
LOAN NUMBER 3450-PRC

LOAN AGREEMENT
(Ordinary Operations)

(Fujian Farmland Sustainable Utilization and Demonstration Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

ASIAN DEVELOPMENT BANK

DATED 02 March 2017

PRC 47071

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 02 March 2017 between PEOPLE'S REPUBLIC OF CHINA ("Borrower") and ASIAN DEVELOPMENT BANK ("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 Fujian Provincial Government ("FPG"), and for this purpose the Borrower will make available to FPG 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 FPG;

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 ("Loan Regulations"), 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:

(a) Section 3.03 is deleted and the following is substituted therefor:

Commitment Charge; Credit; Maturity Premium.

(a) The Borrower shall pay a commitment charge on the unwithdrawn amount of the Loan at the rate and on the terms specified in the Loan Agreement.

(b) ADB shall provide to the Borrower a credit at the rate specified in the Loan Agreement, which credit shall remain fixed for the term of the Loan. ADB shall apply the credit against the interest payable by the Borrower.

(c) The Borrower shall pay a maturity premium at the rate specified in the Loan Agreement, which maturity premium shall remain fixed for the term of the Loan. ADB

shall add the maturity premium to the interest payable by the Borrower.

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

Rebate. (a) 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.

(b) 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.

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

Surcharge. (a) 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.

(b) 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, the several terms defined in the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

(a) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);

(b) "Consulting Services" means the services to be financed out of the proceeds of the Loan;

(c) "Environmental Management Plan" or "EMP" means the environmental management plan for the Project, including any update thereto, incorporated in the IEE;

(d) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;

(e) "Gender Action Plan" or "GAP" means the gender action plan for the Project, including any update thereto, prepared and submitted by FPG and cleared by ADB;

(f) "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;

(g) "Indigenous Peoples Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;

(h) "Initial Environmental Examination" or "IEE" means the initial environmental examination for the Project, including any update thereto, prepared and submitted by FPG and cleared by ADB;

(i) "Involuntary Resettlement Safeguards" means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;

(j) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2015, as amended from time to time);

(k) "management letter" means formal communications from the auditor to the client management in accordance with the International Standard on Auditing 265 (communicating deficiencies in internal control to those charged with governance and management), which is not required to be provided separately as it is equivalent to the Audit Findings and Recommendations prepared by the Project auditor and submitted to ADB;

(l) "PAM" means the project administration manual for the Project dated 29 September 2016 and agreed between FPG and ADB, as updated from time to time in accordance with the respective administrative procedures of the Borrower and ADB;

(m) "Procurement Guidelines" means ADB's Procurement Guidelines (2015, as amended from time to time);

(n) "Procurement Plan" means the procurement plan for the Project dated 29 September 2016 and agreed between the FPG and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(o) "PPMO" means the Provincial Project Management Office established under the Fujian Agricultural Department responsible for oversight and coordination for day-to-day Project implementation activities;

(p) "Project Counties" means counties within Fujian province, where any Project activities will be carried out;

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

(r) "Project Implementing Agencies" means the Project Counties or any successor, assignee or replacement thereof agreed by FPG and ADB and "Project County" means one of them;

(s) "Project Implementing Units" means the participating companies or any successor, assignee or replacement thereof agreed by FPG and ADB and "Project Implementing Unit" means one of them;

(t) "Resettlement Framework" or "RF" means the resettlement framework, including any updates thereto, prepared to ensure that all subprojects comply with the SPS, which has been submitted by FPG and cleared by ADB;

(u) "Resettlement Plan" or "RP" means any resettlement plan for the Project, including any update thereto, prepared and submitted by FPG and cleared by ADB;

(v) "Safeguards Monitoring Report" means each report prepared and submitted by FPG to ADB that describes progress with implementation of and compliance with the EMP and any RP (as applicable), including any corrective and preventative actions;

(w) "Safeguard Policy Statement" or "SPS" means ADB's Safeguard Policy Statement (2009);

(x) "SDAP" means the social development action plan for the Project, including any update thereto, prepared and submitted by FPG and cleared by ADB; and

(y) "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.

