
LOAN NUMBER 3504-PRC

PROJECT AGREEMENT

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

between

ASIAN DEVELOPMENT BANK

and

STATE DEVELOPMENT & INVESTMENT CORPORATION

CHINA NATIONAL INVESTMENT AND GUARANTY CORPORATION

DATED 25 May 2017

PRC 50096

PROJECT AGREEMENT

PROJECT AGREEMENT dated 25 May 2017 between ASIAN DEVELOPMENT BANK ("ADB") and STATE DEVELOPMENT & INVESTMENT CORPORATION ("SDIC") and CHINA NATIONAL INVESTMENT AND GUARANTY CORPORATION ("I&G").

WHEREAS

(A) by a Loan Agreement of even date herewith between People's Republic of China ("Borrower") and ADB, ADB has agreed to make to the Borrower a loan of Euro four hundred fifty-eight million (€458,000,000) on the terms and conditions set forth in the Loan Agreement, but only on the condition that the proceeds of the loan be made available through SDIC to I&G and that SDIC and I&G agree to undertake certain obligations towards ADB as set forth herein; and

(B) SDIC and I&G, in consideration of ADB entering into the Loan Agreement with the Borrower, have agreed to undertake the obligations set forth herein;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.01. Wherever used in this Project Agreement, unless the context otherwise requires, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth.

ARTICLE II

Subloans; Equity Investments

Section 2.01. (a) Except as ADB may otherwise agree, the Relent Proceeds shall be used only for making Subloans (including via Entrusted Loans to Financial Leasing Companies) and Equity Investments and providing a Guarantee Loss Reserve, in each case in an amount up to the maximum specified for such use from time to time in the Loan Agreement and the PAM and subject to such other restrictions as are applicable to such use of proceeds as are specified in the Loan Agreement and the PAM.

(b) The proceeds of Subloans and Equity Investments shall be applied exclusively to the cost of Goods, Works and Consulting Services and other items of expenditure required to carry out the specified Subproject.

(c) I&G shall ensure, that all Goods, Works and Consulting Services are procured in accordance with the provisions of Schedule 3 to the Loan Agreement.

Section 2.02. Not later than when it enters into or makes any commitment to enter into any financing arrangement contemplated to be supported by the Project or any Guarantee or when it permits a Financial Leasing Company or the Entrusted Bank to do so, I&G will or will cause the Financial Leasing Company or Entrusted Bank and other transaction participants to enter into Project Implementing Contracts applicable to such arrangement, in form and substance acceptable to ADB and that reflect relevant requirements of the Loan Agreement, the Project Agreement, the PAM and the applicable ESMS.

Section 2.03. (a) I&G shall ensure that no refinancing is provided for loans made before the Effective Date of the Loan Agreement and no financing is provided for expenditures incurred prior to the Effective Date of the Loan Agreement, unless and until ADB has given its written non-objection to the proposed Subloan or Equity Investment and Subproject. I&G shall furnish to ADB an appraisal report, in such form and detail as ADB may request, describing the Subproject, the Qualified Enterprise, the terms and conditions of the proposed use of Loan proceeds and drafts of the proposed Project Implementing Contracts for the transaction.

(b) Prior to providing or committing to provide any Relent Proceeds for (i) the first Entrusted Loan to an ESCO; (ii) the first Entrusted Loan to a Financial Leasing Company; (iii) the first Entrusted Loan to a non-ESCO Subborrower; (iv) the first Cofinancing Subloan; and (v) the first Equity Investment, I&G shall submit for ADB's prior review and approval documentation related to such proposed transaction including an appraisal report, in such form and detail as ADB may request, describing, in the case of Subloans, the proposed Subproject and Qualified Enterprise, and, in the case of a loan to a Financial Leasing Company, its green leasing business and its initial proposed Subprojects, and in all cases the terms and conditions of the proposed use of proceeds and drafts of the Project Implementing Contracts for the transaction.

(c) Prior to providing or agreeing to provide or apply any Project funds to any entity or project that does not meet all of the entity, financial and technical criteria for Qualified Enterprises and Subprojects herein and in the PAM, but which I&G considers to have strong air emissions reduction potential in the BTH region, I&G shall submit for ADB's prior review and approval all such documents and information as ADB may require concerning the entity, the proposed project and the proposed use of proceeds and shall not provide any Relent Proceeds to any such entity or project unless and until ADB has given its approval.

