Loan Agreement

(Liaoning Coastal Economic Zone Urban Infrastructure and Environmental Management Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated May 20, 2013
LOAN AGREEMENT

Agreement dated May 20, 2013, between PEOPLE'S REPUBLIC OF CHINA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred and fifty million Dollars ($150,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02(e) of the General Conditions.

2.05. The Payment Dates are May 15 and November 15 in each year.

2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions and the Project Agreement.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Event of Suspension consists of the following, namely, that any party to a Subsidiary Loan Agreement shall have failed to perform any of its obligations thereunder.
ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is its Minister of Finance.

6.02. The Borrower’s Address is:

Ministry of Finance
Sanlihe
Beijing 100820
People’s Republic of China

Facsimile:
(86-10) 6855-1125

6.03. The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: INTBAFRAD
Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
AGREED at Beijing, People’s Republic of China, as of the day and year first above written.

PEOPLE’S REPUBLIC OF CHINA

By

Authorized Representative

Name: Yang Yingying

Title: Deputy Director-General

International Department

Ministry of Finance

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Klaus Rohland

Title: Country Director, China
SCHEDULE 1

Project Description

The objective of the Project is to improve the efficiency of urban transport and address water scarcity issues in selected cities in Liaoning Province.

The Project consists of the following parts:

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. Longcheng District.
5. 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 of:

1. Lingyuan City.
2. Suizhong County.
Part C. Project Management and Capacity Building

1. Improving the institutional capacity of the Project Implementing Entity, Project Cities and Project Companies to plan, design, construct, and sustainably manage modern, high quality infrastructure for the delivery of improved services, particularly in the areas of transportation, water and waste water services through, *inter alia:* (a) the provision of technical, managerial, and financial skills training for government staff at the provincial and county/city/district levels; and (b) provision of technical assistance for the development of transportation and asset management plans.

2. Supporting the overall development of the Project Implementing Entity, Project Cities and Project Companies to coordinate and manage the implementation of the Project, including the establishment and operation of a management information system, and a monitoring and evaluation system.
SCHEDULE 2

Project Execution

Section I. Financing and Implementation Arrangements

A. Financing Arrangements

1. For the purposes of carrying out of the Project, the Borrower shall make available to the Project Implementing Entity the proceeds of the Loan allocated from time to time to the Categories set forth in the table in Section IV of this Schedule, on the following principal terms:

   (a) The principal amount shall be made available in Dollars or any other Currency as the Loan may be converted from time to time through a Currency Conversion (such principal amount determined on the date, or respective dates, of withdrawal from the Loan Account) of the value of the currency or currencies so withdrawn.

   (b) The principal amount so made available (including an amount equal to the fee paid pursuant to Section 2.03 of this Agreement and any premium for Interest Rate Caps or Interest Rate Collars paid pursuant to Section 2.07(c) of this Agreement and Section 4.05(c) of the General Conditions) shall be recovered over a period of thirty (30) years, inclusive of a grace period of five (5) years.

   (c) Interest shall be charged on such principal amount withdrawn and outstanding from time to time at a rate equal to the rate of interest applicable from time to time to the Loan pursuant to the provisions of Section 2.04 of this Agreement.

2. The Borrower shall cause the Project Implementing Entity to: (a) manage, operate, monitor, transfer and reconcile the proceeds of the Loan made available to it pursuant to paragraph 1 above in accordance with arrangements and procedures satisfactory to the Bank; (b) take all required actions, including provision of timely consents and approvals as may be necessary, to facilitate the utilization of said Loan proceeds and the implementation of the Project and, to enable the Project Implementing Entity to comply with its undertakings under the Project Agreement; and (c) maintain all relevant records and documents related to the Loan and the Project and provide promptly such documents and records, including all other information, as may be requested by the Borrower or the Bank from time to time.

B. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
C. Safeguards

The Borrower shall take, and shall cause the Project Implementing Entity to take, all measures necessary to comply with, or all measures necessary to enable the Project Implementing Entity to comply with, the provisions of Section I.C of the Schedule to the Project Agreement.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall 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 indicators agreed with the Bank and set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than 60 days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall cause the Project Implementing Entity to prepare and furnish to the Bank, as part of the Project Report, not later than 60 days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.

