed in Annex A on the effective date of this Agreement.
- 1.9 “SGT” shall include the collection of SES Intellectual Property, Know-How, trade secrets and methods developed by SESHK’s Affiliates for its advanced fluidized bed gasification technology. The SGT has been extensively developed since 2004 and was initially based upon the U-Gas® technology licensed by SESHK and its Affiliates from GTI, and which has been further developed through additional improvements, Know-How and patents developed by SESHK’s Affiliates through industry experience of SESHK’s Affiliates from developing, designing and operating projects in China and from designs by or for SESHK and its Affiliates in their development of projects globally. The SGT is one of the most advanced gasification technologies, which has been commercialized through the construction and operation of industrial projects to be reliable, environmentally-friendly, economically feasible, sustainable and in conformity with China’s energy independence policy and energy strategies. SGT is a part of the equity contribution of SESHK as described in the Agreement.

Before the Establishment date SESHK has 100% proprietary rights and authorization of the SGT to be contributed to the Company. And any improvement after the Company is established and developed by the Company belong to the Company, as described in this Agreement.

- 1.10 “SGT Feedstock” shall mean low quality coal (a coal with a heating value of less than 4,000 kcal/kg or in excess of 20% ash or in excess of 20% total moisture), coal waste materials, renewable fuels such as biomass, refuse derived fuels, and municipal waste, or any mixture of the above (coal shall not be less than 60%), or other carbonaceous materials as mutually agreed which may be converted into Syngas via the SGT.
- 1.11 “Sub-license Royalty To GTI” shall mean ***% of the license fee subtracted from any license fee received by the Company under any licensed project for payment to be paid to GTI, pursuant to the legally effective agreement between SEST and GTI, after the Company obtains the exclusive SGT rights in the Territory.
- 1.12 “Synthesis Gas” or “Syngas” means a mixture of CO, H₂, CH₄ and CO₂ produced using the SGT process. Syngas capacity from the SGT may be licensed as a defined daily quantity of CO + H₂ or CO + H₂ + CH₄, the details of which must be spelled out in a Project Sublicense Agreement.
- 1.13 “Restructuring Agreement” shall mean the agreement entered into by and between the Parties in August 18, 2017 for the restructuring of the Company.
- 1.14 “Share Transfer Agreement” shall mean the agreement entered into by and between the Parties in August 18, 2017 for the transfer of certain equity ownership in the Company from SESHK to ICCDI.

2. SESHK’s Contribution to the Registered Capital of the Company

- 2.1 Subject to the terms set out by the Contract and for the purpose of the Company to achieve its business objective and obtain exclusive authorization of the SGT within the Territory, SESHK undertakes, as its contribution to the registered capital of the Company, to fully authorize and grant to the Company the full access to and authorization for the SGT as follows:
- (a) grant site specific PSAs to third parties for the purpose of enabling such third parties to operate their Project(s) to supply a defined capacity of Syngas that is produced using the SGT;
 - (b) use the SES Marks for the SGT Proprietary Equipment and Services that utilize SES Intellectual Property including the SGT and in accordance with the requirements of this Agreement;
 - (c) engineer and/or design processes that utilize SES Intellectual Property including the SGT and provide such process designs exclusively through PDPs for Projects holding a valid, binding PSA pursuant to this Agreement;

*** This information has been omitted in reliance upon Rule 24b-2 under the Securities Exchange Act of 1934, as amended and has been filed separately with the Securities and Exchange Commission.

- (d) provide Services for Projects holding a valid and binding PSA pursuant to this Agreement;
- (e) take over the development of Projects in the Territory that have previously been developed by SESHK and its Affiliates as shown in Annex C, which may use the SGT, and for which SESHK and its Affiliates shall, upon the Effective Date, forgo the relevant sales activities according to the terms agreed by the Parties.

2.2 Subject to the terms of the Contract, the above granting by SESHK of the relevant exclusive rights to the SGT within the Territory, and others as may be mutually agreed, shall be equivalent to RMB 53,800,000 (in Words: Renminbi fifty-three million eight hundred thousand), according to an appraisal by a legally formed appraisal company in accordance with the relevant appraisal regulations in the PRC. SESHK completed its contribution of SGT Technology valued at RMB53,800,000 to the Company. SESHK, through the execution of Share Transfer Agreement and Restructuring Agreement between SESHK, ICCDI and THVOW, shall sell 25% of the actual paid-in capital of the Company to ICCDI for RMB11,150,000. After the restructuring, SESHK shall hold 25% of the actual paid-in capital in the Company.

3. Contribution Schedule and Handover

- 3.1 SESHK shall make the above contributions to the registered capital of the Company within thirty (30) days of the issuance of the business license of the Company.
- 3.2 The Company shall confirm the completion of the contribution of SESHK following due completion of the activities set forth above in Section 3.1 by issuing a written certificate of contribution to SESHK.
- 3.3 SESHK shall assist the Company for the filing and registration of related technology (including copies of patents)

4. SES HK's Guarantee

- 4.1 SESHK warrants that the Company shall be the exclusive operational entity for businesses relating to the SGT within the Territory during the term of this Agreement and no other entities and/or individuals, including SESHK and its Affiliates, shall conduct any SGT related operational business relating to sub-licensing, PDP, SGT Proprietary Equipment and services (excluding the existing ZZ Plant and Yima Plant as well as projects developed for equity investments by SESHK or its Affiliates in the Territory, provided, however, that such projects shall meet the conditions of the relevant terms of this Agreement and the Restructuring Agreement) within the Territory. During the Joint Venture Term, if the Company loses the exclusivity of the SGT usage rights due to reasons attributable to a breach by SESHK of its warranties under the Contract, in addition to compensation of any losses to THVOW and ICCDI pursuant to the relevant legal requirement, the actual profits of the Projects undertaken by SESHK in violation of such exclusivity shall be paid unconditionally to THVOW and ICCDI by SESHK.