(d) Whenever I&G proposes to make or Guarantee a Subloan or make an Equity Investment, or where a Financial Leasing Company proposes to make a Financial Lease, where (i) the proposed Subloan or Equity Investment is in an amount exceeding the Free Limit or (ii) the Subproject is "Category A" for environment under the Safeguards Policy Statement, or (iii) the Subproject is "Category B with High Risk" as defined in the ESMS, I&G shall, or shall ensure that the Financial Leasing Company shall, before entering into or agreeing to the related Subloan or Guarantee, submit to ADB an application for approval of the related Subloan and Subproject. Such application shall be in a form satisfactory to ADB and shall contain a description and appraisal of the Subproject, the Qualified Enterprise, the terms and conditions of the proposed Subloan, drafts of the proposed Project Implementing Contracts for the

transaction and such other information as ADB shall reasonably request. A Subloan or Equity Investment shall be deemed to exceed the Free Limit if the amount of such Subloan or Equity Investment, when added to the amount of any other Subloans and Equity Investments previously made or authorized for the same Subproject or Qualified Enterprise exceeds the Free Limit.

(e) Whenever I&G proposes to make or Guarantee a Subloan or make an Equity Investment or where a Financial Leasing Company proposed to make a Financial Lease in each case that requires a prior ADB concurrence under the ESMS, it shall, or shall ensure that the Financial Leasing Company shall, obtain such concurrence prior to approving the financial assistance.

Section 2.04. (a) Each Subloan shall carry interest, fees, guarantee fees and lease payments, as applicable, at appropriate, market-based, rates and levels adequate to cover all of I&G's or the Financial Leasing Company's costs and risks associated with the Subloan and to ensure I&G or the Financial Leasing Company, as applicable, an adequate profit margin; and each Subloan shall be made for a tenor or period that reflects the needs of the Subproject. Each Subloan and any Guarantee for a Subloan shall be made on terms whereby I&G, the Entrusted Bank or the Financial Leasing Company, as applicable, shall obtain, by written agreement with the Qualified Enterprise in form acceptable to ADB, rights adequate to protect the interests of the Borrower, SDIC, I&G and ADB.

(b) Each Equity Investment shall (i) be made under an Equity Investment Agreement, (ii) shall be in an amount not greater than RMB50 million; and (iii) shall be made subject to a right of resale (a "put") in favor of I&G against a creditworthy entity that is exercisable not later than the final repayment date of the Loan.

Section 2.05. I&G shall ensure that each Subborrower and recipient of an Equity Investment, prior to receiving any financial assistance from the Project, enters into an Entrusted Loan Agreement or a Guarantee Counter-indemnity Agreement or a Financial Lease Agreement and Leasing Subproject Agreement or an Equity Investment Agreement or, where applicable, an Energy Performance Contract, in each case acceptable to ADB and that reflects the applicable requirements of the Loan Agreement, the Project Agreement and the PAM in addition to any other provisions a prudent financier would request and that describes clearly and in reasonable detail the Subproject for which the Subloan or Equity Investment is to be used. The agreements for each Subproject transaction shall include provisions to the effect that:

- (a) the Qualified Enterprise shall carry out and operate the Subproject with due diligence and efficiency and in accordance with sound applicable technical, financial, business and development practices, including maintenance of adequate accounts and records;
- (b) ADB and I&G shall each have the right to inspect all Goods and Works related to the Subloan or Equity Investment, the Qualified Enterprise, the Subproject and any relevant records and documents;
- (c) the Qualified Enterprise shall take out and maintain with responsible insurers insurance against such risks and in such amounts as shall be consistent with sound business practice;

- (d) ADB and I&G shall each be entitled to obtain all such information as each shall reasonably request relating to the Subloan or Equity Investment, the Goods, Works and Consulting Services, the Subproject, the Qualified Enterprise and related matters;
- (e) The Qualified Enterprise shall design, build, implement, monitor and report on its Subproject in compliance with all relevant requirements of the Safeguards Policy Statement;
- (f) I&G, or the Entrusted Bank on I&G's behalf, and/or the Financial Leasing Company shall be entitled to suspend or terminate further access by the Qualified Enterprise to the related Subloan and/or may accelerate payment of the Subloan, or, where the Subloan comprises Cofinancing with a Guarantee may require the Cofinancing lender to accelerate its Subloan, in each case upon failure by the Qualified Enterprise to perform its obligations under its agreements with I&G or the Financial Leasing Company;
- (g) The Qualified Enterprise shall commit to establish and maintain sound financial management systems;
- (h) The Qualified Enterprise shall maintain records and accounts adequate to record the progress of the Subproject (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, the operations and financial condition of the Qualified Investee;
- (i) The Qualified Enterprise shall ensure that Goods, Works and Consulting Services, shall be used exclusively in carrying out the Subproject for which they were provided; and
- (j) Where, and to the extent, the Qualified Enterprise undertakes procurement of Goods, Works and Services, it shall use the proceeds of the Subloan or Equity Investment only for procurement in member countries of ADB, of Goods which are produced in and supplied from, and Works and Consulting Services which are supplied from, such countries.

