

## GLOSSARY OF TECHNICAL TERMS

*This glossary contains explanations of certain terms used in this document. These terms and their meanings may or may not correspond to standard industry meaning or usage of these terms.*

“additional volume”	the surplus volume being the difference between (i) the actual volume of wastewater treated by a Wastewater Treatment Plant; and (ii) the basic volume applicable to the relevant Wastewater Treatment Plant, in the event that the actual volume of wastewater treated for a given day exceeds the applicable basic volume
“anaerobic”	an environment in which oxygen is absent or a process which occurs only in the absence of oxygen
“basic volume”	in respect of each of our Wastewater Treatment Plants, a contractually guaranteed minimum volume applicable to such plant, being a parameter based on which wastewater treatment fees payable to TYW by the local government of Yinchuan are calculated pursuant to the Concession Agreement
“BOT”	build-operate-transfer, a project model in which the proprietor grants to a contracted enterprise the rights to undertake the financing, design, construction, operations and maintenance of certain facilities by concession agreement, which enterprise can charge a fee during the concession period to cover its costs of investment, operations and maintenance as well as obtain returns, and, upon expiration of the concession period, the relevant facilities will be transferred back to the proprietor
“building ownership certificate”	a certificate evidencing a holder’s right to use and occupy the property built atop the relevant parcel of land in the PRC
“CAGR”	compound annual growth rate, which is the annual growth rate over a specified period of time longer than one year
“Class IA”	Class IA standard, being the highest treated wastewater standard in the National Wastewater Discharge Standards (GB18918-2002)
“Class IB”	Class IB standard, being the second highest treated wastewater standard in the National Wastewater Discharge Standards (GB18918-2002)
“Class II”	Class II standard, being the treated wastewater standard immediately below Class IB in the National Wastewater Discharge Standards (GB18918-2002)

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“Class III”	Class III standard, being the treated wastewater standard immediately below Class II in the National Wastewater Discharge Standards (GB18918–2002)
“commercial operation”	a stage where a wastewater treatment plant is operated under concessionary arrangement with the relevant government authority and qualifies for a basic volume from the government and receiving of wastewater treatment service fees from the government
“contemplated upgrading and expansion works”	the upgrading works carried out and to be carried out at our Wastewater Treatment Plants pursuant to the Concession Agreement and feasibility study reports approved by the local governmental authorities of Yinchuan so that (i) the treated wastewater discharge standard for all the four Wastewater Treatment Plants shall be upgraded from Class II to Class IA; (ii) the daily treatment capacity of each of Plant 2 and Plant 3 shall be increased from 50,000 cubic metres per day to 100,000 metres per day; and (iii) the daily treatment capacity of Plant 4 shall be increased from 100,000 cubic metres per day to 200,000 cubic metres per day where the treated wastewater discharge standard of such additional capacity shall be Quasi Surface Water Quality Standard Class IV (準四類水標準)
“end user”	a person or entity who ultimately uses or is intended to ultimately use a product or service
“filtration”	the process of separating solid particles from liquid or has, by adding a medium which only fluid can pass, usually with filter paper, filter cloth, metal cloth, sand, anthracite and other porous materials as filter materials
“flocculation and coagulation”	a process where solids in the wastewater are thickened by chemical reaction to form larger floss for easier separation
“GDP”	gross domestic product
“land use rights certificate”	a certificate permitting the holder to use a parcel of land as well as apply for the relevant construction work planning permit in the PRC
“IFRIC 12 Service Concession Arrangements”	HK(IFRIC) Interpretation 12 — Service Concession Arrangements in the Hong Kong (IFRIC) Interpretations issued by the Hong Kong Society of Accountants (formerly known as Hong Kong Society of Accountants)

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“m <sup>3</sup> ”	cubic meter, which is a volume unit, equal to the volume of a cube of one meter length of each side
“National Wastewater Discharge Standards”	The Discharge Standards of Pollutants for Municipal Wastewater Treatment Plants* (《城鎮污水處理廠污染物排放標準》) (GB18918-2002) jointly promulgated by MEP and AQSIQ in December 2002 and amended in May 2006
“Oxidation Ditch”	a form of activated sludge treatment, whose structure is a closed canal without terminal, is used for the degradation of organic pollutants, nitrogen and phosphorus and other nutrients, and commonly uses mechanical oxygen filing and propelled water
“Phase I of Plant 2 expansion” or “Phase I expansion”	the first phase of expansion works carried out at Plant 2 to increase the treatment capacity of Plant 2 from 50,000 cubic metres per day to 75,000 cubic metres per day which was completed in December 2017
“Phase II of Plant 2 expansion” or “Phase II expansion”	the second phase of expansion works to be carried out at Plant 2 to increase the treatment capacity of Plant 2 from 75,000 cubic metres per day to 100,000 cubic metres per day which is expected to commence in the second half of 2018
“Quasi Surface Water Quality Standard Class IV (準四類水標準)”	the targeted standard of water to be discharged at the outflow in respect of the additional capacity of 100,000 cubic metres per day to be constructed at Plant 4 as part of the contemplated upgrading and expansion works, as prescribed by the local governmental authorities of Yinchuan to be close to Surface Water Quality Standard Class IV, and such water can be used for water replenishment at scenery locations, street flushing and landscaping purposes
“recycled water”	collected rainwater, industrial drainage and domestic sewage which, after proper treatment, meet the required water quality standards and can be reused as non-drinking water
“SBR”	Sequencing Batch Reactor (SBR), an activated sludge process designated to operate under non-steady state conditions. An SBR operates in a true batch mode with aeration and sludge settlement both occurring in the same tank
“Surface Water Quality Standard Class IV”	Class IV standard in the Surface Water Quality Standards
“Surface Water Quality Standards”	Environmental Quality Standards for Surface Water* (地表水環境質量標準) (GB3838-2002) jointly promulgated by MEP and AQSIQ on 28 April 2002

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“tariff”	a fee or the rate of a fee charged for the provision of a certain service or product
“TOT” or “Transfer — Operate — Transfer”	a project model whereby, pursuant to a concession agreement entered into by an enterprise and the government, the government grants to the enterprise the property rights or operation rights of constructed wastewater treatment or water supply facilities in the concession period, during which the enterprise can charge service fees based on the supplied treated wastewater or tap water to cover its costs of investment, operation and maintenance and obtain reasonable returns, while upon the expiration of the concession period, the relevant facilities shall be transferred back the government at nil consideration
“upgrading and expansion works”	pursuant to the Concession Agreement, the upgrading works required to be carried out from time to time by TYW for the purpose of upgrading the treated wastewater discharge standard(s) at the Wastewater Treatment Plants to higher standard(s) and the expansion works required to be carried out from time to time by TYW for the purpose of increasing the daily wastewater treatment capacities of the Wastewater Treatment Plants or any one or a combination of the above
“utilisation rate”	the actual volume of wastewater treated divided by the designed wastewater treatment capacity for a given period
“VAT”	value-added tax
“wastewater”	water discharged from living and production activities and contaminated to some degree
“wastewater treatment”	the use of physical, chemical and biological processes to remove or reduce pollutants from wastewater before discharging it into a water body or reclaiming it for reuse
“water bodies” or “water body”	a body or bodies of water which is a significant accumulation of water generally on the surface of the earth, examples of which include oceans, seas, lakes, rivers, streams, ponds and wetlands
“13th Five-Year Plan”	13th Five-Year Plan for Economic and Social Development of the People’s Republic of China* (2016–2020) 《中華人民共和國國民經濟和社會發展第十三個五年規劃綱要(2016–2020)》