
LOAN NUMBER 3504-PRC

LOAN AGREEMENT
(Ordinary Operations)

Air Quality Improvement in the Greater Beijing-Tianjin-Hebei Region - China National
Investment and Guaranty Corporation's Green Financing Platform Project

between

PEOPLE'S REPUBLIC OF CHINA

and

ASIAN DEVELOPMENT BANK

DATED 25 May 2017

PRC 50096

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 25 May 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 Section 3.01 of this Loan Agreement;

(B) the Project will be carried out by China National Investment and Guaranty Corporation ("I&G") and for this purpose the Borrower will make the proceeds of the loan provided for herein available to I&G, through State Development & Investment Corporation ("SDIC"), 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, SDIC and I&G;

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. (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.

- (b) 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.

- (c) 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) "BTH region" has the meaning set out in the PAM;
- (b) "Cofinancing" means loans or other financial assistance, using funds that are not Relent Proceeds, provided to a Qualified Subborrower for a Qualified Debt Subproject;
- (c) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);
- (d) "Consulting Services" means services to Subprojects supported in whole or in part by Subloans or Equity Investments;
- (e) "Energy Performance Contract" means a contract setting out the terms of a Qualified Debt Subproject, entered into by an ESCO Subborrower and a third party that will host the Subproject (a "host"), whereunder the ESCO provides Goods, Works and/or Consulting Services to the host and which either (i) sets out the Project requirements to be achieved by the Qualified Debt Subproject or (ii) is supplemented by a supplementary agreement acceptable to ADB that requires the host to perform or cooperate in any Project requirements that need to be performed by the host or that require the host's cooperation to be performed by the ESCO;
- (f) "Entrusted Bank" means Bank of Beijing or any other bank or banks approved in writing by ADB;
- (g) "Entrusted Loan" means a secured or unsecured loan made by I&G through the Entrusted Bank under an Entrusted Loan Agreement using Relent Proceeds;
- (h) "Entrusted Loan Agreement" means an agreement for debt financing to be provided at I&G's risk, in each case using templates acceptable to ADB that set out the Project requirements to be achieved by Qualified Subborrowers and Qualified Debt Subprojects:
 - (i) among a Qualified Subborrower, Entrusted Bank and I&G whereunder the Entrusted Bank and I&G make a loan to a Qualified Subborrower for a Qualified Debt Subproject; or
 - (ii) among a Financial Leasing Company, Entrusted Bank and I&G whereunder Entrusted Bank and I&G provide debt financing to a Financial Leasing Company, pursuant to the terms of the Financial Leasing Framework Agreement, to be used for Financial Leases;

(i) "Equity Investee" means a company that receives an equity investment under the Project;

(j) "Equity Investment" means an investment in a Qualified Investee located in the BTH region where the investment funds are injected into the Qualified Investee to support a Qualified Equity Subproject;

(k) "Equity Investment Agreement" means an agreement between a Qualified Investee and I&G, acceptable to ADB, whereunder I&G makes an Equity Investment in a Qualified Investee and which sets out all of the Project requirements to be achieved by the Qualified Investee and Qualified Equity Subproject;

(l) "ESCO" means a Qualified Subborrower that is an energy services company;

(m) "ESMS" means an environmental and social management system that meets the requirements of the Safeguards Policy Statement and has been approved in writing by ADB;

(n) "Financial Lease" means a financing arrangement whereunder a Financial Leasing Company uses Relent Proceeds made available to it under an Entrusted Loan to provide Goods owned by the Financial Leasing Company to a Qualified Subborrower for a Qualified Debt Subproject and is compensated in lease payments;

(o) "Financial Lease Agreement" means an agreement for a Financial Lease between a Financial Leasing Company and a Qualified Subborrower which provides, among other things, that it is a default if the lessee violates the related Leasing Subproject Agreement;

(p) "Financial Leasing Company" means any company licensed to engage in financial leasing business approved in writing by ADB;