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 21 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (b) hereinabove means the period prior to the first Principal Payment Date 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:

- (a) LIBOR;
- (b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.10% as provided by Section 3.03 of the Loan Regulations; and
- (c) a maturity premium of 0.10% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 1 May and 1 November 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 subsection (a) hereinabove 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 relend the proceeds of the Loan to FPG under the same terms as the Loan, and shall cause FPG to onlend the proceeds of the Loan to Project Counties under the same terms as the Loan. The Project Counties shall then make the Loan proceeds available to the participating companies under a series of onlending agreements, in the amounts specified in the PAM and on the terms and condition acceptable to ADB.

(b) The Borrower, acting through FPG, shall ensure that the proceeds of the Loan are applied to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn 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, the Borrower shall cause FPG to procure the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 4 to this Loan Agreement. ADB may refuse to finance a contract where any such item has 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 items of expenditure financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Section 3.05. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 30 November 2022 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, through FPG, cause the Project to be carried out with due diligence and efficiency and in conformity with sound applicable technical, financial, business, and development 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 and the Project Agreement.

Section 4.02. The Borrower shall cause FPG to make available, promptly as needed, the funds, facilities, services, land and other resources, as required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 4.03. The Borrower shall ensure and cause FPG to ensure that the activities of their 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 enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.

Section 4.05. The Borrower shall take all actions which shall be necessary on its part to enable FPG to perform its obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

ARTICLE V

Effectiveness

Section 5.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VI**Miscellaneous**

Section 6.01. 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 6.02. 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

Facsimile Number:

+(86) 10 6855 2061

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2534.

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 as of the day and year first above written and to be delivered at the principal office of ADB.

PEOPLE'S REPUBLIC OF CHINA

By 

LIU WEIHUA
Authorized Representative

ASIAN DEVELOPMENT BANK

By 

BENEDICT BINGHAM
Authorized Representative

SCHEDULE 1

Description of the Project

1. The objective of the Project is to improve the long-term farmland productivity and climate resilience in the Project Counties.

2. The Project shall comprise:

Output 1: Productive farmland established consisting of rehabilitation of valley floor crop land and sloping land. Valley floor crop land rehabilitation activities will comprise the land levelling and development of farm infrastructure such as farm tractor roads and water conservancy facilities for cropping grains, vegetables and lotus seeds; and sloping land rehabilitation will be for tea, tea oil and orchards, including repairing existing terracing, farm infrastructure such as farm tractor roads and water conservancy facilities such as water storage ponds and spray/drip irrigation equipment.

Output 2: Sustainable farming technology and practices adopted to support farmers, cooperatives and enterprises to demonstrate improved and climate resilient cropping practices. Activities will include provision of: agricultural equipment and materials to implement sustainable farming technology and practices such as soil conservation measures, integrated pest management and improved cropping practices. Enterprises will be equipped with soil, water and organic fertilizer quality-testing equipment required for balanced fertilizer rate recommendations. In addition, this output will facilitate the certification process for green and organic tea and tea oil products.

Output 3: Institutional, technical and management capacity strengthened. This output includes: (i) training specialized farmer cooperatives on cooperative operation, production technology, and marketing; (ii) training PIUs' staff and farmers on good agricultural practices and technology, including green and organic product certification; (iii) establishing of and developing the capacity of farmland infrastructure management and maintenance associations; and (iv) training on gender and development to ensure the Project is inclusive of women and poor.

3. The Project is expected to be completed by 31 May 2022.

SCHEDULE 2

Amortization Schedule

(Fujian Farmland Sustainable Utilization and Demonstration 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>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
1 May 2022	2.380952
1 November 2022	2.380952
1 May 2023	2.380952
1 November 2023	2.380952
1 May 2024	2.380952
1 November 2024	2.380952
1 May 2025	2.380952
1 November 2025	2.380952
1 May 2026	2.380952
1 November 2026	2.380952
1 May 2027	2.380952
1 November 2027	2.380952
1 May 2028	2.380952
1 November 2028	2.380952
1 May 2029	2.380952
1 November 2029	2.380952
1 May 2030	2.380952
1 November 2030	2.380952
1 May 2031	2.380952
1 November 2031	2.380952
1 May 2032	2.380952
1 November 2032	2.380952
1 May 2033	2.380952
1 November 2033	2.380952
1 May 2034	2.380952
1 November 2034	2.380952
1 May 2035	2.380952
1 November 2035	2.380952
1 May 2036	2.380952
1 November 2036	2.380952
1 May 2037	2.380952
1 November 2037	2.380952

