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DOCUMENTS

LOAN NUMBER 89690-CN

Loan Agreement

(China Renewable Energy and Battery Storage Promotion Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN NUMBER 89690-CN

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date 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) apply to and form 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 Section I of the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower the amount of two hundred sixty seven million three hundred thousand Euros (€267,300,000), as such amount may be converted from time to time through a Currency Conversion ("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 III of Schedule 2 to this Agreement.

2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.

2.06. The Payment Dates are June 1 and December 1 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

2.08. (a) If on any given day, the Total Exposure exceeds the Standard Exposure Limit (as said terms are defined in sub-paragraphs (b)(ii) and (b)(iii) of this Section), the Borrower shall pay to the Bank a surcharge at the rate of one half of one percent (0.5%) per annum of the Allocated Excess Exposure Amount (as defined in

sub-paragraph (b)(i) of this Section) for each said day ("Exposure Surcharge"). The Exposure Surcharge (if any) shall be payable semi-annually in arrears on each Payment Date.

(b) For purposes of this Section the following terms have the meanings set forth below:

(i) "Allocated Excess Exposure Amount" means for each day during which the Total Exposure exceeds the Standard Exposure Limit, the product of: (A) the total amount of said excess; and (B) the ratio of all (or, if the Bank so determines, a portion) of the Loan to the aggregate amount of all (or the equivalent portions) of the loans made by the Bank to the Borrower and to other borrowers guaranteed by the Borrower that are also subject to an exposure surcharge, as said excess and ratio are reasonably determined from time to time by the Bank.

(ii) "Standard Exposure Limit" means the standard limit on the Bank's financial exposure to the Borrower which, if exceeded, would subject the Loan to the Exposure Surcharge, as determined from time to time by the Bank.

(iii) "Total Exposure" means for any given day, the Bank's total financial exposure to the Borrower, as reasonably determined by the Bank.

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.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower's Representative is its Minister or a Vice Minister of Finance.

5.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

Ministry of Finance
Sanlihe
Xicheng District
Beijing 100820
People's Republic of China; and

(b) the Borrower's Electronic Address is:

Facsimile:

(86-10) 6855-2077

5.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex:	Facsimile:
248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED as of the Signature Date.

PEOPLE'S REPUBLIC OF CHINA

By _____

Authorized Representative

Name: Han Bin

Title: Deputy Director-General
Department of International Economic and Financial Cooperation
Ministry of Finance

Date: December 20, 2019

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By _____

Authorized Representative

Name: Martin Raiser

Title: Country Director, China

Date: December 20, 2019

SCHEDULE 1

Project Description

The objective of the Project is to promote the integration and use of renewable energy through the deployment of battery storage systems and innovative applications of renewable energy.

The Project consists of the following part:

Part 1: ***Investment***

Providing a credit line for the Project Implementing Entity to extend Sub-loans to Sub-borrowers for carrying out Sub-projects in relation to the installation of battery storage systems and innovative applications of renewable energy.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Subsidiary Agreement.

1. For the purposes of carrying out the Project, the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity under a subsidiary agreement between the Borrower and the Project Implementing Entity ("Subsidiary Agreement"), under terms and conditions acceptable the Bank, which shall include the following principal terms:

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

   (b) The principal amount so made available (including an amount equal to the fee paid pursuant to Section 2.03 of this Agreement) shall be recovered through a bullet repayment due on June 1, 2037.

   (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 2.05 of this Agreement.

   (d) A Commitment Charge shall be charged equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

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 acceptable 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 related to the Loan and the Project, as may be requested by the Borrower or the Bank from time to time.

B. Environmental and Social Standards.

The Borrower shall take, and shall cause 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

The Borrower shall cause the Project Implementing Entity to furnish to the Bank each Project Report not later than ninety (90) days after the end of each calendar year, covering the calendar year.

Section III. Withdrawal of Loan Proceeds

A. General.

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; (b) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in EUR)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Sub-loans under Part 1 of the Project	266,631,750	100% of amounts disbursed
(2) Front-end Fee	668,250	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(3) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 4.05 (c) of the General Conditions
TOTAL AMOUNT	**267,300,000**	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed € 53,460,000 may be made for payments made prior to the Signature Date but on or after May 15, 2019, for Eligible Expenditures under Category (1).

2. The Closing Date is June 30, 2025.

SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule – Bullet Repayment

The Borrower shall repay the principal amount of the Loan in full on June 1, 2037.

APPENDIX

Section I. Definitions

1. "Annual Work Plan" means the work plan of activities required for a given fiscal year of the Project Implementing Entity, for Project implementation, to be prepared pursuant to Section I.B.1 of the Schedule to the Project Agreement.

2. "Anti-Corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the General Conditions, the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

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

4. "Environmental and Social Commitment Plan" or "ESCP" means the Project Implementing Entity's environmental and social commitment plan, acceptable to the Bank, dated April 24, 2019, which sets out a summary of the material measures and actions to address the potential environmental and social risks and impacts of the Project, including the timing of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any instruments to be prepared thereunder; as the ESCP may be revised from time to time, with prior written agreement of the Bank, and such term includes any annexes or schedules to such plan.

