
LOAN NUMBER 2360-PRC

LOAN AGREEMENT
(Ordinary Operations)

(Jilin Urban Environmental Improvement Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

ASIAN DEVELOPMENT BANK

DATED 26 FEBRUARY 2008

LAL:PRC 40050

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 26 February 2008 between PEOPLE'S REPUBLIC OF CHINA (hereinafter called the Borrower) and ASIAN DEVELOPMENT BANK (hereinafter called ADB).

WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(B) the Project will be carried out by Jilin Provincial Government (hereinafter called JPG), Changchun Municipal Government (hereinafter called CMG) Yanji Municipal Government (hereinafter called YMG), and for this purpose the Borrower will make available to CMG and YMG through JPG, the proceeds of the Loan provided for herein upon terms and conditions satisfactory to ADB; and

(C) ADB has agreed to make a loan to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between ADB and JPG;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital Resources, dated 1 July 2001, are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said Ordinary Operations Loan Regulations as so modified being hereinafter called the Loan Regulations):

(a) Section 3.06 is deleted and the following is substituted therefor:

(i) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be reduced, ADB shall provide a Rebate to any Borrower with an outstanding Loan on which a higher Fixed Spread is applicable. The amount of the Rebate shall be determined by multiplying (i) the difference between the Fixed Spread applicable to the outstanding Loan and the Fixed Spread that will be applied to new Loans (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay

interest for all interest periods commencing on and after the effective date of the lower Fixed Spread that will be applied to new Loans.

(ii) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB achieving savings, ADB shall provide a Rebate to the Borrower. The amount of the Rebate shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall apply the amount of the Rebate against the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

(b) Section 3.07 is deleted and the following is substituted therefor:

(i) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be increased, any Borrower with an outstanding Loan on which a lower Fixed Spread is applicable shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the difference between the Fixed Spread that will be applied to new Loans and the Fixed Spread applicable to the outstanding Loan (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the higher Fixed Spread that will be applied to new Loans.

(ii) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB incurring additional costs, the Borrower shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall add the amount of the Surcharge to the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

Section 1.02. Wherever used in this Loan Agreement, unless the context otherwise requires, the several terms defined in the Loan Regulations have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "CJTCCG" means Changchun Jingyuetan Tourism Construction Group Limited Company, a limited liability company incorporated with a company registration certificate issued by Changchun Municipal Administration of Industry and Commerce;

(b) "CMLESICC" means Changchun Municipal Liya Environmental Sanitation and Infrastructure Construction Limited Company, a limited liability company incorporated with a company registration certificate issued by Changchun Municipal Administration of Industry and Commerce;

(c) "CMG" means Changchun Municipal Government;

(d) "Consulting Guidelines" means ADB's Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers dated February 2007, as amended from time to time;

(e) "CWSC" means Changchun Water Supply Company, a state owned enterprise incorporated with a company registration certificate issued by Changchun Municipal Administration of Industry and Commerce;

(f) "EIAs" means the following Environmental Impact Assessments:

- (i) the Environmental Impact Assessment dated March 2005 prepared by the Environment Assessment Office of Jilin University for Changchun Water Supply Subcomponent (Subcomponent 1.1);
- (ii) the Environmental Impact Assessment dated April 2007 prepared by Jilin Petrochemical Institute for the Changchun Wastewater Management Subcomponent (Subcomponent 1.2);
- (iii) the Environmental Impact Assessment dated March 2006 prepared by Changchun Environment Protection Research Institute for the Changchun Solid Waste Management Subcomponent (Subcomponent 1.3);
- (iv) the Environmental Impact Assessment dated December 2006 prepared by China Urban Construction Northeast Design Institute for the Yanji Water Supply Subcomponent (Subcomponent 2.1);
- (v) the Environmental Impact Assessment dated August 2004 prepared by Jilin Environment Technology Development Company Limited and Jilin Environment Science and Protection Technology Company Limited for Yanji Wastewater Management Subcomponent (Subcomponent 2.2);
- (vi) the Environmental Impact Assessments dated December 2006 prepared by China Urban Engineering Northeast Design Institute for the Yanji Thermal Power Plant Heating Networks Subcomponent (Subcomponent 3.1); and
- (vii) the Environmental Impact Assessment dated December 2006 prepared by China Electric Power Corporation Northeast Electric Energy Institute for the Yanji Central Heating Secondary Networks Subcomponent (Subcomponent 3.2);