- 4.2 SESHK warrants that the exclusive usage rights of the SGT which it has granted to the Company are legitimate and continuously existing. During the Term of the Company, all legal disputes arising due to the license between SESHK and its Affiliates and GTI shall have nothing to do with ICCDI, THVOW or the Company and shall be handled by and be the responsibility of SESHK.
- 4.3 SESHK shall be responsible for the completeness and reliability of the SGT contributed to the Company for projects similar to the ZZ Plant and Yima Plant. SESHK shall guarantee that the SGT has the ability to meet the performance and operational needs of actual Project in an economic and environmentally sound manner. For the PDP design for Projects similar to the ZZ Plant and Yima Plant, the Company will not be required to pay any expenses and fees to SESHK except that SESHK will fully support the 40 bar PDP and such support will be paid by the Company to SESHK.
- 4.4 SESHK undertakes to provide the Company with all the SGT Know-How and technical data as described under Annex 2 to the Contract. For 0.2MPa and 1.0PMPa Projects similar to the ZZ Plant and/or Yima Plant (new technology excluded), SESHK shall be responsible for the various guaranteed technology performance parameters under the PSA for the Project. SESHK shall guarantee the Company's capability to produce complete designs and guaranteed performance for the SGT (similar to ZZ Plant and/or Yima Plant), and SESHK will bear the costs of support and assistance by SESHK and its Affiliates and/or its partners if needed. After the Company has completed two Projects (similar to ZZ Plant and/or Yima Plant) and once these Projects have achieved their required guaranteed technology performance parameters, SESHK shall not be required to continue providing such guarantees or support or assistance thereafter as the Company shall be deemed to be fully capable.
- 4.5 SESHK shall be responsible for training any technical personnel of the Company free of charge (excluding process training for Projects not similar to ZZ Plant and Yima Plant) until (i) the employees of the Company are capable of independently performing the relevant technical work; or (ii) the conclusion of the first two (2) years of the Company's operation.
- 4.6 SESHK shall provide written documents listing all the SGT related proprietary technology, Know-How and technical data (as set forth under Annex 2 to the Contract) currently owned by it upon the effective date of this Agreement. With regard to any improvement made by the Company after its establishment including patent and proprietary technology, etc., it is agreed as follows: the ownership of the items listed under the Annex 2 to the Contract shall belong to SESHK, while all technical Improvements independently developed by the Company after the establishment of the Company shall be owned by the Company.

5. Exclusivity

- 5.1 The exclusive rights contributed by SESHK to the Company under this Agreement and the exclusive cooperation among the Parties via the establishment and the operation of the Company shall be subject to the rights and obligations set out in this Agreement. During the Joint Venture Term, any SGT related market development activities within the Territory shall be executed by the Company (excluding equity investment projects independently developed by SESHK or its Affiliates, provided, however, that such projects shall meet the relevant terms in the Restructuring Agreement).

- 5.2 The Company shall set up a project reporting mechanism within one (1) month of its establishment, by which, any Projects of the Company will be reported to SESHK, and thereafter SESHK shall report such information to GTI according to the agreement executed between SESHK and GTI.
- 5.3 Within the term of the Company, the Company shall be the exclusive legal entity in the Territory for the development and implementation of gasification technology that uses SGT Feedstock. THVOW, ICCDI or the Company, alone or together, shall not engage in any market activities for any SGT projects outside the Territory, nor establish joint ventures or other entities. If THVOW, ICCDI or the Company receives formal quotation requests in writing from outside the Territory for any similar SGT project, it shall notify SESHK in writing immediately, and SESHK may agree to develop such project together with the Company. After the early termination of the Company, if THVOW or ICCDI desires to engage in similar SGT development, it must obtain SESHK's written consent under mutually agreeable terms. After the expiration of the Company, the Parties shall proceed as unanimously agreed.
- 5.4 The Parties agree as follows with respect to the right of exclusivity as granted to the Company within the Territory:
- (a) SESHK and its Affiliate shall transfer its sales and development effort for Projects carried on by it in Indonesia, Vietnam, the Philippines, Mongolia and Malaysia as provided in Annex D hereto before the establishment of the Company and transfer such Projects to the Company within ninety (90) days of the Effective Date. All pre-transaction costs for the above Project development will be settled by negotiation between the Company and SESHK;
 - (b) Within the first five (5) years of the establishment of the Company, if no SGT Project has been substantially developed in Indonesia, Vietnam, the Philippines, Mongolia, or Malaysia, the Parties shall negotiate the cancellation of the exclusivity to the Company in these countries.
 - (c) SESHK has the right, in its sole discretion, to provide SGT license, PDP, SGT equipment and service to the projects in the Territory in which SESHK or its Affiliates holds shares or will make shareholding investment. And the following conditions should be met: ,
 - i. SESHK and its Affiliates are not in competition with the Company for its investment in such projects;
 - ii. SESHK and its Affiliates shall share with the Company any SGT technology related to such project according to the Contract;
 - iii. for SGT equipment provided to such project, the Company/THVOW will be a priority bidder under the same condition