(q) "Framework Cooperation Agreement" means an agreement, acceptable to ADB, between I&G and the Entrusted Bank that addresses the Entrusted Bank's responsibilities in connection with Entrusted Loans, Project Implementing Contracts, Cofinancing by Entrusted Bank, Project-related accounts and their operation, and such other matters as ADB determines to be reasonable and prudent;

(r) "Free Limit" means the RMB equivalent at the time of Subloan approval of Euro €50,000,000 or such other sum as shall from time to time be agreed among ADB, SDIC and I&G;

(s) "Goods" means equipment and materials for Subprojects supported in whole or in part by Subloans or Equity Investments, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services;

(t) "Guarantee" means a guarantee from I&G of Cofinancing;

(u) "Guarantee Counter-indemnity Agreement" means an agreement, using a template approved by ADB, between I&G and a Qualified Subborrower governing the Qualified Subborrower's obligations related to the Guarantee and which sets out all of the Project

requirements to be achieved by the Qualified Subborrower and the related Qualified Debt Subproject;

(v) "Guarantee Loss Reserve" means a liquidity reserve for Guarantees;

(w) "Leasing Subproject Agreement" means an agreement between a Qualified Subborrower and a Financial Leasing Company, using a template approved by ADB, that reflects the requirements of the Loan Agreement, Project Agreement and PAM for Subprojects to be supported by the Project and other provisions that ADB determines are reasonable and prudent;

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

(y) "PAM" means the project administration manual for the Project dated 2 November 2016 and agreed between SDIC, I&G and ADB, as updated from time to time in accordance with the respective administrative procedures of SDIC, I&G and ADB;

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

(aa) "Project Agreement" for the purposes of, and within the meaning of, the Loan Regulations means the Project Agreement of even date herewith between ADB, SDIC and I&G, as such agreement may be amended from time to time; and such term includes all agreements supplementary to the Project Agreement and all schedules to the Project Agreement;

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

(cc) "Project Implementing Contracts" means agreements that implement the transactions, and transaction terms and requirements, contemplated by this Loan Agreement, the Project Agreement and the PAM; including the Relending Agreement, Framework Cooperation Agreement, Leasing Subproject Agreements, Entrusted Loan Agreements, Guarantee Counter-indemnity Agreements, Equity Investment Agreements, Energy Savings Contracts, and other contracts and agreements required under this Loan Agreement, the Project Agreement or the PAM to be acceptable to ADB, to use templates approved by or acceptable to ADB or to be approved by ADB;

(dd) "Qualified Debt Subproject" means an undertaking that satisfies all requirements in the Loan Agreement, the Project Agreement and the PAM for subprojects to be supported by Subloans;

(ee) "Qualified Enterprise" means a Qualified Subborrower or a Qualified Investee;

(ff) "Qualified Equity Subproject" means a business activity that satisfies all "Early Stage Investment" requirements set out in the PAM and all requirements in this Loan Agreement and the Project Agreement for a Subproject to receive Equity Investment;

(gg) "Qualified Investee" means a company that satisfies all requirements for recipients of "Early Stage Investment" set out in the PAM and all requirements of this Loan Agreement and the Project Agreement relating to Equity Investees;

(hh) "Qualified Subborrower" means a borrower under an Entrusted Loan (other than a Financial Leasing Company) or a lessee under a Financial Lease, in each case, that satisfies all requirements for recipients of Subloans set out in the Loan Agreement, the Project Agreement or the PAM;

(ii) "Recycled Funds" means (i) the principal amount of Entrusted Loans that are repaid and (ii) the original investment amount of Equity Investments that are divested;

(jj) "Recycled Lease Proceeds" means the principal amount of lease payments made to the Financial Leasing Company under Financial Lease Agreements;

(kk) "Onlending Agreement" means the agreement among the Borrower, SDIC and I&G referred to in Section 3.02 of this Loan Agreement;

(ll) "Relent Proceeds" means proceeds of the Loan made available to I&G under the Onlending Agreement and all Recycled Funds and Recycled Lease Proceeds;

(mm) "Safeguards Policy Statement" or "SPS" means ADB's Safeguards Policy Statement (2009, as amended from time to time);