(g) "Goods" means equipment and materials to be financed out of the proceeds of the Loan; including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding consulting services;

(h) "JCB" means Jilin Construction Bureau;

(i) "Onlending Agreement" means any of the agreement referred to in Section 3.01(c) of this Loan Agreement;

(j) "Procurement Guidelines" means ADB's Procurement Guidelines dated February 2007, as amended from time to time;

(k) "Procurement Plan" means the procurement plan for the Project dated 19 September 2007 and agreed between the Borrower and ADB, as updated from time to time in accordance with Procurement Guidelines, Consulting Guidelines, and other arrangements agreed with ADB;

(l) "Project Executing Agency" or "EA" for the purposes of, and within the meaning of, the Loan Regulations means JPG or any successor thereto, which is responsible for the carrying out of the Project;

(m) "Project facilities" means the equipment to be provided and the facilities to be constructed under the Project;

(n) "Project Implementing Agency" or "IA" means any of CWSC, CJTCGC, CMLESICC, YIDC, YSTC or YWSC, or any successor or assignee thereto acceptable to ADB;

(o) "RPs" means the following Resettlement Plans which are acceptable to ADB:

- (i) Resettlement Plan dated March 2007 prepared by CWSC for the Changchun Water Supply Subcomponent (Subcomponent 1.1);
- (ii) Resettlement Plan dated March 2007 prepared by China Urban Construction Northeast Design Institute for Changchun Wastewater Management Subcomponent (Subcomponent 1.2);
- (iii) Resettlement Plan dated December 2006 prepared by Solid Waste Management Division of Changchun Environment Protection Bureau and China Urban Construction Northeast Design Institute for Changchun Solid Waste Management Subcomponent (Subcomponent 1.3);
- (iv) Summary Resettlement Plan dated February 2007 prepared by YWSC and China Urban Construction Northeast Design Institute for Yanji Water Supply Subcomponent (Subcomponent 2.1);
- (v) Summary Resettlement Plan dated February 2007 prepared by YSTC and China Urban Construction Northeast Design

Institute Yanji Wastewater Management Subcomponent
(Subcomponent 2.2)

- (vi) Summary Resettlement Plan dated February 2007 prepared by for the Yanji Thermal Power Plant Heating Networks Subcomponent (Subcomponent 3.1) and the Yanji Central Heating Plant and Secondary Networks Subcomponent (Subcomponent 3.2).

(p) "Subcomponent(s)" means subcomponent(s) described in detail in paragraph 2 of Schedule 1 to this Loan Agreement;

(q) "Works" means construction or civil works to be financed out of the proceeds of the Loan, including services such as drilling or mapping, and project related services that are provided as part of a single responsibility or turnkey contract, but excluding consulting services;

(r) "WWTP" means wastewater treatment plant;

(s) "YIDC" means Yanji Investment and Development Limited Company, a limited liability company incorporated with a registration certificate issued by Yanji Municipal Administration of Industry and Commerce;

(t) "YKAP" means Yanbian Korean Autonomous Prefecture, an administrative subdivision in Jilin Province at the level below province and above county;

(u) "YMG" means Yanbian Municipal Government, an administrative subunit in Jilin Province at the level below YKAP;

(v) "YSTC" means Yanji Sewerage Treatment Limited Company, a limited liability company incorporated with a registration certificate issued by Yanji Municipal Administration of Industry and Commerce; and

(w) "YWSC" means Yanji Water Supply Company, a state owned enterprise incorporated with a registration certificate issued by Yanji Municipal Administration of Industry and Commerce.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of one hundred million dollars (\$100,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of 20 years, and a grace period as defined in paragraph (c) of this Section.

(c) The term "grace period" as used in paragraph (b) of this Section means the period prior to the first Principal Payment Date of 15 April 2013 in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of LIBOR and 0.60% as provided by Section 3.02 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.35% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing sixty (60) days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 15 April and 15 October in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 2.06. (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, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Floating 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 said Floating Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(6) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. (a) The Borrower shall make the proceeds of the Loan available to JPG upon terms and conditions acceptable to ADB. Except as ADB may otherwise agree, the terms for the proceeds of the Loan made available to JPG shall include (i) commitment charge and interest at the rates identical to those applied to the Loan; (ii) a repayment period including a grace period identical to those applied to the Loan; and (iii) JPG bearing the foreign exchange and interest rate variation risks.