6. Improvements

- 6.1 If any Party, the Company, or its Affiliates should make, or acquire, any Improvements, whether patentable or not, relating to the SGT then such Party or the Company hereby grants to the other Parties or the Company for the term of this Agreement, an irrevocable, non-exclusive, royalty-free right to use or license such Improvements. Each Party and the Company hereby agrees to disclose to the other Party or the Company any Improvements and the nature and manner of applying and utilizing such Improvements within three (3) months of discovery of the Improvement. All such Improvements disclosed shall become and thereafter be a part of the SGT and the Parties and the Company shall have the same rights, licenses and obligations with respect to the Improvement. THVOW/ICCDI's use of the Improvements is limited to the manufacturing of the SGT Proprietary Equipment and is not extended to any other business unrelated to the SGT Proprietary Equipment.
- 6.2 During the Term of the Contract, the Company shall secure patents for any Improvements within the Territory. SESHK or Affiliates shall secure patent for Company Improvements outside the Territory for their protection. Before patents are granted for such Improvements, the Parties shall ensure the safekeeping and confidentiality of the relating technical information and data.

7. Operation of the Company

- 7.1 Pursuant to Section 2.1 above, the Company grants SGT sublicenses to Projects. The Company will grant site specific PSAs, sell SGT Proprietary Equipment, and provide Services to third parties in the Territory for the purpose of enabling such third parties to use the SGT for Projects.
- 7.2 Each PSA for a Project will include a License Fee which is royalty based according to the daily capacity of Syngas for which the Project is to be designed. The Company will use all reasonable commercial efforts to maximize the License Fee for each PSA. License Fees will be based on Syngas capacity and will utilize the following calculation method where *** = *** per ***; *** = *** and *** = ***:
- License Fee = ***
- 7.3 The Company management will determine the maximum SGT license fee achievable for each Project based on the market application, country, competition and SGT technology differentiation and advantages.
- 7.4 The Company will pay to SESHK, *** of the License Fees received for each PSA for the purpose of enabling SEST to fulfill its obligation of paying GTI the Sub-license Royalty. Payments of the License Fees whether in its entirety or in installments set forth in the PSA will be directly paid within fifteen (15) days of receipt of the License Fees by the Company to SESHK and through SESHK to GTI pursuant to the GTI Agreement. Within fifteen (15) days after the Company has made such payments, SESHK shall provide the Company proof of payment to GTI.

*** This information has been omitted in reliance upon Rule 24b-2 under the Securities Exchange Act of 1934, as amended and has been filed separately with the Securities and Exchange Commission.

- 7.5 All amounts payable related to the Sublicense Royalty to GTI under a project, after such amounts have been examined and verified by the Company, and after paying the withholding taxes and other relevant expenses in accordance with applicable legal requirements and deducted therefrom by the Company, shall be paid by the Company to SESHK. Any amounts not timely paid shall be subject to an interest charge of the average of the daily prime rate of Citibank (New York) at the close of each day's business, plus two percent (2%) per annum beginning on the day when such payment has become due and continuing until the day when such payment is made. Notwithstanding this Paragraph, failure to make any payment on or before its due date shall be a default by the Company for purposes of Section 12 hereof.
- 7.6 All amounts specified in this Agreement related to a PSA are in U.S. Dollars and shall be paid in U.S. Dollars and be remitted, preferably by wire transfer, to SESHK upon ten (10) days prior written notice thereof to the Company.
- 7.7 Each PSA will require that a Project have a PDP and must purchase its SGT Proprietary Equipment and Technical Services from the Company for which the price and terms will be defined in separate agreements for PDP, equipment sales and technical services or as a part of an overall packaged offering.
- 7.8 For the avoidance of doubt, no project, customer or any third party may be sold a PDP, SGT Proprietary Equipment or Services by the Company without a valid, binding PSA in place first with such third party, except in the instance of providing preliminary technical proposals to customers for market development purposes.
- 7.9 A list of potential Projects under development by the Company must be maintained and submitted to SESHK quarterly for inclusion in SESHK's quarterly submittal to GTI, and SESHK's and GTI's consent for such Projects shall not be unreasonably rejected.
- 7.10 PSA must substantially follow the standard form of License Agreement provided in Annex 5 of the Contract. Any material modifications to the standard form of License Agreement must be unanimously agreed by the Parties. Each PSA must include (i) terms requiring the automatic assignment of the PSA to SESHK upon termination of this Agreement, and (ii) confidentiality terms at least as restrictive as those in this Agreement. The terms and conditions for the above assignment will be negotiated and agreed separately.
- 7.11 A copy of an executed PSA must be provided to SESHK in English and Chinese. SESHK will provide copies of this information to GTI per the terms of the GTI Agreement.
- 7.12 The engineering works (including but not limited to PDPs, basis for design, CDPs, process flow diagrams (PFDs), piping and instrumentation diagrams (P&IDs), Proprietary Equipment data sheets, control and safety system logic, start-up and operating procedures and material selection guide) prepared by the Company must be submitted to SESHK for examination and approval for conformity to SESHK standards before being delivered to customers and applied to projects. The Company will submit all engineering works at least three weeks prior to the date that approval is needed. Notification of the expected submission dated for documents needing review will be submitted to SESHK upon execution of a PSA and/or PDP agreement by the Company.