Section 2.06. I&G shall enter into an Entrusted Loan Agreement approved by ADB for use in Entrusted Loans to Financial Leasing Companies with each Financial Leasing Company to which it provides an Entrusted Loan or other financial assistance using Relent Proceeds or Guarantees. Each such agreement shall be acceptable to ADB and shall reflect the applicable requirements of the Loan Agreement, the Project Agreement, the PAM and the ESMS in addition to any other provisions a prudent financier would request, as well as the following matters and others that ADB determines to be reasonable and prudent under the circumstances,

- (a) the terms on which I&G will make an Entrusted Loan to the Financial Leasing Company for a period of up to 5 years;

- (b) the Financial Leasing Company shall recycle the principal amount of Recycled Lease Proceeds received during the term of the Entrusted Loan into new Financial Leases not more than 6 months after it receives them except where the funds are required to repay the next principal installment of the Entrusted Loan;
- (c) No Financial Lease will be in an amount greater than the amount determined as provided in Section 2.07 below;
- (d) the Financial Leasing Company will adopt and implement an ESMS;
- (e) the Financial Leasing Company will not make or commit to make any Financial Lease unless and until it has provided to I&G documentation and information about the proposed transaction, including sufficient information for I&G to ensure compliance with the SPS and the relevant ESMS, satisfactory to I&G and received I&G's written non-objection;
- (f) The Financial Leasing Company may borrow funds under the Entrusted Loan agreement only as and when it has entered into a commitment to make a Financial Lease;
- (g) the Financial Leasing Company will procure, or ensure that Subborrowers procure, all Goods that will be the subject of Financial Leases in accordance with the requirements of this Project Agreement and the PAM; and
- (h) the Financial Leasing Company will require each leasing Subborrower to enter into a Lease Agreement and Lease Subproject Agreement and will enforce the terms of such agreements against such Subborrowers.

Section 2.07. (a) I&G shall ensure that, prior to the Loan Closing Date, it provides Subloans in an amount not less than the RMB equivalent of €91,600,000 to SMEs and ESCOs for Subprojects whose total investment requirements are not less than RMB 1 billion in aggregate.

(b) I&G shall ensure that no Subloan is provided to a single Subborrower or for a single Subproject in an amount greater than Renminbi 800 million.

(c) I&G shall ensure that the average size of Subloans made in any rolling 12-month period does not exceed Renminbi 500 million, counting all Subloans made to the same Subborrower (or to members of a commonly-owned group of companies) or for the same Subproject as a single Subloan to a single Subborrower for the purposes of subsection 2.07(b) and this subsection 2.07(c).

(d) Unless ADB otherwise agrees, no Financial Lease will be in an amount greater than 30% of the Entrusted Loan whose proceeds it deploys.

Section 2.08. (a) I&G shall, prior to the Loan Closing Date, exert its best endeavours to provide Guarantees for Cofinancing in an amount equal to not less than seven times the amount of the Loan allocated to the Guarantee Loss Reserve from time to time.

(b) The maximum amount that I&G may borrow under the Onlending Agreement in its initial borrowing to establish the Guarantee Loss Reserve is €30 million. I&G may make a second borrowing under the Relending Agreement, of up to €20 million, 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 RMB equivalent of €30 million. I&G may make a third borrowing under the Onlending Agreement, of up to €20 million, 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 RMB equivalent of €140 million. I&G may make a fourth borrowing under the Onlending Agreement, of the remaining Loan allocation 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 RMB equivalent of €250 million.

(c) If, by ADB's midterm review of the Project, less than 50% of the amount of the Loan allocated to Guarantee Loss Reserve has been withdrawn in accordance with the terms hereof and of the Loan Agreement the unwithdrawn portion, or any part of it, may be reallocated, at ADB's discretion, to use as Entrusted Loans.

