April 12, 2017

Mr. Chen Shixin
Director-General
International Economic
and Financial Cooperation Department
Ministry of Finance
Beijing
People’s Republic of China

RE: China: Ningbo Municipal Solid Waste Minimization and Recycling Project (Loan No. 8250-CN)
Amendment to Loan Agreement

Dear Mr. Chen:

We refer to the Loan Agreement (the Loan Agreement) dated July 4, 2013 between the People’s Republic of China (the Borrower) and the International Bank for Reconstruction and Development (the Bank) and the Project Agreement (the Project Agreement) of the same date between the Bank and the Ningbo Municipality, both for the above-referenced project (the Project).

We also refer to the letter from the Ministry of Finance, dated January 11, 2017, requesting a restructuring of the Project, which requires certain amendments to the Loan Agreement and the Project Agreement. We are pleased to inform you that the Bank concurs with the request, and accordingly agrees to amend the Loan Agreement as follows:

1. Part C(iii) of Schedule 1 is deleted in its entirety and replaced with the following:

   “(iii) [deleted and intentionally left blank].”

2. The table in Section IV.A.2 of Schedule 2 is hereby amended as follows:

<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) Works</td>
<td>42,040,000</td>
<td>50%</td>
</tr>
<tr>
<td>(2) Goods, Non-consulting Services</td>
<td>15,380,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consulting Services, including Training and Workshops</td>
<td>3,920,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
(4) Output-based Incentive Payments 3,310,000 100%
(5) Supply and Installation 15,150,000 100%
(6) Front-end fee 200,000 Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions

TOTAL AMOUNT 80,000,000

3. A new sub-para (c) is introduced in Section IV.B.1 of Schedule 2 to read as follows:

“(c) for payments under Category (5) unless the Bank has received evidence that the Subsidiary Loan Agreement between the Project Implementing Entity and NCKWTCL, has been duly executed on behalf of the Project Implementing Entity and NCKWTCL, and is binding and enforceable upon the respective parties thereto in accordance with its terms.”

4. The following definitions in Section I of the Appendix are amended to read as follows:

(a) “Output” means the quantity of residential solid waste separated at the neighborhood level under the implementation of the neighborhood residents committees, in accordance with the criteria included in the Operations Manual.

(b) “Output-based Incentive Payments” means the amounts of incentive payment to be made to the neighborhood residents committees, for improving their waste separation systems, on the basis of verified Outputs achieved, all provided in accordance with the Operations Manual.

5. The following new definitions are introduced in Section I of the Appendix to read as follows:

(a) “NCKWTCL” means Ningbo Capital Kitchen Waste Treatment Co., Ltd., an enterprise jointly-owned by the Project Implementing Entity and Capital Environment Investment Limited, established and operating pursuant to the Borrower’s Company Law of 1996 and said enterprise’s Business Registration No.91330200MA282EJE22 and its charter dated August 4, 2016, or a successor thereto acceptable to the Bank.

(b) “Subsidiary Loan Agreement” means the agreement to be entered into between the Project Implementing Entity and NCKWTCL pursuant to Section I.D of the Schedule to the Project Agreement, as the same may be amended from time to time, and such term includes all schedules and supplements to said agreement.

(c) “Supply and Installation” means the reasonable costs of goods and works required for the supply and installation contracts for Part B of the Project, including pretreatment, digestion units and composting system, and related facility components such as waste water treatment and odor control system and biogas storage and purification system.

Except as specifically amended 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: (i) a duly countersigned original of this letter by the authorized representative of the Borrower; and (ii) a duly countersigned original of the amendment letter to the Project Agreement by the authorized representative of Ningbo Municipality.

Yours sincerely,

Bert Hofman
Country Director, China

CONFIRMED:
PEOPLE’S REPUBLIC OF CHINA

By: ____________________________
   Authorized Representative

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Title: __________________________
Date: __________________________
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