Alternatively the Company and SESHK may establish reviews of works in progress based on mutually agreeable terms in order to facilitate speedy completion of deliverables while maintaining quality standards. If SESHK determines the relevant engineering works do not meet expectations, SESHK shall identify the issues for modification by the Company.

- 7.13 Copies of all technology works in progress, patents and patent disclosures, studies, feasibility study reports, and PDPs of the Company shall be transmitted to SESHK upon completion of the relevant work or Project. Meanwhile, copies of all technology works in progress, patents and patent disclosures, studies, feasibility study reports and PDPs of SESHK and its Affiliates outside the Territory, shall be transmitted to the Company upon completion of the relevant work or Project.
- 7.14 Should the Company decline to provide SGT Technology to a customer or become financially insolvent then SESHK or its Affiliate has the right to provide SGT Technology to the customer.
- 7.15 Where customers or companies directly contact SESHK or its Affiliate for technical support of a potential SGT gasification project in the Territory and where SESHK provides this support and brings the developed opportunity to the Company and the Company subsequently benefits by entering into a SGT license agreement, then SESHK or its Affiliate will receive a fair finder's fee to be mutually agreed with the Company on a case by case basis. Conversely, where the Company brings a SGT opportunity outside the Territory to SESHK or its Affiliate and where SESHK or its Affiliate ultimately enter into a SGT license agreement then the Company will receive a fair finder's fee to be mutually agreed on a case by case basis.

8. Marks

- 8.1 The Company's marks shall be unanimously approved by the Board after the Company's establishment, which could be "SESHK mark and/or THVOW and/or ICCDI mark and/or other mark". The Company shall be entitled to apply for registration of any trademarks of the Company in both Chinese and English for the use of such trademarks on any goods, products, equipment, advertising and promotional items within the Territory.
- 8.2 SESHK and/or THVOW and/or ICCDI will provide the Company with the SGT and/or THVOW and/or ICCDI related trademarks for the development of the business of the Company. SESHK and/or THVOW and/or ICCDI will retain all ownership of their respective trademarks and grant the Company a royalty free license for those trademarks as long as and to the extent necessary for the Company to fulfill its operation purposes under this Agreement.
- 8.3 All SGT and SGT Proprietary Equipment to be marketed by the Company shall bear the SESHK and/or THVOW and/or ICCDI brand(s) for the SGT and SGT proprietary equipment. The Company may have another SESHK and/or THVOW and/or ICCDI -related brand if so unanimously approved by the Board.

- 8.4 The Company acknowledges the validity of the Marks and the relevant Party's sole and exclusive right, title and interest in and to the Marks, including the right to register or to have registered the Marks, and such relevant Party's own and control all of the goodwill associated with their respective Marks and such goodwill shall remain at all times the sole and exclusive property of the relevant Party. Apart from its rights under this Agreement, the Company will not acquire any right, title or interest in the Marks during or after the Term. The Company recognizes the great value of the publicity and goodwill associated with the Marks and acknowledges that such goodwill exclusively belongs to the relevant Party and that the Company's use of the Marks will inure solely for the benefit of the Company.
- 8.5 The Company acknowledges that the maintenance of SESHK/THVOW/ICCDI's quality standards for services and products which bear the Marks are material conditions of this Agreement and that SESHK and/or THVOW and/or ICCDI is relying upon the Company's representation and warranty that they will use the Marks only in a manner approved by SESHK and/or THVOW and/or ICCDI and consistent with such quality standards. Without limitation on the foregoing, The Company agrees that it shall comply with each of the following (collectively, "SESHK/THVOW/ICCDI Standards"):
- (a) The Company agrees that it will use reasonable efforts to comply with all conditions set forth in writing from time-to-time by SESHK and/or THVOW and/or ICCDI with respect to the style, appearance and manner of use of the Marks. In addition, upon SESHK and/or THVOW and/or ICCDI 's request, the Company shall place all notices reasonably acceptable to SESHK and/or THVOW and/or ICCDI on any Mark usage and any marketing, advertising, or promotional materials bearing the Marks to identify the licensed use under this Agreement and the proprietary rights of SESHK and/or THVOW and/or ICCDI in such Marks;
 - (b) All marketing, advertising and promotional material shall be subject to review from time to time by SESHK and/or THVOW and/or ICCDI with respect to, but not limited to, content, style, appearance, and composition;
 - (c) The Company will use and display the Marks only in a form and style which does not defame, disparage, dilute, place in a bad light, or otherwise injure SESHK and/or THVOW and/or ICCDI, any Affiliate of SESHK and/or THVOW and/or ICCDI, or any owner, officer, or director of SES or any of their respective Affiliates;
 - (d) The Company will not represent in any manner that it has any ownership interest in the SESHK and/or THVOW and/or ICCDI Marks or any goodwill associated therein. The Company will not represent in any manner that it has any rights in or to the Marks other than as set forth in this Agreement;

- (e) The Company further agrees that it will not apply for nor seek to obtain trademarks, service marks, registrations or any other property rights in the Marks;
- (f) The Company agrees that if the Company receives knowledge of any usage or exploitation of the Marks, or of other confusingly similar mark, by any person or entity other than the Company or SESHK and/or THVOW and/or ICCDI, and if the Company has a belief that such use is not approved by SESHK and/or THVOW and/or ICCDI, then the Company will promptly notify SESHK and/or THVOW and/or ICCDI in writing and shall assist SESHK and/or THVOW and/or ICCDI in any enforcement action SESHK and/or THVOW and/or ICCDI may elect to bring in its sole and absolute discretion; and
- (g) The Company shall undertake any corrective actions requested by SESHK and/or THVOW and/or ICCDI in order to comply with SESHK-THVOW-ICCDI's Quality Standards in a timely and professional manner and shall provide SESHK and/or THVOW and/or ICCDI with such evidence of compliance as SESHK and/or THVOW and/or ICCDI may reasonably request.