(b) The Borrower shall cause JPG to make a portion of the Loan proceeds in an amount of \$67,000,000 available to CMG and a portion of the Loan Proceeds in an amount of \$33,000,000 available to YMG through YKAP upon terms and conditions acceptable to ADB. Except as ADB may otherwise agree, the terms for the proceeds of the Loan made available to CMG and YMG shall include (i) commitment charge and interest at the rates identical to those applied to the Loan; (ii) a repayment period including a grace period identical to those applied to the Loan; and (iii) CMG and YMG bearing the foreign exchange and interest rate variation risks respectively for the amount of the Loan proceeds made available to each one of them.

(c) The Borrower shall through JPG, cause to be made the following arrangements to transfer the Loan proceeds to the IAs:

- (i) CMG shall onlend an amount of \$25,000,000 to CWSC under an Onlending Agreement between CMG and CWSC for Changchun Water Supply Subcomponent (Subcomponent 1.1) and the associated capacity strengthening activities;
- (ii) CMG shall make an amount of \$22,000,000 of the Loan proceeds available to Jingyuetan Administration Committee; and then Jingyuetan Administration Committee shall onlend such amount to CJTCGC under an Onlending Agreement between Jingyuetan Administration Committee and CJTCGC for the Changchun Wastewater Management Subcomponent (Subcomponent 1.2) and the associated capacity strengthening activities;
- (iii) CMG shall onlend an amount of \$20,000,000 to CMLESICC under an Onlending Agreement between CMG and CMLESICC for Changchun Solid Waste Management Subcomponent (Subcomponent 1.3) and the associated capacity strengthening activities;
- (iv) YMG shall onlend an amount of \$9,000,000 to YWSC under an Onlending Agreement between YMG and YWSC for Yanji Water

Supply Subcomponent (Subcomponent 2.1) and the associated capacity strengthening activities;

- (v) YMG shall onlend an amount of \$9,000,000 to YSTC under an Onlending Agreement between YMG and YSTC for Yanji Wastewater Management Subcomponent (Subcomponent 2.2) and the associated capacity strengthening activities; and
- (vi) YMG shall onlend an amount of \$15,000,000 to YIDC under an Onlending Agreement between YMG and YSTC for the Yanji Thermal Power Plant Heating Networks Subcomponent (Subcomponent 3.1) and the Yanji Central Heating Secondary Networks Subcomponent (Subcomponent 3.2) and the associated capacity strengthening activities.

The terms and conditions of each Onlending Agreement shall be acceptable to ADB, which, among others, shall include (i) commitment charge and interest at the rates identical to those applied to the Loan; (ii) a repayment period including a grace period identical to those applied to the Loan; (iii) each concerned IA bearing the foreign exchange and interest rate variation risks of the proceeds on-lent thereto; and (iv) each IA performing the obligations to the extent applicable to itself as provided in the Project Agreement which shall be made an integral part of each such Onlending Agreement.

(d) The Borrower shall cause JPG, CMG, YMG and the IAs to apply the proceeds of the Loan to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement, the Project Agreement and the Onlending Agreements.

Section 3.02. The Goods, Works and consulting services and other items of expenditure to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan among different categories of such Goods, Works and consulting services and other items of expenditure shall be in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. Except as ADB may otherwise agree, all Goods, Works and consulting services to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 to this Loan Agreement. ADB may refuse to finance a contract where Goods, Works or consulting or services have not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 3.04. Except as ADB may otherwise agree, the Borrower shall cause all Goods, Works and consulting services financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. The closing date for withdrawals from the Loan Account for the purposes of Section 9.02 of the Loan Regulations shall be 30 June 2013 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. (a) The Borrower shall cause JPG to carry out the Project with due diligence and efficiency and in conformity with sound administrative, financial, engineering, environmental, wastewater treatment, water supply and heating practices.

(b) In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 5 to this Loan Agreement, the Schedule to the Project Agreement and the Onlending Agreements.

Section 4.02. The Borrower shall, through JPG, CMG and YMG, make available to the IAs, promptly as needed, the funds, facilities, services, land and other resources which are required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 4.03. The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in accordance with sound administrative policies and procedures.