3. The Borrower shall cause the Project Implementing Entity to have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants' Services. All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. **Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding. The procedures to be followed for National Competitive Bidding shall be those set forth in the Law on Tendering and Bidding of the People's Republic of China promulgated by Order No. 21 of the President of the People's Republic of China on August 30, 1999, with the following modifications required for compliance with the Procurement Guidelines:</td>
</tr>
<tr>
<td>(i) All invitations to prequalify or to bid shall be advertised in a newspaper of national circulation in the Borrower's territory, except for civil works contracts that are estimated cost less than $2,000,000 equivalent each and for goods contracts that are estimated to cost less than $300,000 equivalent each, which may be advertised in a provincial daily newspaper. Such advertisement shall be made in sufficient time for prospective bidders to obtain prequalification or bidding documents and prepare and submit their responses. In any event, a minimum of thirty (30) days shall be given to bidders between the date of advertisement in such newspaper and the deadline for submission of bids, and the advertisement and bidding documents shall specify the deadline for such submission.</td>
</tr>
<tr>
<td>(ii) Qualification requirements of bidders and the method of evaluating the qualification of each bidder shall be specified in detail in the bidding documents.</td>
</tr>
<tr>
<td>(iii) All bidders that meet the qualification criteria set out in the pre-qualification document shall be allowed to bid and there shall be no limit on the number of pre-qualified bidders.</td>
</tr>
</tbody>
</table>
(iv) All bidders shall be required to provide security in an amount sufficient to protect the Borrower or the Project Implementing Entity, as the case may be, in case of breach of contract by the contractor, and the bidding documents shall specify the required form and amount of such security.

(v) Bidders will be allowed to submit bids by mail or by hand. The time for opening of all bids shall be the same as the deadline for receipt of such bids.

(vi) All bids shall be opened in public; all bidders shall be offered an opportunity to be present (either in person or through their representatives) at the time of bid opening, but bidders shall not be required to be present at the bid opening.

(vii) All bid evaluation criteria shall be disclosed in the bidding documents and quantified in monetary terms or expressed in the form of pass/fail requirements.

(viii) No bid may be rejected solely on the basis that the bid price falls outside any standard contract estimate, or margin or bracket of average bids established by the Borrower or the Project Implementing Entity, as the case may be.

(ix) Each contract shall be awarded to the lowest evaluated responsive bidder, that is, the bidder who meets the appropriate standards of capability and resources and whose bid has been determined: (A) to be substantially responsive to the bidding documents; and (B) to offer the lowest evaluated cost. The winning bidder shall not be required, as a condition of award, to undertake responsibilities for work not stipulated in the bidding documents or otherwise to modify the bid as originally submitted.

(x) Each contract financed with the proceeds of the Loan shall provide that the suppliers and contractors shall permit the Bank, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by the Bank.

(xi) Government owned enterprises in the Borrower’s territory may be permitted to bid or submit a proposal of goods and works if they can establish that they: (A) are legally and financially autonomous; (B) operate under commercial law; and (C) are not a dependent agency of the agency conducting the procurement.

(xii) All bids should not be rejected solely because the number of
bids is less than three (3), and rejection of all bids or rebidding shall not take place without the Bank’s prior written concurrence.

(xiii) The results of bid evaluation and contract award shall be published in the national press or provincial press (as provided under sub-paragraph (i) above) or official gazette or a free and open access website and shall identify the name and offered price of the winning bidder, as well as the duration and summary scope of the awarded contract.

(xiv) The Project Implementing Entity shall have in place provisions for bidders to protest.

<table>
<thead>
<tr>
<th>(b)</th>
<th>Shopping</th>
</tr>
</thead>
<tbody>
<tr>
<td>(c)</td>
<td>Direct Contracting</td>
</tr>
</tbody>
</table>

C. Particular Methods of Procurement of Consultants’ Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality-and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies the methods of procurement, other than Quality-and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)  Quality-Based Selection</td>
</tr>
<tr>
<td>(b)  Selection Based on the Consultants’ Qualifications</td>
</tr>
<tr>
<td>(c)  Selection of Individual Consultants</td>
</tr>
<tr>
<td>(d)  Single Source Selection (Firm and Individual)</td>
</tr>
</tbody>
</table>