8.6 The Company agrees that:

- (a) During the Term and thereafter, The Company will not attack any of the Marks, trade names, domain names or other intellectual property rights pertaining to the Marks in the Territory or anywhere in the world, and will not aid or assist any third person or entity in doing so;
- (b) The Company will not harm, misuse or bring into dispute the Marks;
- (c) The Company will use and exploit the Marks only in accordance with the terms and intentions of this Agreement;
- (d) The Company will comply with all laws and regulations relating or pertaining to the use or exploitation of the Marks and shall maintain SESHK/THVOW/ICCDI's Quality Standards for the goods and services provided by the Company which bear, are related to or are otherwise in connection with the Marks, and shall further comply with any regulatory agencies which have jurisdiction over the Marks; and
- (e) The Company's use of the Marks of SESHK/THVOW/ICCDI will be subject to SESHK/THVOW/ICCDI approval and be in accordance to SESHK/THVOW/ICCDI Standards.

8.7 As of the establishment date of the Company, the Parties have 100% ownership to the Marks as listed in Annex B. After the establishment of the Company, the marks developed by the Company shall be 100% owned by the Company.

9. SESHK Additional Services and Technology Implementation

- 9.1 Subject to the terms and conditions as set forth under the Contract and this Agreement, SESHK will provide design and engineering reviews for the benefit of the Company and SESHK will supply technical services to the Company to enable the Company to deliver PDPs to Qualified Projects that license the SGT from the Company.
- 9.2 SESHK will provide timely review of PDPs and equipment designs to assure they meet SGT quality standards and will perform as required.
- 9.3 SESHK will provide to the Company engineers who are experienced in and capable of preparation of PDPs as its employees and will be responsible for the PDP design work. SESHK shall second one senior technical expatriate engineer with significant experience with the SGT to the Company through the first anniversary of the Effective Date to serve as the Company's chief technology officer ("Company CTO"). The Company shall pay the salaries of the above Seconded Personnel.
- 9.4 SESHK will provide necessary support and training to the Company's employees in accordance with the plan as developed and implemented by SESHK and the Company on a mutually agreed basis, to enable the Company to complete the PDPs in accordance with Section 2.1, Section 7.7 and Section 7.12. The Company will pay SESHK its actual costs for such support and training, except for projects similar to ZZ Plant and Yima Plant which will be provided free of charge by SESHK.
- 9.5 SESHK will provide the Critical Design Parameters free of charge for every Project which implements the SGT.
- 9.6 SESHK will provide technical support, as reasonably requested by the Company, in connection with preparation of PDPs, start-up and commissioning for Projects. The Company will pay SESHK its actual costs for such support, except for projects similar to ZZ Plant and Yima Plant which will be provided free of charge by SESHK.
- 9.7 SESHK will assist the Company to obtain access to the GTI and other third party testing facilities, with costs fully reimbursed by the Company, if applicable.
- 9.8 The Company intends to build a 40 Bar Demonstration Plant (the "40 Bar Demo") with work beginning within 12 months from the date of this Company restructuring. Per the terms of this Agreement, SESHK will fully support the 40 bar PDP and such support will be paid by the Company to SESHK. SESHK along with the Company and other relevant parties such as the EPC contractor will mutually agree on the required guarantees for the 40 Bar Demo. SESHK will guarantee its provided PDP as is customary based on China market practices.

10. Protection of Intellectual Property Rights

- 10.1 The Parties will establish a joint Intellectual Property Committee with two (2) members from the Company and two (2) members from SESHK. This committee shall review all Improvements and intellectual property protection measures annually to develop recommended patent disclosure measures to protect all types of SGT and Improvements and shall make such recommendation to the Company Board on an annual basis.

- 10.2 The Parties shall inform each other immediately of any infringements, misuse, or misappropriations of any portion of the SGT in the Territory.
- 10.3 SESHK and the Company shall both be entitled to take action against infringers either separately or jointly in the enforcement of rights related to the SGT, Know-How and Improvements in the Territory. Any enforcement conducted by the Company or SESHK shall be at their own expense. If action is taken jointly then the costs shall be shared equally or as otherwise agreed by the Parties. The Parties shall assist each other with reasonable efforts in such actions. In the event of an enforcement action taken by the Parties jointly, SESHK and the Company may enter into a separate agreement related to the allocation of the reimbursement based on their respective losses suffered.
- 10.4 The Company/SESHK shall protect the SES Intellectual Property/SGT, the Know-How and Improvements/Company Improvements in any form, including calculations, methodologies, software, spreadsheets, computer programs and mathematical algorithms which generally fall into the category of trade secrets and/or Confidential Information and shall never publish or patent such information without the written joint consent of the Company and SESHK. Such SES Intellectual Property/SGT, the Know-How and Improvements/Company Improvements shall be protected and secured as sensitive Confidential Information of the Company and SESHK. The Company/SESHK must take all efforts to limit such trade secrets to only those Working Personnel and Management Personnel who must use the information to conduct the business of the Company. The Company/SESHK must restrict all access or ability to photocopy or make electronic copies of such trade secrets and/or Confidential Information. The Parties agree that any violation of the aforesaid shall constitute a material breach of this Agreement and therefore lead to its termination.