(nn) "SDIC" means State Development and Investment Corporation, the controlling shareholder of I&G;

(oo) "SME" means a company that has fewer than 1,000 employees and less than RMB 400 million in net assets, for this purpose taking an entity and commonly owned members of its group of related entities as a single "company";

(pp) "Specified Air Pollutants" means CO₂, PM, SO₂ and NO_x, and such other air pollutants as ADB may agree from time to time;

(qq) "Subborrower" means a company (other than a Financial Leasing Company) that receives debt or a financial lease funds under the Project;

(rr) "Subloan" means:

- (i) an Entrusted Loan (other than an Entrusted Loan to a Financial Leasing Company for onlending as Financial Leases);
- (ii) Cofinancing having a Guarantee; or
- (iii) a Financial Lease;

(ss) "Subproject" means Qualified Debt Subproject or Qualified Equity Subproject; and

(tt) "Works" means construction or civil works supported in whole or in part by Subloans or Equity Investments, 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 Euro four hundred fifty-eight million (€458,000,000), 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.

(a) The Loan has a principal repayment period of five years, and a grace period as defined in subsection (c) hereinafter.

(b) 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 1 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) Euribor; and

(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.

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 June and 1 December 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 1 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(f) 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

Description of Project; Use of Proceeds of the Loan

Section 3.01. The Project for which the Loan is made is the financing by I&G of specific subprojects by making Entrusted Loans, providing Guarantees and, through Financial Leasing Companies, providing Financial Leases, for the purposes of reducing concentrations of Specified Air Pollutants in the BTH region, in accordance with this Loan Agreement and the Project Agreement.

Section 3.02. The Borrower shall onlend Loan proceeds to SDIC and shall cause SDIC to provide the Loan proceeds to I&G under an Onlending Agreement providing for (i) the onlending of the proceeds of the Loan to I&G, through SDIC, at the same interest rates, bearing the same fees and having the same tenors as the Loan; (ii) I&G to bear the foreign exchange rate risk of the Loan; and (iii) the carrying out of the Project and the rights of the Borrower and ADB with respect thereto, including undertakings from SDIC and I&G to perform all of their obligations under the Project Agreement. Such Onlending Agreement shall be on terms and conditions acceptable to ADB, and shall be without prejudice to, and without limitation on, the obligations of the Borrower under this Loan Agreement. The parties shall retain all of their rights and obligations under such agreement during the term of the Loan Agreement.

Section 3.03. (a) Except as ADB may otherwise agree, the proceeds of the Loan shall be used only for making Subloans and Equity Investments and providing a Guarantee Loss Reserve in accordance with the terms herein and in the Project Agreement, and Relent Proceeds (except when being held as Guarantee Loss Reserve) shall be applied exclusively to the cost of Goods, Works and Consulting Services and other items of expenditure required to carry out Subprojects.

(b) Except as ADB may otherwise agree, the Borrower shall procure, or cause to be procured, all Goods, Works and Consulting Services in accordance with the provisions of Schedule 3 to this Loan Agreement.

Section 3.04. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 30 September 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 SDIC, cause I&G to carry out the Project 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, the Borrower shall perform or cause to be performed, all the obligations set forth in Schedule 4 to this Loan Agreement and in the Project Agreement.

Section 4.02. In addition to the reports and information set forth in Section 7.04 of the Loan Regulations, the Borrower shall furnish, or cause to be furnished, to ADB all such reports and information as ADB shall reasonably request concerning (a) the Subborrowers, the Equity Investees, the Subprojects, the Subloans, the Equity Investments and the Guarantee Loss Reserve; and (b) the administration, operations and financial condition of I&G.

Section 4.03. The Borrower shall enable ADB's representatives to inspect any Subborrower, Equity Investee and Financial Leasing Company, and all Goods and Works, and any relevant records and documents maintained by SDIC or I&G.

Section 4.04. The Borrower shall promptly take all action, including the provision of funds, facilities, services and other resources, which shall be necessary on its part to enable SDIC or I&G 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.