Section 4.04. The Borrower shall take all action which shall be necessary on its part to enable JPG to perform its obligations under the Project Agreement, including the establishment and maintenance of tariffs as stipulated in paragraphs 13 and 17 of the Schedule to the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. (a) The Borrower shall through JPG ensure that CMG and YMG exercise their rights under the Onlending Agreements in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) No rights or obligations under any Onlending Agreement shall be assigned, amended, abrogated or waived without the prior concurrence of ADB.

ARTICLE V

Suspension; Cancellation; Acceleration of Maturity

Section 5.01. The following are specified as additional events for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 9.01(l) of the Loan Regulations.

(a) Any party to an Onlending Agreement shall have failed to perform any material obligation under the Onlending Agreement.

(b) The Borrower, JPG, CMG, YMG or any IA, without prior consultation with ADB, shall have made any material changes to the legal character, ownership or control of the concerned IA, if such changes may adversely affect its ability to perform its obligations in respect to the concerned Components under this Loan Agreement, the Project Agreement and the Onlending Agreement.

Section 5.02. The following are specified as additional events for acceleration of maturity for the purposes of Section 9.07(a)(iv) of the Loan Regulations: any of the events specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. A date ninety (90) days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VII

Miscellaneous

Section 7.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

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

Telex Number:

22486 MFPRC CN

Facsimile Number:

(8610) 6855-1125.

Telex Numbers:

29066 ADB PH (RCA)
42205 ADB PM (ITT)
63587 ADB PN (ETPI)

Facsimile Numbers:

(632) 636-2444
(632) 636-2407.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and to be delivered at the principal office of ADB, as of the day and year first above written.

PEOPLE'S REPUBLIC OF CHINA

By 

SONG TAO
Authorized Representative

ASIAN DEVELOPMENT BANK

By 

HARUHIKO KURODA
President

SCHEDULE 1

Description of the Project

Impact and Outcome

1. The impact of the Project is to enhance the urban environment and improve public health and quality of life for urban residents in the cities of Changchun and Yanji, by increasing wastewater coverage, enhancing Solid Waste Management, improving the supply of potable water, and reducing air pollution. The outcome of the Project will be improved water supply, wastewater management, solid waste, and efficient central heating services in Changchun and Yanji.

Outputs

2. The Project comprises the following components and subcomponents.

Component I. Changchun Urban Infrastructure Component

Subcomponent 1.1: Changchun Water Supply. Construction of No. 5 Water Treatment Plant with a capacity of 300,000 m³/day, about 25.5 kilometer (km) of water transmission pipelines, about 58.15 km of distribution network, and construction of two new booster pumping stations and ungrading and expansion of two pumping stations.

Subcomponent 1.2: Changchun Wastewater Management. Construction of the Dongnan WWTP with a treatment capacity of 100,000 m³/day, about 54.36 km of sewer network, about 34.2 km of stormwater pipelines, and about 23.5 km of wastewater interceptors.

Subcomponent 1.3: Changchun Solid Waste Management. Construction of a sanitary landfill facility with a capacity of 2,600 tons per day with a 10 year service life, and an additional expected life of 12 years after expansion.

Component II. Yanji Urban Infrastructure Component

Subcomponent 2.1: Yanji Water Supply: Construction of a WTP with a capacity of 60,000 m³/day, about 10.5 km of raw water transmission pipelines, about 9 km of distribution mains, and about 35.7 km of water distribution pipelines.

Subcomponent 2.2: Yanji Wastewater Management: Construction of an effluent reuse WWTP with a capacity of 50,000 m³/day, about 15.1 km of water reuse transmission mains, and about 40 km of sewer network.

Component III. Yanji Central Heating Component

Subcomponent 3.1: Yanji Thermal Power Plant Heating Networks: Construction of about 42.52 km of heating pipelines, about 6.2 km of steam pipelines, 35 heat exchange stations, and one booster pumping station to provide central heating to an area of 6.97 million m² south of the Buerhatong River.

Subcomponent 3.2: Yanji Central Heating Secondary Networks: Construction of about 77.6 km of heating pipelines, and 64 heat exchange stations to provide central heating to an area of 9.3 million m² north of the Buerhatong River.

