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## GLOSSARY AND TECHNICAL TERMS

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*This glossary contains explanations of certain technical terms used in this document in connection with our Company and its business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.*

“actual heat service area”	the actual area within our Concession Area in which we are already providing heat services, which is measured in terms of GFA. For each of our heat service projects, the actual heat service area is confirmed by the relevant local authority of the areas in which we operate
“BOT”	build-operate-transfer, a form of project delivery method which is usually for a large-scale infrastructure project, wherein a private enterprise receives a concession from the public sector. The terms are usually set out in a concession agreement entered into by the private enterprise and the government, whereby the government grants the enterprise the rights to undertake, among others, the financing, design, construction and operation of certain facilities during the concession period agreed therein. During the concession period, the enterprise can charge service fees based on its services provided to cover its costs of investment, operation and maintenance and obtain reasonable returns. Upon the expiration of the concession period, the relevant facilities will be transferred back to the government
“CAGR”	compound annual growth rate
“CCER project(s)”	China Certified Emission Reduction projects in which companies, including heat service providers, carry out a series of emissions reduction activities on a voluntary basis that are certified by the PRC Government. CCER projects include renewable power generation and waste-to-energy projects, as well as forestry projects
“cogeneration” or “CHP”	also known as combined heat and power, is the simultaneous production of multiple forms of energy from a single fuel source, usually electricity and heat
“Concession Area”	the planned floor area to which we are entitled to charge for our provision of heat services under concession rights derived from our Concession Agreements, which is measured in terms of GFA

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“Concession Boundary Area”	the estimated geographical area within a demarcated boundary in which we are granted the exclusive right to provide heat services under our Concession Agreements
“CSR”	corporate social responsibility, refers to practices and policies undertaken by corporations intended to have a positive influence on the world
“energy management contract” or “EMC”	an energy-conservation service contract under which an energy-saving service provider provides energy-conservation services (such as energy conservation through the collection and utilisation of residual heat from recycling water) to an energy consuming enterprise to achieve certain energy saving goals. In these contracts, the energy saving service provider of the energy-conservation services is sometimes entitled to a share of the profit accrued from energy conservation as a result of the energy-conservation services provided
“GDP”	gross domestic product
“GFA”	gross floor area
“GHG”	greenhouse gases such as carbon dioxide are gases which trap heat in the earth’s atmosphere and one of the main pollutants generated from the combustion of fossil fuels
“GJ”	gigajoule, a unit used to measure the amount of heat energy
“heat rate”	the rate of fees which we charge to our heat service users for our provision of heat services by the size of indoor area in terms of GFA
“heat services”	the provision of heat to heat service customers, primarily under concession rights, for their thermal comfort. Our heat services are typically charged by the size of indoor area in terms of GFA
“heat service period”	the period during which the heat service providers provide heat services, usually between October of each year and April of the following year which can be longer or shorter depending on the location of the Concession Area and the temperature changes resulting from seasonality of each year

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“heat transmission services”	the transmission of heat to our customers other than our heat service customers who use our heat for thermal comfort. Our heat transmission services are charged by the amount of heat (in terms of GJ) consumed
“kg”	kilogram
“kW”	kilowatt of power
“kWh”	kilowatt-hour, a unit of energy equal to one kilowatt of power sustained for one hour
“km <sup>3</sup> ”	cubic kilometre
“m <sup>3</sup> ”	cubic metre
“MW”	megawatt. 1MW = 1,000kW. The installed capacity of a electric furnaces and clean coal-fuelled boiler is generally expressed in MW
“non-residential heat service users”	users other than residential heat service users, such as industrial heat service users and commercial heat service users
“NO <sub>x</sub> ”	nitrogen oxide and nitrogen dioxide, together one of the main group of pollutants generated from the combustion of fossil fuels
“particular matter/PM”	the term for a mixture of solid particles and liquid droplets found in the air
“peak-shaving”	a process in the heat service industry where demand for heat during peak time periods, or for emergency response, is supplemented by other heat source
“peak-shaving station”	a station built to provide peak-shaving function
“primary distribution network”	the two-way circulation network through primary distribution pipelines between heat sources (cogeneration plants or boilers) and heat exchange stations
“secondary distribution network”	the two-way circulation network through secondary distribution pipelines between heat exchange stations and the heating equipment in the properties to which we provide heat services

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“SO <sub>2</sub> ”	sulphur dioxide, one of the main pollutants generated from the combustion of fossil fuels
“SO <sub>x</sub> ”	sulphur oxides, one of the main group of pollutants generated from the combustion of fossil fuels
“sq.m.”	square metre
“tCO <sub>2</sub> e”	metric tonnes of carbon dioxide equivalent, illustrating the amount of GHG emitted during a given period
“Three North Region”	the geographical regions of north China (consisting of the direct-administered municipalities of Beijing, Tianjin, provinces of Hebei and Shanxi and the autonomous region of Inner Mongolia), northeast China (consisting of the provinces of Liaoning, Jilin and Heilongjiang) and northwest China (consisting of the provinces of Shaanxi, Gansu and Qinghai and the autonomous regions of Xinjiang and Ningxia)
“viability gap subsidy(ies)”	refers to support provided by government to project operators when the fees from customers are insufficient to cover relevant operating costs or reasonable return. Such support from government can be provided by way of fiscal subsidy, capital investment, loans or other favourable policies applicable in the industry and in accordance with circumstances of the locality
“water loss”	the amount of water that is lost during heat distribution process
“water loss rate”	the percentage of water loss during heat distribution process
“°C”	Celsius degree