Section 4.05. The Borrower shall exercise its rights under the Onlending Agreement in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

ARTICLE V

Effectiveness

Section 5.01. A date 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 VI

Miscellaneous

Section 6.01. The Borrower's Minister of Finance and any Vice Minister of Finance are designated as representatives 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:

(8610) 6855-2061

For ADB

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

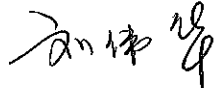
Facsimile Numbers:

(632) 636-2444


(632) 636-2302.

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 Signatory

ASIAN DEVELOPMENT BANK

By  _____
BENEDICT BINGHAM
Authorized Signatory

SCHEDULE 1

Amortization Schedule

(Air Quality Improvement in the Greater Beijing-Tianjin-Hebei Region - China National Investment and Guaranty Corporation's Green Financing Platform 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.

Date Payment Due	Installment Share (Expressed as a %)
1 June 2027	7.950458
1 December 2027	8.347981
1 June 2028	8.765380
1 December 2028	9.203649
1 June 2029	9.663831
1 December 2029	10.147023
1 June 2030	10.654374
1 December 2030	11.187093
1 June 2031	11.746448
1 December 2031	12.333763
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 2

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.

Reallocation

3. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table, and without limitation on ADB's rights to reallocate certain Loan proceeds as set out in clause 2.08 of the Project Agreement,

(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

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

Retroactive Financing

5. Withdrawals from the Loan Account may be made with ADB's prior approval for (a) refinancing, with Entrusted Loans, loans made by I&G to Qualified Subborrowers for Qualified Debt Subprojects before the Effective Date, and (b) making Subloans to Qualified Subborrowers to finance Qualified Debt Subprojects commenced before the Effective Date, provided that both any loan being refinanced and each expenditure supported by such Subloan or refinancing Subloan was incurred, not earlier than 12 months before the date of this Loan

Agreement, and provided further, that the subproject to be refinanced has been vetted under I&G's ESMS and is fully compliant; subject to a maximum amount for all such refinancings equivalent to 20% of the Loan amount.

Withdrawals for Guarantee Loss Reserve

6. The maximum amount that the Borrower may withdraw from the Loan Account in its initial withdrawal to onlend to I&G for establishment of a Guarantee Loss Reserve is €30 million. The Borrower may make a second withdrawal from the Loan Account for the Guarantee Loss Reserve of up to €20 million when it has provided evidence to ADB that I&G has made Guarantees in an amount not less than the Renminbi equivalent of €30 million. The Borrower may make a third withdrawal from the Loan Account for the Guarantee Loss Reserve of up to €20 million when it has provided evidence to ADB that I&G has made Guarantees in an amount not less than the Renminbi equivalent of €140 million. The Borrower may make a fourth withdrawal from the Loan Account of the remaining amount allocated for the Guarantee Loss Reserve when it has provided evidence to ADB that I&G has made Guarantees in an amount not less than the Renminbi equivalent of €250 million.

Condition for Withdrawals from Loan Account

7. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account until: (a) the Onlending Agreement and the Framework Cooperation Agreement have been signed; (b) templates for a Leasing Subproject Agreement, a general Entrusted Loan Agreement, a Financial Leasing Company Entrusted Loan Agreement and such other Project Implementing Contracts as ADB may specify have been approved by ADB; (c) a Euro account and Renminbi account on terms acceptable to ADB have been opened in the Entrusted Bank; and (d) an ESMS has been adopted by I&G.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Air Quality Improvement in the Greater Beijing-Tianjin-Hebei Region - China National Investment and Guaranty Corporation's Green Financing Platform Project)			
Number	Item	Total Amount Allocated for ADB Financing (EUR) Category	Basis for Withdrawal from the Loan Account
1	Provision of Entrusted Loans and Equity Investments*	366,400,000	100% of total expenditure claimed
2	Provision of Guarantee Loss Reserve*	91,600,000	100% of total expenditure claimed
	Total	458,000,000	

* Subject to the conditions to withdrawal in para 7 of this Schedule 2.

SCHEDULE 3

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 or the Consulting Guidelines, as applicable.