D. **Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.
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>(1) Works under:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Part A.1 of the Project</td>
<td>22,741,000</td>
<td>61%</td>
</tr>
<tr>
<td>(b) Part A.2 of the Project</td>
<td>13,297,800</td>
<td>59%</td>
</tr>
<tr>
<td>(c) Part A.3 of the Project</td>
<td>21,569,400</td>
<td>57%</td>
</tr>
<tr>
<td>(d) Part A.4 of the Project</td>
<td>19,856,400</td>
<td>67%</td>
</tr>
<tr>
<td>(e) Part A.5 of the Project</td>
<td>2,435,000</td>
<td>45%</td>
</tr>
<tr>
<td>(2) Works under:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Part B.1 of the Project</td>
<td>19,926,200</td>
<td>59%</td>
</tr>
<tr>
<td>(b) Part B.2 of the Project</td>
<td>18,731,600</td>
<td>65%</td>
</tr>
<tr>
<td>(3) Goods</td>
<td>29,417,600</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>
</tbody>
</table>
Interest Rate Cap or Amount due pursuant to Interest Rate Collar premium

<table>
<thead>
<tr>
<th>Interest Rate Cap or</th>
<th>Amount due pursuant to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rate Collar premium</td>
<td>Section 2.07(c) of this Agreement</td>
</tr>
<tr>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

TOTAL AMOUNT 150,000,000

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement; except that withdrawals up to an aggregate amount not to exceed $10,000,000 equivalent may be made for payments made prior to this date but on or after January 1, 2013, for Eligible Expenditures under Categories (1)(a), (1)(c), (2)(a) and (2)(b);

   (b) for payments under, respectively, Categories (1)(b), (1)(d) and (1)(e) until, with respect to each such case, the Bank shall have notified the Borrower and the Project Implementing Entity of its receipt of a copy of the Subsidiary Loan Agreement entered into between the Project City concerned and its Respective Project Company, satisfactory to the Bank and in accordance with the provisions of Section I.E.1 of the Schedule to the Project Agreement; and

   (c) for payments under Category (3) until the Bank shall have notified the Borrower and the Project Implementing Entity of its receipt of a copy of all three Subsidiary Loan Agreements, entered into between each of the relevant Project Cities and their respective Project Companies, satisfactory to the Bank and in accordance with the provisions of Section I.E.1 of the Schedule to the Project Agreement.

2. The Closing Date is September 30, 2018.
SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15</td>
<td></td>
</tr>
<tr>
<td>Beginning May 15, 2018 through November 15, 2042</td>
<td>2.00%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

   (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

   (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Section I. Definitions


2. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

3. "Chaoyang West New Industrial Zone Construction and Investment Company, Ltd." means the state-owned limited liability company established and operating pursuant to its charter dated June 14, 2009 and to Business License No. 211300004029664 dated May 25, 2009, issued by Chaoyang Municipality Industry and Commerce Administrative Bureau, and any successor thereto.


5. "Displaced Persons" means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons; and a "Displaced Person" means any of such Displaced Persons.

6. "Environmental Codes of Practice" or the acronym "ECOPs" means the detailed practices to address construction related impacts of the Project implementation, included in the EMP.

7. "Environmental Management Plan" or the acronym "EMP" means the Environmental Management Plan dated October 12, 2012, adopted by the Project Implementing Entity and included in the Operational Manual, which plan sets out the environmental protection measures in respect of the Project, as well as administrative and monitoring arrangements to ensure the implementation of said plan, as said plan may be revised from time to time with the prior written agreement of the Bank, and such term includes all schedules and agreements supplemental thereto.


9. "Kuandian Rural-Urban Real Estate Construction and Development Company, Ltd." means the state-owned limited liability company established and operating pursuant to its
Business License No. 210624004028534 dated June 1, 2012, issued by Kuandian Municipality Industry and Commerce Administrative Bureau, and any successor thereto.

10. "Operational Manual" means the manual dated January 30, 2013, referred to in paragraph 2 of Section I.A of the Schedule to the Project Agreement, prepared and adopted by the Project Implementing Entity and which sets forth the operational arrangements for the Project, including, *inter alia*: (a) the Project’s performance indicators; (b) financial management, disbursement and audit procedures; (c) technical models and procurement procedures; and (d) safeguards procedures and safeguards instruments, including, the EMP and ECOPs, the RPF and the RAPs, as the same may be revised from time to time with the prior written agreement of the Bank.