11. Assignment

- 11.1 This Agreement shall be binding upon the Parties hereto and the successors to substantially the entire assets and business of the respective Parties hereto. This Agreement shall not otherwise be assignable by either Party without the prior written consent of the other Parties; provided, however, this Agreement shall be assignable by either Party to a successor to substantially all of the assets and business of such Party, provided such successor is not a competitor of SESHK/THVOW/ICCDI. Any and all assignments of this Agreement or of any interests therein not made in accordance with this section shall be void.
- 11.2 The Parties acknowledge that the damage or loss that would be caused by a breach of this Agreement would be difficult, if not impossible, to quantify, and accordingly, notwithstanding Section 16.2, each Party and its Affiliates shall be entitled to specific performance to compel compliance with the provisions of this Agreement.

12. Default and Termination

- 12.1 Term. The term of this Agreement shall commence on the Effective Date of the Company and shall continue for twenty (20) years or until any such time the Contract is terminated or liquidation procedures for the Company are commenced pursuant to the Contract, or there is any other termination in accordance with this section. This Agreement can be renewed or terminated upon mutual written consent of the Parties.
- 12.2 Suspension. In the event of a dispute among the Parties, the Parties shall continue the performance of this Agreement in all aspects. Notwithstanding the foregoing, if such dispute poses significant adverse impact on the performance of this Agreement in all aspects, either Party may suspend the performance of this Agreement.
- 12.3 Termination Following Breach. If either Party shall be in default of, or otherwise breaches, any obligation hereunder, resulting in a failure to achieve the purpose of the Contract or this Agreement by the other Party, then the other Party may give written notice to the defaulting Party specifying the claimed particulars of such default and in the event the defaulting Party shall not have remedied such default within ten (10) days in the case of a monetary default, and thirty (30) days for a non-monetary default, after the date of such notice (or such a longer period of time to be approved in the sole discretion of, and in writing by, the non-defaulting Party, if such failure is capable of being cured and the defaulting Party is proceeding diligently to cure such default), the non-defaulting Party shall have the right thereafter to immediately terminate this Agreement by giving written notice to the defaulting Party to that effect.
- 12.4 Termination Following Insolvency or Bankruptcy. This Agreement shall terminate immediately and automatically upon the act of the Company admitting in writing its inability to pay its debts generally as they become due, filing a petition in bankruptcy or under any other insolvency act, making an assignment for the benefit of creditors, or upon a petition in bankruptcy, or for the appointment of a receiver being filed against it, failing to have the petition or appointment dismissed or vacated within sixty (60) days from the date thereof.
- 12.5 Implications of Termination. Except as otherwise expressly provided, any termination of this Agreement shall not release a Party from any claim of the other Party accrued hereunder prior to the effective date of such termination.
- 12.6 Survival. The obligations of the Parties pursuant to Section 8 and Sections 10 through 15 of this Agreement shall survive any termination of this Agreement.

13. Indemnification

The Company agrees to hold harmless, defend, and indemnify its managerial staff, directors, employees, agents, Affiliates, shareholders and their Affiliates, successors and assigns (the “Indemnified Parties”) from any and all claims, causes of action, losses, costs, injuries or deaths, liabilities, damages and any and all expenses, including and without limitation to reasonable attorney’s fees, incurred by Indemnified Parties, or the expenses and fees arising out of or relating to any of the follows (except for faults of the Indemnified Parties):

- (a) any misrepresentation or false warranty made by the Company in this Agreement;
- (b) any use or misuse of the SGT; and
- (c) any infringement or claimed infringement of any aspect of the SGT upon the intellectual property rights of any third party. Such indemnification obligation shall be effective throughout the Term of this Agreement, and shall survive the termination or expiration of this Agreement.

14. Notice

14.1 Addresses. The addresses of the Parties hereto are as follows, but either Party may change its address for the purpose of this Agreement by notice in writing to the other Party:

THVOW:

No. 1 Linjiang Road, Jingang Town, Zhangjiagang City, Suzhou, Jiangsu Province, 215631, PRC

Attention:

Telephone No: 0512-5673-9008

Facsimile No.: 0512-5673-9009

ICCDI:

Floor 8, No.717 Yishan Road, Shanghai, 200233, PRC

Attention: LIAO, Bing

Telephone No: 021-34289000

Facsimile No.: 021-34289091

SESHK:

7/F., Bonham Centre 79-85 Bonham Strand, Sheung Wan, Hongkong

Attention: ROBERT WAYNE RIGDON

Telephone No: 001-(713) 579-0600

14.2 In the event notices, statements, payments received under this Agreement by a Party hereto are sent by certified or registered mail to the Party entitled thereto at the address provided for in this Agreement, they shall be deemed to have been given or made as of the date so mailed, and if sent by wire then as of the date transferred.

