Mr. Yang Shaolin  
Director-General  
Department of International Economic  
and Financial Cooperation  
Ministry of Finance

RE: People’s Republic of China – Integrated Economic  
Development of Small Towns (Guangdong) Project (Loan Number 8161-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 August 7, 2012 (the Loan Agreement) and the Project Agreement of the same date between the Bank and Guangdong Province (the Project Agreement) for Integrated Economic Development of Small Towns (Guangdong) Project (the Project).

We also refer to the letter from the Ministry of Finance, dated November 23, 2015, requesting the 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 amends the Loan Agreement as set forth below:

1. Paragraph 1 of Section II.A of Schedule 2 to the Loan Agreement is deleted in its entirety and replaced by the following:

“The Borrower shall monitor and evaluate, and shall cause each 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 Results Framework. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than forty-five (45) days after the end of each calendar semester, beginning on February 15, 2013.”

2. The withdrawal table set forth in paragraph 2 of Section IV.A of Schedule 2 to the Loan Agreement is deleted in its entirety and replaced by the table set forth in Annex 1 to this letter.

3. Paragraph 2 of Section IV.B of Schedule 2 to the Loan Agreement is amended to read as follows:

“2. The Closing Date is December 31, 2018.”
4. The list of Project towns set forth in Schedule 4 to the Loan Agreement is deleted in its entirety and replaced by the table set forth in Annex 2 to this letter.

5. Item (21) is added to Section I of the Appendix (Definitions) to the Loan Agreement as follows:

   “21. “Results Framework” means the Borrower’s framework, dated November 23, 2015, 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 modified 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 Guangdong Province.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By_ Bert Hofman
Country Director, China

CONFIRMED:
PEOPLE’S REPUBLIC OF CHINA

By: 
Authorized Representative

Name: ______________________
Title: ______________________
Date: ______________________
## Revised Withdrawal Table

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (Expressed in Dollars)</th>
<th>% of Expenditures to be Financed (Inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Works for Sub-Projects under Part A of the Project</td>
<td>46,110,000</td>
<td>100% (for works under this Category (1) incurred on or after January 1, 2015)</td>
</tr>
<tr>
<td>2. Goods and equipment for Sub-projects under Parts A, B and C of the Project</td>
<td>2,630,000</td>
<td>100%</td>
</tr>
<tr>
<td>3. Consultants’ Services and Training under Parts B and C of the Project</td>
<td>1,135,000</td>
<td>100%</td>
</tr>
<tr>
<td>4. Front-end Fee</td>
<td>125,000</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>5. Interest Rate Cap or Interest Collar Premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.07(c) of this Agreement</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
ANNEX 2

Schedule 4: The List of Project Town

<table>
<thead>
<tr>
<th>Province</th>
<th>(1) Project Towns</th>
<th>(2) Counties/Cities/Districts</th>
<th>(3) Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guangdong</td>
<td>Guzhen Town</td>
<td>Zhongshan City</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Yuecheng Town</td>
<td>Deqing County</td>
<td>Zhaoqing City</td>
</tr>
<tr>
<td></td>
<td>Dongheng Town</td>
<td>Yangdong County</td>
<td>Yangjiang City</td>
</tr>
<tr>
<td></td>
<td>Rucheng Town</td>
<td>Ruyuan County</td>
<td>Shaoguan City</td>
</tr>
<tr>
<td></td>
<td>Fucheng Town</td>
<td>Yunfu County</td>
<td>Luoding City</td>
</tr>
<tr>
<td></td>
<td>Xiantang Town</td>
<td>Dongyuan County</td>
<td>Heyuan City</td>
</tr>
</tbody>
</table>
CC:
Mr. Xu Shaohua
Vice Governor
Guangdong Province

Mr. Lin Chuxin
Deputy Director-General
Guangdong Provincial Department of Finance

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Mr. Peng Xiang, Deputy Director
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