11. "Panjin Public Transport Company, Ltd." means the state-owned limited liability company established and operating pursuant to its charter dated October 26, 2008, and to Business License No. 211100003051834 dated May 7, 2010, issued by Panjin Municipality Industry and Commerce Administrative Bureau, and any successor thereto.


13. "Procurement Plan" means the Borrower’s procurement plan for the Project, dated November 26, 2012, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

14. "Project Agreement" means the agreement between the Bank and the Project Implementing Entity -of even date herewith, as the same may be amended from time to time; and such term includes all schedules and agreements supplemental to the Project Agreement.

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); (c) Longcheng District and Lingyuan City (under the jurisdiction of Chaoyang City); and (d) Suizhong County (under the jurisdiction of Hu Lu Dao 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) Chaoyang West New Industrial Zone Construction and Investment Company, Ltd.; (b) Kuandian Rural-Urban Real Estate Construction and Development Company, Ltd.; and (c) Panjin Public Transport Company, Ltd.; and “Project Company” means, individually, any of the Project Companies.

17. "Project Implementing Entity" means the Borrower’s Province of Liaoning and any successor thereto.
18. "Project Leading Groups" means the groups referred to in Section 1.A.1(a) of the Schedule to the Project Agreement, and organized as follows: (a) at the provincial level, the group shall be chaired by the relevant provincial Vice-Governor, along with the leaders of the relevant provincial bureaus (including, without limitation: the Development and Reform Commission, the Finance Bureau, the Transportation Bureau, the Water Resources Bureau, the Land Resources Bureau, the Environmental Protection Bureau, and other institutions and/or agencies as appropriate); and (b) at the county/city/district level, the group shall be chaired by the respective county/city/district Vice Mayor, along with the leaders of the relevant institutions and/or agencies at the county/city/district level, as appropriate.

19. "Project Management Office" means the office (the Foreign Fund Utilization Project Office) referred to in paragraph 1(b) of Section I of the Schedule to the Project Agreement, established under the Liaoning Provincial Development and Reform Commission, and any successor thereto.

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:

(a) Chaoyang-Longcheng District RAP, dated October 23, 2012; (b) Donggang City RAP, dated October 23, 2012; (c) Kuandian County RAP, dated October 23, 2012; (d) Lingyuan City RAP, dated October 23, 2012; (e) Panjin City RAP, dated October 23, 2012; and (f) Suizhong City RAP, dated October 23, 2012.

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

21. "Resettlement Policy Framework" or the acronym "RPF" means the policy framework, dated October 17, 2012, adopted by the Project Implementing Entity and included as part of the Operational Manual, which sets out the policies and procedures for resettlement, compensation and rehabilitation of Displaced Persons, and for the preparation of resettlement action plans during the implementation of the Project, as said policy framework may be revised from time to time with the prior written agreement of the Bank; and such term includes all attachments and annexes supplemental to said Policy Framework.

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) Chaoyang West New Industrial Zone Construction and Investment Company, Ltd.: Part A.4 of the Project.

(e) Panjin Public Transport Company, Ltd.: Part A.5 of the Project.

(f) The Project Implementing Entity, acting through the Lingyuan Emergency Water Supply and Administration Department: Part B.1 of the Project.

(g) The Project Implementing Entity, acting through the Suizhong Municipal Administration Department: Part B.2 of the Project.

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

23. “Respective Project Company” means in respect of:

(a) Kuandian County: Kuandian Rural-Urban Real Estate Construction and Development Company, Ltd.

(b) Longcheng District: Chaoyang West New Industrial Zone Construction and Investment Company, Ltd.

(c) Panjin City: Panjin Public Transport Company, Ltd.

24. “Subsidiary Loan Agreements” means, collectively, the agreements to be entered into between each Project City, as applicable, and its Respective Project Company pursuant to Section I.E.1 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 agreements; a “Subsidiary Loan Agreement” means, individually, any of said Subsidiary Loan Agreements.

25. “Training” means the costs of training activities under the Project, based on annual work plans and budgets approved by the Bank, and attributable to seminars, workshops, and domestic and overseas study tours, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.