Institutional Capacity Development

The institutional capacity development will be provided for implementation of the Project as follows:

- (i) Provision of training to strengthen organizational structure and staff resources to implement, operate, and maintain the project components;
- (ii) Strengthening of the management practices in human resources, finance, and corporate planning;
- (iii) Provision of managers and service delivery staff to ensure efficient implementation and sustainability of project benefits;
- (iv) Strengthening of the institutional capacity to facilitate the adoption of an integrated approach to water resource management including pollution control; and
- (v) Provision of consulting services in the carrying out of the Project, particularly with regard to, among others, (a) project management and construction supervision; (b) management information system and project performance; (c) preparation of a strategy for reduction of non-revenue water in Changchun and Yanji along with a time-bound action plan; (d) social, environmental, and resettlement monitoring; (e) financial management; (f) study on various financing modalities; and (g) improvement of operation and maintenance.

3. The Project is expected to be completed by 31 December 2012.

SCHEDULE 2**Amortization Schedule****(Jilin Urban Environmental Improvement Project)**

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 shall 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 ADB by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<u>Date Payment Due</u>		<u>Installment Share</u> (expressed as a %)
15 April	2013	0.83
15 October	2013	0.87
15 April	2014	0.91
15 October	2014	0.96
15 April	2015	1.01
15 October	2015	1.06
15 April	2016	1.11
15 October	2016	1.16
15 April	2017	1.22
15 October	2017	1.28
15 April	2018	1.35
15 October	2018	1.42
15 April	2019	1.49
15 October	2019	1.56
15 April	2020	1.64
15 October	2020	1.72
15 April	2021	1.81
15 October	2021	1.90
15 April	2022	1.99
15 October	2022	2.09
15 April	2023	2.20
15 October	2023	2.31
15 April	2024	2.42
15 October	2024	2.54
15 April	2025	2.67
15 October	2025	2.80
15 April	2026	2.94

15 October	2026	3.09
15 April	2027	3.25
15 October	2027	3.41
15 April	2028	3.58
15 October	2028	3.76
15 April	2029	3.94
15 October	2029	4.14
15 April	2030	4.35
15 October	2030	4.57
15 April	2031	4.79
15 October	2031	5.03
15 April	2032	5.29
15 October	2032	5.54
		100.00
		100.00

2. If the proceeds of the Loan shall not 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 as follows:

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

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

3. Withdrawals made 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.

Schedule 2

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

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be 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.

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories of Goods, Works, services and other items to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan to each such Category (hereinafter called the Table). (Reference to "Category" or "Categories" in this Schedule is to a Category or Categories of the Table [and reference to "Subcategory" or "Subcategories" in this Schedule is to a Subcategory or Subcategories of a Category.]

Percentages of ADB Financing

2. Except as ADB may otherwise agree, the items of the Categories and Subcategories listed in the Table shall be financed out of the proceeds of the Loan on the basis of the percentages set forth in the Table.

Interest and Commitment Charge

3. The amount allocated to Category 4 is for financing interest and commitment charge on the Loan during the implementation period of the Project. ADB shall be entitled to withdraw from the Loan Account and pay to itself, on behalf of the Borrower, the amounts required to meet payments, when due, of such interest and commitment charge.

Reallocation

4. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Borrower, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan then allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

5. Except as ADB may otherwise agree, the Loan proceeds for financing Goods, Works and consulting services and other items shall be disbursed in accordance with ADB's "Loan Disbursement Handbook" dated January 2007 (ADB's Loan Disbursement Handbook), as amended from time to time.

Imprest Account: Statement of Expenditures

6. (a) Except as ADB may otherwise agree, the Borrower shall establish immediately after the Effective Date, an imprest account at a bank acceptable to ADB. The imprest account shall be established, managed, replenished and liquidated in accordance with ADB's Loan Disbursement Handbook, and detailed arrangements agreed upon between the Borrower and ADB. The currency of the imprest account shall be dollar. The initial amount to be deposited into the imprest account shall not exceed the lower of (i) the estimated expenditure for the first six months of Project implementation, or (ii) the equivalent of ten (10) percent of the Loan amount.

(b) The statement of expenditures (SOE) procedure may be used for reimbursement of eligible expenditures of the Project and to liquidate advances provided into the imprest account not exceeding \$200,000 per each individual payment, in accordance with ADB's Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB. Any individual payment to be reimbursed or liquidated under the SOE procedure shall not exceed the equivalent of \$200,000.

Retroactive Financing

7. Withdrawals from the Loan Account may be made for reimbursement of reasonable expenditures incurred under the Project before the Effective Date, but not earlier than 12 months before the date of this Loan Agreement in connection with items to be retroactively financed, subject to a maximum amount equivalent to 20 percent of the Loan amount.