15. Confidentiality

15.1 Except as hereinafter provided, the provisions of this Agreement and all information or documents which come into the possession of the Company, or its Affiliates, in connection with the performance hereof, and any other Confidential Information, may not be communicated to third parties without mutual written consent by the Parties. However, the Company shall have the right to disclose such provisions, information or document without unanimous written consent:

- (a) to Affiliates of the Company or their employees, provided such disclosure is solely to assist such person in performing the functions for which they were engaged in connection with any Project, and such persons undertake to keep such information or documents under terms of confidentiality equivalent to this Section 15, and provided further that a list of such persons receiving information pursuant to this section is provided to the Parties and is updated at least every thirty (30) days;
- (b) to legal counsel, accountants, financial advisers, lenders, other professional consultants, and insurance underwriters for a Party, provided such disclosure is solely to assist such person in performing the functions for which they were engaged in connection with any Project, and such persons undertake to keep such information or documents under terms of confidentiality equivalent to this Section 15;
- (c) if required by any court of law or any law, rule, or regulation having jurisdiction over a Party, or if requested or required by an agency of any government having or asserting jurisdiction over a Party, and having or asserting authority to require such disclosure in accordance with that authority or pursuant to the rules of any recognized stock exchange or agency established in connection therewith, provided, that a Party making such a required disclosure shall make good faith efforts to advise the other Party of the same as soon as reasonably practicable, and shall make reasonable efforts to secure protective treatment for the disclosed information and with respect to any disclosure requirements of any recognized stock exchange, shall cooperate with the non-disclosing Party regarding the information to be disclosed;
- (d) to the extent any such information or document has (i) been independently developed by the Company, (ii) has been acquired from a third party who has no obligation of confidentiality or non-use in regards to the SGT, or (iii) entered the public domain other than through the fault or negligence of any Party hereto (for this purpose any disclosure by a person contemplated by Section 15.1(a) shall be deemed to be the fault or negligence of such Party); and
- (e) to an arbitration tribunal in connection with resolution of a dispute under this Agreement.

- 15.2 The confidentiality obligations of third parties who receive any information pursuant to Section 15.1 shall be set forth in a non-disclosure agreement between the Company and such third party substantially similar to the standard non-disclosure agreement attached as Annex D hereto. The confidentiality obligations set forth in such non-disclosure agreement shall expressly survive the termination or expiration of the agreement. A fully executed of such non-disclosure agreement shall be provided to SESHK by the Company.
- 15.3 The Parties acknowledge and agree the Parties have entered into the Agreement under the condition that the SGT, the Know-How and all other relevant intellectual property will be protected by the Parties and the Company, and that the Parties and the Company shall protect all Confidential Information related to the SGT, Improvements and Know-How, and any Confidential Information of the Parties, and ensure that all such information is not transmitted to third parties and all SGT Confidential Information is returned to SESHK at the end of the Term, and all THVOW/ICCDI Confidential Information is returned to SESHK/THVOW/ICCDI at the end of the Term or upon liquidation of the Company and is not used by THVOW/ICCDI or the Company except as specifically authorized under this Agreement. The Parties agree that the default on confidential obligation may constitute material breach of this Agreement, and thus result in termination of this Agreement, except, however, SGT related Confidential Information obtained by any third party not by reason attribute to a breach by the Company or a Party.

16. Miscellaneous

16.1 party represents and warrants to the other Parties that:

Each

- (a) it is an entity duly formed, validly existing, and in good standing and has all requisite power and authority to make, execute and deliver this Agreement and to consummate the transactions contemplated herein;
- (b) the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, have been duly approved and authorized by all necessary corporate actions on its behalf;

- (c) neither the execution and delivery of this Agreement by it nor the consummation by it of the transactions contemplated hereby, will constitute a violation of, or be in conflict with: (i) any judgment, decree, order, regulation or rule of any governmental authority; (ii) any law, regulation or order of any governmental authority; or (iii) any agreement entered into with a third party; and
 - (d) it has the full right to grant the rights, assignments and licenses granted by it in this Agreement.
- 16.2 All disputes arising out of this Agreement shall be settled in accordance to Article 27 of the Contract.
- 16.3 The validity and interpretation of this Agreement and the legal relations of the Parties to it shall be governed by the published and publicly available laws, rules and regulations of China. If there are no published or publicly available Chinese laws, rules and regulations or international treaties or conventions governing a particular matter, the then current general business practices in China shall apply, to the extent that they are in conformity with generally accepted international business practices and principles.
- 16.4 Severability; Compliance with Law. If one or more provisions of this Agreement should be held invalid for any reason whatsoever by any court, administrative agency, or arbitration board, such provision or provisions shall be severed from this Agreement and the remainder of the Agreement shall remain in effect. None of the provisions of this Agreement shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provision of this Agreement and any material statute, law or ordinance, the latter shall prevail; but in such event the provision of this Agreement affected shall be curtailed and limited only to the extent necessary to bring it within the legal requirements and the remainder of the Agreement shall remain in effect without modification. Each Party agrees to comply with all applicable laws and regulations as well as appropriate business standards when conducting activities under this Agreement. This obligation shall apply to the activities of employees of such Party in their relations with employees of the other Party, including, but not be limited to, establishing precautions to prevent its employees from making, receiving, providing or offering any substantial gifts, extravagant entertainment, payments, loans or other considerations. Without limitation to the foregoing, each Party agrees that it shall not furnish, deliver, or release the technology, services, software, or commodities made available to it hereunder to any individual, entity, or destination, or for any use, except in full accordance with all applicable laws, regulations, and requirements of home countries (or districts) with respect to export control and trade sanctions. Each Party will comply with all prohibitions on transactions with or transfers to the nations or governments where the parties located in or operated from, subject to comprehensive economic sanctions of all home countries (or districts), and prohibitions on transactions with or transfers to entities or individuals identified on the government's List of Specially Designated Nationals and Blocked Persons (relevant Bureau) and Denied Persons List and Entity List (relevant Bureau) of the home countries (districts). Each Party agrees and understands it shall be responsible for ongoing compliance with all such applicable laws, regulations, and requirements.