1 May 2038	2.380952
1 November 2038	2.380952
1 May 2039	2.380952
1 November 2039	2.380952
1 May 2040	2.380952
1 November 2040	2.380952
1 May 2041	2.380952
1 November 2041	2.380952
1 May 2042	2.380952
1 November 2042	2.380968
TOTAL	100.000000

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.

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 items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Subcategory of the Table).

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Interest and Commitment Charges

3. The amount allocated to Category 4 is for financing interest and commitment charges 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 charges.

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, in consultation with 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 allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, in consultation with the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

5. Except as ADB may otherwise agree, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Imprest Account; Statement of Expenditures

6. (a) Except as ADB may otherwise agree, the Borrower shall cause Fujian Provincial Department of Finance to establish an imprest account at a commercial bank acceptable to ADB after the Loan becomes effective. The currency of the imprest account shall be the Dollar. The imprest account shall only be used for the purposes of the Project. The imprest account will be established, managed, replenished and liquidated in accordance with the Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB.

(b) The statement of expenditures procedure may be used for reimbursement of eligible expenditures and to liquidate advances provided into the imprest account, in accordance with the Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB.

Retroactive Financing

7. Withdrawals from the Loan Account may be made to finance eligible 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% of the Loan amount.

Condition for Withdrawals from Loan Account

8. Notwithstanding any other provision of this Loan Agreement, with respect to each participating companies, no withdrawals shall be made from the Loan Account for a particular subcategory under Category 1 (Works), until the Borrower shall cause FPG to certify that the relevant participating company has entered into the relevant onlending agreement with the relevant Project County and that each agreement has been duly authorized by, and executed and delivered on behalf of, each participating company and each relevant Project County, and is legally binding upon the parties in accordance with the terms of each agreement. For the avoidance of doubt, this condition to be met by each participating company shall not be conditional or dependent on other participating companies meeting this condition and if one participating company meets the condition described herein, then withdrawals from the Loan Account shall be permitted as to that relevant participating company according to the terms set forth herein.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Fujian Farmland Sustainable Utilization and Demonstration Project)				
Number	Item	Total Amount Allocated for ADB Financing (\$)		Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Works	78,482,954		
1A	Wuyishan Zhuzi Ecological Agriculture Co., Ltd ^a		4,245,449	88.0% of eligible expenditures*
1B	Fujian Zhengyuan Ecological Food Town Co., Ltd ^a		1,308,118	41.3% of eligible expenditures*
1C	Fujian Datian County Golden Phoenix Agr Dev Co., Ltd ^a		12,601,023	77.3% of eligible expenditures*
1D	Youxi Cty Yangzhong Xingkaicheng Urb Cons Co., Ltd ^a		3,730,123	92.8% of eligible expenditures*
1E	Youxi County Shenlang Edible Oil Co., Ltd ^a		2,978,451	78.7% of eligible expenditures*
1F	Ninghua State-owned Ecological Forestry Co., Ltd ^a		8,056,613	87.2% of eligible expenditures*
1G	Fujian Ninghua County Ninghua S & T Co., Ltd ^a		797,645	85.1% of eligible expenditures*
1H	Fujian Chunhui Tea Co., Ltd ^a		887,013	59.3% of eligible expenditures*
1I	Fujian Cuiyun Tea Co., Ltd ^a		1,004,526	83.2% of eligible expenditures*
1J	Ninghua Jinxi Tea Co., Ltd ^a		952,904	72.7% of eligible expenditures*
1K	Fujian Ninghua County Houde Agro-forestry Ecol. Co., Ltd ^a		646,330	40.6% of eligible expenditures*
1L	Longyan Municipality Longyu Ecol Ind Dev Co. Ltd ^a		8,570,081	91.9% of eligible expenditures*
1M	Longyan Municipality Greenland Ecological Ag Dev Co. Ltd ^a		7,321,947	74.8% of eligible expenditures*
1N	Fujian Xinghe Investment Development Co. Ltd ^a		13,493,324	84.7% of eligible expenditures*
1O	Fujian Hongsheng Gardening Co. Ltd ^a		2,731,870	82.5% of eligible expenditures*
1P	Fujian Lvyin Agriculture Co., Ltd ^a		1,246,646	70.4% of eligible expenditures*
1Q	Fujian Jianye Agro-forestry Comprehensive Invest Co. Ltd ^a		2,368,283	80.4% of eligible expenditures*