5. "Environmental and Social Management System" or "ESMS" means the Project Implementing Entity's system, acceptable to the Bank, for identifying, assessing, managing and monitoring the environmental and social risks and impacts of the Sub-projects, as set forth in the document titled "*China Renewable Energy And Battery Storage Promotion Project Environmental And Social Management System*", dated April 18, 2019, as the ESMS may be revised from time to time, with prior written agreement of the Bank, and such term includes any annexes or schedules thereto.

6. "Environmental and Social Standards" means, collectively: (i) "Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts"; (ii) "Environmental and Social Standard 2: Labor and Working Conditions"; (iii) "Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management"; (iv) "Environmental and Social Standard 4: Community Health and Safety"; (v) "Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement"; (vi) "Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources"; (vii) "Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities"; (viii) "Environmental and Social Standard 8: Cultural Heritage"; (ix) "Environmental and Social Standard 9: Financial Intermediaries"; and (x) "Environmental and Social Standard 10: Stakeholder Engagement

and Information Disclosure"; effective on October 1, 2018, as published by the Bank at http://www.worldbank.org/en/projects-operations/environmental-and-social-framework.

7. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing", dated December 14, 2018, with the modifications set forth in Section II of this Appendix.

8. "Green Finance Center" means the center to established within the Project Implementing Entity, in December 2016, and to be maintained in accordance with the provisions of Section I.A.2 (b) of the Schedule to the Project Agreement, and any successor thereto.

9. "Green Finance Steering Committee" means the committee to be established and maintained within the Project Implementing Entity in accordance with the provisions of Section I.A.1 (a) of the Schedule to the Project Agreement, and any successor thereto.

10. "Green Financing Institutional Strengthening Plan" means the plan to be prepared and implemented by the Project Implementing Entity, in accordance with Section I.A.2 of the Schedule to the Project Agreement, setting forth, *inter alia*, activities, organizational and staffing arrangements and other resources for building the capacity of the Project Implementing Entity, including its Green Finance Center, in the areas of technical review and environmental and social management of the Sub-projects, business development, knowledge dissemination, and monitoring and evaluation; as the same may be amended from time to time with the prior written agreement of the Bank, and such term includes any annexes or schedules thereto.

11. "Hua Xia Bank Co., Limited" and the acronym "Hua Xia Bank" mean the commercial bank established in 1992 pursuant to the People's Bank of China Document No. 321 of 1992; and converted as a joint stock company according to the Borrower's Company Law in 1998 and operating pursuant to its Articles of Association dated February 2, 2019, and to the Organizational Code No. 91110000101120001XW, issued by the State Administration for Industry and Commerce, and any successor thereto.

12. "Project Implementing Entity" means Hua Xia Bank.

13. "Project Operations Manual" or "POM" means Project Implementing Entity's manual dated April 25, 2019, acceptable to the Bank, describing, among other things: (a) the Project objective, Project activities and arrangements, satisfactory to the Bank, flow of funds of the proceeds of the Loan and agreed procedures in, *inter alia*, procurement, financial management and disbursement; (b) the institutional arrangements for the implementation of the Project, and the roles and responsibilities of the entities involved in Project implementation; (c) steps and procedures for Project implementation; (d) monitoring and evaluation, reporting and information disclosure arrangements, and the indicators and targets for purposes of monitoring and evaluation of the progress of the Project; and (e) the eligibility criteria and procedures for identifying and screening Sub-Borrowers and Sub-projects, and extending, monitoring and evaluating Sub-loans,

including templates of Sub-loan Agreements, and grievance redress mechanisms in connection thereof.

14. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.

15. "Sub-borrower" means the companies, entities or bodies eligible to receive a Sub-loan pursuant to the POM; and the term "Sub-borrowers" means, collectively, all such Sub-borrowers.

16. "Sub-loan" means a loan made by the Project Implementing Entity to a Sub-borrower under Part 1 of the Project for the financing and carrying out of a Sub-project pursuant to the provisions of Section I.D of the Schedule to the Project Agreement and the POM; and the term "Sub-loans" means, collectively, all such Sub-loans.

17. "Sub-loan Agreement" means the agreement to be entered into between the Project Implementing Entity and a Sub-borrower for purposes of providing a Sub-loan pursuant to Section I.D of the Schedule to the Project Agreement, as the same may be amended from time to time with the prior agreement of the Bank; and "Sub-loan Agreements" means, collectively, all of said Sub-loan Agreements.

18. "Sub-project" means an investment project under Part 1 of the Project to be carried out by a Sub-borrower, using financing from the proceeds of a Sub-loan in accordance with the provisions of the POM and the relevant provisions in the Project Agreement; and the term "Sub-projects" means, collectively, all such Sub-projects.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 5.13 (Procurement) is deleted in its entirety and the remaining section in Article V is renumbered accordingly.

2. Paragraphs 84 (Procurement Plan) and 85 (Procurement Regulations) in the Appendix are deleted in their entirety and the subsequent paragraphs are renumbered accordingly.