March 10, 2015

Mr. Yang Shaolin  
Director-General  
International Economic and Financial Cooperation Department  
Ministry of Finance  
Sanlihe  
Beijing 100820  
People’s Republic of China

RE: Zhejiang Qiantang River Basin Small Town Environment Project  
Loan Number 8001-CN  
Amendment to Loan Agreement

Dear Mr. Yang:

We refer to the Loan Agreement between the People’s Republic of China (the Borrower) and the International Bank for Reconstruction and Development (the Bank) dated March 3, 2011 (the Loan Agreement) and the Project Agreement of the same date between the Bank and Zhejiang Province (the Project Agreement) for Zhejiang Qiantang River Basin Small Town Environment Project (the Project).

We also refer to your letter dated December 16, 2014, requesting a restructuring of the Project. We are pleased to inform you that the Bank concurs with the request, and accordingly amends the Loan Agreement as set forth below:

1. Section II.A of Schedule 2 is amended to read as follows (emphasis added):

   “A. Project Reports

   The Borrower shall monitor and evaluate, and cause the Project Implementing Entity to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators set forth in the Results Framework. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than March 1 and September 1 in each year, starting on September 1, 2011.”

2. The table in Section IV.A.2 of Schedule 2 is amended to read as set forth in Attachment 1 to this letter.

3. Appendix 1, Section I, Definitions, the following definitions are revised to read as follows (emphasis added):

...
(i) "The acronym “EMP” means, collectively the environmental assessment and environmental management plans all dated June 30, 2010, and a supplemental EMP for Qujiang City dated September 23, 2014 and which set out measures for the protection of the environment; and avoidance of, or mitigation against, adverse impact on physical cultural resources, as well as administrative and monitoring arrangements to ensure the implementation of said plans, as said plans may be revised from time to time with the agreement of the Bank.

The acronym “EMP” means, individually, any such plan."

(ii) "The acronym “RAP” means, collectively, the following plans which set out the principles and procedures governing the acquisition of land and other assets, and the resettlement, compensation and rehabilitation of Displaced Persons on account of the execution of Parts I, II and III of the Project, as well as monitoring and reporting arrangements to ensure compliance with said plans, as the same may be revised from time to time with the prior agreement of the Bank:

(a) the Consolidated Resettlement Plan with an annex of the RPF dated June 5, 2010;

(b) Part I.1 and I.2 of the Project dated June 5, 2010, and a supplemental RAP for Zhuji City for Part I.1 of the Project dated August 28, 2014;

(c) Parts II.1 through II.8 of the Project dated June 5, 2010, and a supplemental RAP for Qujiang City for Part II.2 of the Project dated September 23, 2014;

(d) Part III of the Project dated June 5, 2010; and

(e) the resettlement action plans to be prepared by the Project Participants pursuant to Section I, Part C.1(b)(ii) of the Schedule to the Project Agreement and agreed to by the Bank.

The acronym “RAP” means, individually, any such plan."

4. Appendix 1, Section I, a new paragraph 24 is introduced as follows and the subsequent paragraphs are renumbered accordingly:

"24. “Results Framework” means the Borrower’s framework, dated December 16, 2014 and agreed with the Bank, setting forth the indicators and targets for purposes of monitoring and evaluation of the progress of the Project, as the same may be revised from time to time with the prior written agreement of the Bank, and such term includes any annexes, appendices, or schedules to such framework."

Except as specifically amended in this letter, all other terms and conditions of the Loan Agreement shall remain in full force and effect. The Project Agreement is similarly being amended as reflected in an amendment letter to the Project Agreement of even date herewith.
Please confirm your agreement to the foregoing on behalf of the Borrower by
countersigning and dating the corresponding form of confirmation set forth below, and
returning one fully countersigned original of this letter to us. This amendment letter shall
become effective as of the date of the last countersignature of the two amendment letters
(including this one) prepared further to the above-mentioned request, upon receipt by the
Bank of: (a) a duly countersigned original of this letter by the authorized representative of
the Borrower; and (b) a duly countersigned original of the amendment letter to the Project
Agreement by the authorized representative of Zhejiang Province.

Yours sincerely,

[Signature]

Bert Hofman
Country Director, China
East Asia and Pacific Region

CONFIRMED:
PEOPLE’S REPUBLIC OF CHINA

By: [Signature]
Authorized Representative

Name: Yang Yingmin

Title: Deputy Director-General

Date: March 17, 2015

cc: Mr. Xiong Jianping
Vice Governor
Zhejiang Province
People’s Republic of China
### ATTACHMENT 1

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in Dollars)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods and Works for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Part I.1 of the Project (Zhuji City)</td>
<td>17,730,000</td>
<td>68%</td>
</tr>
<tr>
<td>(b) Part I.2 of the Project (Wucheng District)</td>
<td>8,690,000</td>
<td>94%</td>
</tr>
<tr>
<td>(c) Part II.1 of the Project (Jiande City)</td>
<td>10,250,000</td>
<td>100%</td>
</tr>
<tr>
<td>(d) Part II.2 of the Project (Qujiang District)</td>
<td>18,690,000</td>
<td>73%</td>
</tr>
<tr>
<td>(e) Part II.3 of the Project (Lanxi City/Youbu Town)</td>
<td>5,180,000</td>
<td>100%</td>
</tr>
<tr>
<td>(f) Part II.4 of the Project (Pan’an County/Jianshan Town)</td>
<td>3,800,000</td>
<td>76%</td>
</tr>
<tr>
<td>(g) Part II.5 of the Project (Pan’an County/Shenzhe District)</td>
<td>6,686,000</td>
<td>63%</td>
</tr>
<tr>
<td>(h) Part II.6 of the Project (Pan’an County/Yunshan District)</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>(i) Part II.7 of the Project (Tonglu County/Jiangan Town)</td>
<td>6,370,000</td>
<td>100%</td>
</tr>
<tr>
<td>(j) Part II.8 of the Project (Longyou County/Chengbei New District)</td>
<td>9,424,000</td>
<td>62%</td>
</tr>
<tr>
<td>(k) Part III of the Project (Jiande City/Meicheng Town)</td>
<td>10,930,000</td>
<td>77%</td>
</tr>
<tr>
<td>(2) Consultants’ services and Training for Part IV of the Project</td>
<td>2,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Front-end Fee</td>
<td>250,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions</td>
</tr>
<tr>
<td>(4) Premium for Interest Rate Cap or Interest Rate Collar</td>
<td>0</td>
<td>Amount payable pursuant to Section 2.07(c) of this Agreement and Section 4.05(c) of the General Conditions</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>100,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>