1R	Ningde Qilongxiang Agriculture Co. Ltd. ^a		1,484,501	76.5% of eligible expenditures*
1S	Fujian Farms Agribusiness Tea Co. Ltd. ^a		4,058,107	87.1% of eligible expenditures*
2	Equipment^b	4,804,360		100% of eligible expenditures*
3	Materials^b	11,062,518		100% of eligible expenditures*
4	Interest and Commitment Charges	5,650,168		100% of amounts due
	Total	100,000,000		

* Includes taxes and duties.

^a Subject to condition for withdrawals under paragraph 8, Schedule 3 of this Loan Agreement.

^b ADB will finance separate contracts or items from Project Implementing Units based on the procurement plan.

SCHEDULE 4

Procurement of Goods, Works and Consulting Services

General

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

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:
 - (a) National Competitive Bidding; and
 - (b) Shopping.
4. 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.

Domestic Preference

5. 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.

National Competitive Bidding

6. The Borrower and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Borrower's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Borrower and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the Borrower and ADB.

Conditions for Award of Contract

7. The Borrower shall, through FPG, cause the Project Implementing Agencies not to award any Works contracts that involve environmental impacts until:
 - (a) FPG has granted the final approval of the IEE; and
 - (b) FPG or the relevant Project Implementing Agency has incorporated the relevant provisions from the EMP into the Works contract.

8. The Borrower shall cause FPG not to award or permit any Project Implementing Agency to award any Works contract that involves involuntary resettlement impacts until FPG has prepared and submitted to ADB the final RP based on the Project's detailed design, and obtained ADB's clearance of such RP.

Consulting Services

9. The Borrower shall cause FPG to recruit, and to cause the Project Implementing Agencies to recruit, the individual consultants for Project implementation in accordance with procedures acceptable to ADB for recruiting individual consultants.

Industrial or Intellectual Property Rights

10. (a) The Borrower shall cause FPG to 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 cause FPG to 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.

11. The Borrower shall cause FPG to 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

12. First contracts procured under national competitive bidding procedures 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; Financial Matters**Implementation Arrangements

1. The Borrower shall, through FPG, ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by FPG and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

2. The Borrower shall, through FPG, ensure that before disbursement to such participating company, each project implementing agreement between a Project County and a participating company, acceptable to ADB, shall be executed and, inter alia, include the respective participating company's obligations set forth in the Project Agreement and the PAM and shall require such participating company to comply with the IEE, EMP, RP, if any applies to such participating company, GAP and SDAP. The Borrower shall, through FPG, cause the Project Counties to enforce the participating company's obligations under its respective project implementing agreement to ensure that the Project is implemented in accordance with the Loan Agreement, the Project Agreement and the PAM.

3. The Borrower shall ensure that if, at any time, FPG proposes to replace or add a new enterprise as a participating company, FPG shall seek ADB's prior consent to such change and shall ensure that (i) any new proposed participating company meets the selection criteria applied for the selection of participating companies during the project preparation as set out in the Project Agreement and the PAM, (ii) all proposed subproject(s) go through ADB due diligence on technical, financial, and safeguard matters similar to the process undertaken under the project preparatory technical assistance, and (iii) each replacement or added participating company complies with all requirements applicable to participating companies set out in the Project Agreement and the PAM.

Counterpart Support

4. The Borrower shall cause FPG to ensure that the participating companies provide the counterpart funds necessary for the Project in a timely manner. The Borrower shall also cause FPG to ensure that additional counterpart funds are provided, as and when required, to meet any Project shortfall or cost overruns during implementation. Additionally the Borrower shall cause FPG to provide funds and resources necessary for the operation and maintenance of the Project facilities in a timely manner.