- 16.5 Entire Agreement. This Agreement (including all schedules and attachments, which are a part hereof), and the Contract, embody the entire understanding between SESHK, THVOW and ICCDI and any prior or contemporaneous representations, warranties or arrangements between the Parties relating hereto, either oral or written, are hereby superseded.
- 16.6 Publicity. Neither Party will make any announcement of any kind, oral or written, public or private, to any external party, including the media, governments or financial institutions, regarding this Agreement without the prior written consent of the other Party, except to the extent required by any court of law or any law, rule, or regulation having jurisdiction over a Party, or if requested or required by an agency of any government having or asserting jurisdiction over a Party, and having or asserting authority to require such disclosure in accordance with that authority or pursuant to the rules of any recognized stock exchange or agency established in connection there with. In the event that the Company mentions the U-GAS Process that is the subject matter of this Agreement in writing in any press release or other promotional documentation, the Company shall include the phrase "Licensed from Gas Technology Institute and Synthesis Energy Systems, Inc." in said release or promotional documentation.
- 16.7 Headings. The headings in this Agreement are for informational purposes and should not be construed as altering the terms of the Agreement.
- 16.8 Independent Status of Parties. The Parties enter into this Agreement solely on their own behalf and not on behalf of any other person or entity. No party is a third party beneficiary of this Agreement. Each party shall act as an independent contractor and shall not bind nor attempt to bind the other party to any contract, or any performance of obligations outside of this Agreement. Nothing contained or done under this Agreement shall be interpreted as constituting either party the agent of the other in any sense of the term whatsoever.
- 16.9 Interpretation. The Chinese and English versions of this Agreement shall be equally valid. The choice of words used in this Agreement shall be deemed to be wording chosen by the Parties to express their mutual intent and agreement. Each Party acknowledges that it has had adequate opportunity and bargaining strength to review, negotiate, and revise this Agreement.
- 16.10 Waiver. No waiver of any right or rights under this Agreement shall be of any effect or binding upon either Party unless such waiver is in writing and is signed by an authorized representative of the Party so waiving such right or rights. Further, no waiver of any right or rights under this Agreement shall be deemed a waiver of, acquiescence in or consent to any other breach or default occurring at any time.
- 16.11 Modification. No changes, alteration or amendment of this Agreement shall be of any force or effect unless it is in writing, executed by authorized representatives of the Parties and such writing expressly states that it is to be an alteration or amendment of this Agreement.

- 16.12 No Third Party Beneficiaries. Nothing in this Agreement is intended nor shall it be construed to give any person, other than the Parties hereto and their respective successors and permitted assigns, any right, remedy or claim under or in respect of this Agreement or any provisions hereof.
- 16.13 Remedies. The Parties acknowledges that money damages would be an inadequate remedy for the damages of a Party arising from the breach of this Agreement by the other Party. Therefore, the Parties agree that either Party shall be entitled to other remedies, including injunction and specific performance, in the event of any breach or threatened breach of the provisions of this Agreement by the other Party.
- Unless otherwise expressly provided in this Agreement, the rights and remedies set forth in this Agreement are in addition to, and not in limitation of, other rights and remedies under this Agreement or available at law, and the exercise, or non-exercise of one right or remedy will not be deemed a waiver of any other right or remedy.
- 16.14 Force Majeure. Time and diligence of the Parties are of the essence to this Agreement, it being understood that in the event of any act of God, war, insurrection, strike or wildcat labor disturbance, or act or occurrence solely outside the direction or control of the Parties, which occasions some delay, the time periods set forth hereunder shall be extended for the duration of such act or occurrence.
- 16.15 After obtaining the revised business license of the Company, the Parties agree hereby that the legal representative of the Company shall sign and stamp hereunder on the signature page, so to confirm that SESHK has completed its contribution to the Company, and the Company is bound by this Agreement.
- 16.16 This Agreement is an appendix to the Contract and is a necessary supplement to the Contract. This Agreement and the Contract shall have the same legal effect.
- 16.17 Any dispute arising out of this Agreement shall be settled in accordance with the Contract.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

SUZHOU THVOW TECHNOLOGY CO., LTD.

By: /s/ Liao Bing
Name: Liao Bing
Title: Authorized Representative
Date: August 18, 2017

INNOVATIVE COAL CHEMICAL DESIGN INSTITUTE (SHANGHAI) CO., LTD.

By: /s/ Fred Ma
Name: Fred Ma
Title: Authorized Representative
Date: August 18, 2017

SES ASIA TECHNOLOGIES LIMITED

By: /s/ Chris Raczkowski
Name: Chris Raczkowski
Title: Authorized Representative
Date: August 18, 2017

JIANGSU TIANWO-SES CLEAN ENERGY TECHNOLOGIES CO., LTD.

By: /s/ Illegible
Name: Illegible
Title: Illegible
Date: August 18, 2017

Annex A
SES Intellectual Property

A-1

Annex B

Marks

B-1

Annex C

**Project Pipeline of SESHK and/or Its Affiliates
(before the Effective Date and within the Territory)**

C-1

Annex D
Form of Technical Non-disclosure Agreement