May 20, 2016

Mr. Cheng Zhijun
Acting Director General
International Economic
and Financial Cooperation Department
Ministry of Finance
People’s Republic of China

Re: People’s Republic of China - Liaoning Coastal Economic Zone Urban Infrastructure and Environmental Management Project
Loan No. 8236-CN
Amendment to the Loan Agreement

Dear Mr. Cheng:

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 May 20, 2013 (the “Loan Agreement”) and the Project Agreement of the same date between the Bank and Liaoning Province (the “Project Agreement”) for the above-referred project (the “Project”).

We also refer to the letter dated February 26, 2016, from Mr. Yang Yingming, Deputy Director-General, Department of International Economic and Financial Cooperation, Ministry of Finance, requesting restructuring of the Project, including, inter alia: (i) amending of the objective of the Project; (ii) dropping the activities planned under the Project in Suizhong County and Longcheng District; and (iii) reallocating of the Loan proceeds and increasing the percentage of financing among certain Categories.

After due consideration of the request, the Bank proposes to amend the Loan Agreement as set out below in this letter (the “Amendment”):

1. Schedule 1 (“Project Description”): The objective of the Project is amended to read as follows:

“The objective of the Project is to improve transport connectivity and reclaim wastewater in selected cities in Liaoning Province.”

2. Schedule 1 (“Project Description): Part A.4 of the Project (Longcheng District) and Part B.2 of the Project (Suizhong County) are deleted, and Part A and Part B of the project are thus restated to read as follows:

“Part A. Improving Urban Transport Systems

Construction and rehabilitation of urban roads, improvement of public transport systems and fostering of transit-oriented development along selected corridors, including the construction, rehabilitation and widening of existing and new roads within urban areas, acquisition of road maintenance equipment, construction and/or rehabilitation of bus lanes, stations, traffic management features, pedestrian accesses, street furniture (such as bicycle parking, benches,
bollards, garbage bins), and complementary infrastructure along existing roads and extended into new urban development areas in:

1. Donggang City.
2. Kuandian County.
3. Lingyuan City.
4. Panjin City. Project activities in Panjin City shall also include the acquisition of buses, and the construction and/or rehabilitation of bus garages and depots, bus maintenance facilities and complementary infrastructure.

Part B. Improving Urban Wastewater Treatment and Reclamation

Construction and/or rehabilitation of wastewater treatment facilities and water reclamation systems, as well as separation of sewage and drainage networks, including the installation of drainage and wastewater systems, separation of storm water and municipal sewerage collection pipelines, rehabilitation of wastewater treatment plants, construction of reclaimed wastewater distribution systems, and rehabilitation of drainage canals and retention ponds for the collection of storm water within selected urban areas Lingyuan City.”

3. Section IV.A of Schedule 2 to the Loan Agreement is amended as stated in the Attachment to this Amendment.

4. Appendix, Section I (Definitions).

(a) Item numbers 3, 22(d), 22(g) and 23(b) in the Definition section are deleted in their entirety and the subsequent sub-paragraphs are re-numbered.

(b) The definitions of the following terms are amended to read as follows:

"15. “Project Cities” means the Borrower’s counties/cities/district of: (a) Panjin City; (b) Donggang City and Kuandian County (under the jurisdiction of Dandong City); and (c) Lingyuan City (under the jurisdiction of Chaoyang City), all located in the Borrower’s Liaoning Province, and any successors thereto; and a “Project City” means, individually, any of said Project Cities.”

“16. “Project Companies” means, collectively: (a) Kuandian Rural-Urban Real Estate Construction and Development Company, Ltd.; and (b) Panjin Public Transport Company, Ltd.; and “Project Company” means, individually, any of the Project Companies.”

“20. “Resettlement Action Plans” or the acronym “RAPs” means, collectively, the following plans (included as part of the Operational Manual) 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 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:
"22. "Respective Part of the project" means, in respect of:

(a) The Project Implementing Entity, acting through the Donggang Municipal Administration Department: Part A.1 of the Project.

(b) Kuandian Rural-Urban Real Estate Construction and Development Company, Ltd.: Part A.2 of the Project.

(c) The Project Implementing Entity, acting through the Lingyuan Municipal Administration Department: Part A.3 of the Project.

(d) Panjin Public Transport Company, Ltd.: Part A.4 of the Project.

(e) The Project Implementing Entity, acting through the Lingyuan Emergency Water Supply and Administration Department: Part B of the Project."

(f) The Project Implementing Entity: Part C of the Project."

Except as specifically amended in this Amendment, all other terms and conditions of the Loan Agreement shall remain in full force and effect.

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 Amendment to us. Upon receipt by the Bank of this Amendment duly countersigned by an authorized representative of the Borrower, the above amendments to the Loan Agreement shall become effective.

Sincerely yours,

Bert Hofman
Country Director, China East Asia and Pacific Region

CONFIRMED:
PEOPLE'S REPUBLIC OF CHINA

By: 
Authorized Representative

Name: Yang Yingming
Title: Deputy Director General
Date: 07/26/2016
Attachment

Revised Loan Withdrawal Schedule

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(3) Goods</td>
<td>26,125,100</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Consultants' services and Training</td>
<td>1,650,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Front-end Fee</td>
<td>375,000</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>(6) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.07(c) of this Agreement</td>
</tr>
<tr>
<td>(7) Works</td>
<td>121,367,928.76</td>
<td>90%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>150,000,000</td>
<td></td>
</tr>
</tbody>
</table>
Copy to:

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