Procurement for Subprojects

3. The Borrower shall, through SDIC, cause I&G to ensure that each Qualified Subborrower, Equity Investee, and Financial Leasing Company, undertakes procurement of Goods, Works, and Consulting Services in accordance with the Procurement Guidelines and the Consulting Guidelines and with due attention to economy and efficiency and using established private sector or commercial practices, acceptable to ADB. With respect to proceeds of Subloans, the practices shall be as specified in the Procurement Manual in the PAM.

Industrial or Intellectual Property Rights

4. (a) The Borrower shall, through SDIC, cause I&G to ensure that all Goods and Works (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, through SDIC, cause I&G to ensure that all contracts entered into by a Subborrower, Financial Leasing Company or Equity Investee 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) hereinabove.
5. The Borrower shall, through SDIC, cause I&G to ensure that all contracts financed in whole or in part by Relent Proceeds entered into by a Subborrower or Equity Investee with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Consulting Services do not violate or infringe any industrial property or intellectual property right or claim of any third party.

SCHEDULE 4

Execution of Project; Financial Matters

Implementation Arrangements

1. The Borrower shall 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 SDIC, I&G and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

Qualified Subborrower

2. The Borrower, through SDIC, shall ensure that the Subloans provided for in this Loan Agreement are provided to creditworthy corporate borrowers that meet the Subborrower selection criteria set out from time to time in the PAM ("Qualified Subborrowers").

Qualified Investee

3. The Borrower, through SDIC, shall ensure that the Equity Investments provided for in this Loan Agreement are provided to corporate investees operating in the fields of clean energy, energy efficiency, emissions reduction, green transport or other Project-targeted industries specified from time to time in the PAM that meet the Equity Investee selection criteria set out from time to time in the PAM ("Qualified Investee").

Qualified Debt Subproject

4. The Borrower, through SDIC, shall ensure that the Subloans provided for in this Loan Agreement are used to carry out subprojects that meet all of the following criteria ("Qualified Debt Subprojects"): (i) the subproject is designed to effect air quality improvement in the BTH region through low-carbon, energy-efficiency, air emissions reduction or related technologies; (ii) the subproject does not involve prohibited activities listed in Appendix 5 to the Safeguard Policy Statement; (iii) the subproject does not involve any involuntary resettlement impacts on indigenous peoples impacts within the meanings of the Safeguard Policy Statement; and (iv) the subproject satisfies all applicable detailed technical, safeguards, financial and other criteria for Entrusted Loans, Financial Leases and Guarantees set out from time to time in the PAM and the applicable ESMS.

Qualified Equity Subproject

5. The Borrower, through SDIC, shall ensure that the Equity Investments provided for in this Loan Agreement are used to carry out subprojects that meet all of the following criteria ("Qualified Equity Subprojects"): (i) the subproject comprises the commercial development of proprietary technology or know-how for use in clean energy, energy efficiency, emissions reduction, green transport or other Project-targeted industries specified from time to time in the PAM; (ii) the subproject does not involve prohibited activities listed in Appendix 5 to the Safeguard Policy Statement; (iii) the subproject does not involve any involuntary resettlement impacts on indigenous peoples impacts within the meanings of the Safeguard Policy Statement;

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and (iv) the subproject satisfies all applicable detailed technical, safeguards, financial and other criteria set out from time to time in the PAM and the applicable ESMS.

Onlending Agreements; Project Implementing Contracts

6. The Borrower shall not make any proceeds of the Loan available to I&G until (a) SDIC and I&G have signed an Onlending Agreement with the Borrower acceptable to ADB that reflects all Project activities and undertakings to be performed by SDIC and I&G and by Subborrowers, Equity Investees, and Financial Leasing Companies, and (b) ADB has reviewed and approved the Project Implementing Contracts specified herein and in the Project Agreement to be approved by or acceptable to ADB.

Guarantee Loss Reserve

7. The Borrower, through SDIC, shall ensure that I&G invests all amounts withdrawn for the Guarantee Loss Reserve in high credit quality, highly liquid, financial assets, as such terms are defined in the PAM, until such amounts are required to pay claims made under Guarantees.