Condition of Withdrawals from Loan Account

8. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account to any IA of the Project until the following condition shall have been met: the Borrower shall have certified to ADB that the Onlending Agreement to which the concerned IA is a party, which shall include the terms and conditions referred to in Section 3.01(c) above, shall have been duly executed by and delivered on behalf of the concerned parties and shall have become fully effective and binding upon such parties thereto in accordance with its terms.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Jilin Urban Environmental Improvement Project)				
CATEGORY				ADB FINANCING BASIS
Number	Item	Total Amount Allocated for ADB Financing		Percentage of ADB Financing from the Loan Account
		\$ Category	Subcategory	
1	Civil Works	31,966,000		
1A	Changchun Water Supply Subcomponent		11,930,000	55 percent of total expenditure claimed
1B	Changchun Solid Waste Management Subcomponent		5,000,000	70 percent of total expenditure claimed
1C	Changchun Wastewater Management Subcomponent		10,687,000	55 percent of total expenditure claimed
1D	Yanji Water Supply Subcomponent		1,876,000	55 percent of total expenditure claimed
1E	Yanji Wastewater Management Subcomponent		2,473,000	55 percent of total expenditure claimed
2	Equipment, Materials and Vehicles	52,445,000		
2A	Changchun Water Supply Subcomponent		9,150,000	100 percent of total expenditure claimed
2B	Changchun Solid Waste Management		11,867,000	100 percent of total expenditure claimed
2C	Changchun Wastewater Management Subcomponent		7,854,000	100 percent of total expenditure claimed
2D	Yanji Water Supply Subcomponent		5,713,000	100 percent of total expenditure claimed
2E	Yanji Wastewater Management Subcomponent		5,116,000	100 percent of total expenditure claimed
2F	Yanji Thermal Power Plant Heating Networks Subcomponent		11,105,000	100 percent of total expenditure claimed
2G	Yanji Central Heating Secondary Networks Subcomponent		1,640,000	100 percent of total expenditure claimed
3	Project Management Consulting Services and Training	1,571,000		100 percent of total expenditure claimed
4	Interest and Commitment Charge	14,018,000		100 percent of amount due
	Total	100,000,000		

SCHEDULE 4

Procurement of Goods and Works, and Consulting Services

General

1. All Goods and Works, and consulting services, to be financed out of the proceeds of the Loan shall be subject to and governed by the Procurement Guidelines, and the Consulting Guidelines, respectively.
2. All terms used and not otherwise defined in this Loan Agreement have the meanings provided in the Procurement Guidelines and/or the Consulting Guidelines, as applicable.

Procurement for Goods and Works

3. Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the methods of procurement set forth below:

International Competitive Bidding
National Competitive Bidding
Shopping

The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Borrower may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.

4. Domestic Preference. The Borrower may grant a margin of preference in the evaluation of bids under international competitive bidding in accordance with paragraphs 2.55(a) and 2.56 of the Procurement Guidelines for domestically manufactured Goods.
5. The Borrower's *Law of 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, shall be applied, together with the following clarifications as required for compliance with the Guidelines:

- (i) All invitations to prequalify or to bid shall be advertised in the national press, or official gazette, or a free and open access website in the Borrower's country. 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 preparation period of thirty (30) days shall be given. The preparation period shall count (a) from the date of advertisement, or (b) when the documents are available for issue, whichever date is later. The advertisement and the prequalification and bidding documents shall specify the deadline for such submission.

- (ii) Qualification requirements of bidders and the method of evaluating the qualification of each bidder shall be specified in detail in the bidding documents, and in the prequalification documents if the bidding is preceded by a prequalification process.
- (iii) If bidding is preceded by a prequalification process, all bidders that meet the qualification criteria set out in the prequalification document shall be allowed to bid and there shall be no limit on the number of pre-qualified bidders.
- (iv) All bidders shall be required to provide a performance security in an amount sufficient to protect the Borrower/Project Executing Agency in case of breach of contract by the contractor, and the bidding documents shall specify the required form and amount of such performance security.
- (v) Bidders shall be allowed to submit bids by mail or by hand.
- (vi) All bids shall be opened in public; all bidders shall be afforded 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/Project Executing Agency.
- (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 ADB, 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 ADB.

- (xi) Government owned enterprises in the Borrower's country may be permitted to bid 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 Borrower/Project Executing Agency.
- (xii) Re-bidding shall not be allowed solely because the number of bids is less than three (3).

Selection of Consulting Services

6. Quality- and Cost-Based Selection. Except as ADB may otherwise agree, the Borrower shall apply quality- and cost-based selection for selecting and engaging consulting services.

Industrial or Intellectual Property Rights

7. (a) The Borrower shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

(b) The Borrower shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.

8. The Borrower shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the consulting services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

ADB's Review of Procurement Decisions

9. All contracts procured under international competitive bidding procedures and contracts for consulting services shall be subject to prior review by ADB, unless otherwise agreed between the Borrower and ADB and set forth in the Procurement Plan.

SCHEDULE 5

Execution of Project

Implementation Arrangements

1. JPG shall be the Project Executing Agency for the Project and have overall responsibility for the Project.
2. The Jilin Project Leading Group (JPLG) which has been established for implementing the Project at the provincial level, headed by a Vice Governor and comprising the heads of Jilin Development Reform Commission, Jilin Construction Bureau, and Jilin Finance Bureau, shall provide overall policy guidance, facilitate inter-agency coordination and resolve any institutional problems affecting Project implementation. The PLGs which have been established in the cities of Changchun and Yanji shall provide overall policy guidance, facilitate inter-agency coordination and resolve any institutional problems affecting Project implementation at the municipal level.
3. The Jilin Project Management Office (JPMO), which has been established in Jilin Construction Bureau, shall be led by JPLG and comprise staff of Jilin Development Reform Commission, Jilin Construction Bureau and Jilin Finance Bureau, and shall perform the daily work of JPLG. The Project Management Offices established in CMG and YMG shall report to JPMO and also coordinate and monitor activities of the IAs.
4. The following IAs shall be responsible for day-to-day implementation activities:
 - (i) Changchun Water Supply Company (CWSC) responsible for the Changchun Water Supply Subcomponent (Subcomponent 1.1);
 - (ii) Changchun Jingyuetan Tourism Construction Group Limited Company (CJTCCG) responsible for the Changchun Wastewater Management Subcomponent (Subcomponent 1.2);
 - (iii) Changchun Municipal Liya Environmental Sanitation and Infrastructure Construction Limited Company (CMLESICC) responsible for the Changchun Solid Waste Management Subcomponent (Subcomponent 1.3);
 - (iv) Yanji Water Supply Company (YWSC) responsible for the Yanji Water Supply Subcomponent (Subcomponent 2.1);
 - (v) Yanji Sewage Treatment Company (YSTC) responsible for the Yanji Wastewater Management Subcomponent (Subcomponent 2.2); and
 - (vi) Yanji Investment and Development Company (YIDC) responsible for the Yanji Thermal Power Plant Heating Networks and Yanji Central Heating Secondary Networks Subcomponents (Subcomponents 3.1 and 3.2).

5. JPG, CMG and YMG shall ensure respectively that each IA under its control be maintained as separate legal entity with full financial and managerial autonomy as provided for under the relevant laws of the PRC to be (a) responsible for day to day implementation activities for the Subcomponent(s) concerned, (b) responsible for operating the project infrastructures of the Subcomponent(s) concerned developed in Changchun or Yanj; and (c) entitled to receive all monies collected by levying the appropriate water, wastewater, solid waste, or heating tariffs, as applicable.

Change of Ownership

6. In the event that (a) any change in ownership of the Project facilities, or (b) any sale, transfer or assignment of the shares of any IA is anticipated, JPG shall, and shall ensure that either CMG, or YMG, as the case may be, and the concerned IA consult with ADB at least six months prior to the implementation of such change. JPG through CMG, or YMG, as the case may be, and the concerned IA shall ensure that such change shall be carried out in a lawful and transparent manner.

Mid-Term Review

7. The Borrower, JPG, CMG, YMG and ADB shall undertake a comprehensive midterm review two years after the commencement of Project implementation, which shall include a detailed evaluation of (a) scope of the Project, (b) implementation arrangements, (c) resettlement, (d) achievements of the scheduled targets, (e) progress of the agenda for policy reform and institutional development, and (f) reallocation of the Loan proceeds and change to the disbursement percentages, if any. The results of the midterm review shall be discussed by the Borrower, CMG, YMG and ADB and, if required, appropriate corrective measures shall be formulated to ensure successful Project implementation and achievement of the Project objectives by the loan closing date.