(d) I&G shall invest all amounts borrowed 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.

(e) I&G will at all times use funds borrowed for the Guarantee Loss Reserve as a liquidity reserve for outstanding Guarantees, or otherwise for purposes that are consistent with its business strategies and that ADB determines to be consistent with the objectives of the Project, or shall repay such funds under the Relending Agreement.

Section 2.09. I&G shall promptly and effectively exercise its rights in relation to each Subproject and the Project Implementing Contracts, and shall cause the Entrusted Bank, Financial Leasing Companies, ESCO Subborrowers and any trustee or agent of I&G to exercise its respective rights, in accordance with the standards of a prudent financier and in such manner as to protect the interests of the Borrower, SDIC, I&G and ADB.

Section 2.10. I&G shall not make or permit any changes to any Project Implementing Contract that would result in any such contract failing to comply with the provisions of this Project Agreement, the Loan Agreement or the PAM.

ARTICLE III

Particular Covenants

Section 3.01. (a) I&G shall, and I&G shall cause the Entrusted Bank and each Financial Leasing Company to, carry out the Project with due diligence and efficiency and in conformity with sound applicable technical, financial, business and development practices.

(b) In carrying out the Project and in the conduct of its business, each of SDIC and I&G shall perform all the obligations relevant to it that are set forth in the Loan Agreement and all obligations set forth in the Schedule to this Project Agreement. SDIC shall cause I&G to perform all of I&G's undertakings and obligations under this Project Agreement.

Section 3.02. I&G shall at all times while the Loan Currency is not Renminbi make adequate provision to protect itself against any loss resulting from changes in the rate of exchange between the Loan Currency and Renminbi.

Section 3.03. (a) I&G shall not make or permit any Lease Financing Company to make a Subloan to any Qualified Subborrower unless the Qualified Subborrower (i) has at its disposal, or has made appropriate arrangements to obtain promptly as and when required, all local currency funds, including adequate working capital, and other resources as are required by such Qualified Subborrower to complete and implement the Subproject in respect of which the Subloan is to be made; (ii) is not permitted to obtain Subloans or other debt financing for the Subproject in an aggregate amount greater than 80% of total Subproject cost; and (iii) is required to cover the cost of all cost overruns.

(b) I&G shall not make an Equity Investment in any Qualified Investee unless the Qualified Investee has at its disposal, or has made appropriate arrangements to obtain promptly as and when required, all funds and other resources, if any, as are required by such Qualified Investee in addition to the amount of the Equity Investment to complete and implement the Subproject in respect of which the Subloan is to be made.

Section 3.04. I&G shall, and shall cause each Financial Leasing Company to, maintain records and accounts adequate to record the progress of the Project and of each Subproject (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, the operations and financial condition of I&G and the Financial Leasing Company, as applicable.

Section 3.05. (a) ADB, SDIC and I&G shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) SDIC and I&G shall promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Project, the performance of its obligations under the Project Agreement, or the accomplishment of the purposes of the Loan. SDIC's obligation to inform ADB of conditions that affect Project implementation shall be limited to matters of which it becomes aware.

(c) ADB, SDIC and I&G shall from time to time, at the request of any of them, exchange views through their representatives with regard to any matters relating to the Project, I&G and the Loan.

Section 3.06. (a) I&G shall furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the Loan and the expenditure of the proceeds thereof, including (i) all Recycled Funds; (ii) the Project; (iii) the Qualified Enterprises, the Subprojects, the Subloans and the Equity Investments; (iv) the administration, operations and financial condition of I&G, the Entrusted Bank and each Financial Leasing Company and

ESCO; (v) the Guarantee Loss Reserve; and (vi) any other matters relating to the purposes of the Loan.

(b) Without limiting the generality of the foregoing, I&G shall furnish to ADB periodic reports on the execution of the Project and on the operation and management of I&G as they relate to the Project. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the period under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following period.

(c) Not later than 3 months after the end of the grace period for the Loan or such other date as ADB shall specify, I&G shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the utilization of the Loan, the execution of the Subprojects, their costs, the performance by I&G of its obligations under the Project Agreement and the accomplishment of the purposes of the Loan.

Section 3.07. (a) I&G shall: (i) maintain separate accounts and records for the Project, and shall cause each Financial Leasing Company to maintain and provide to I&G separate accounts and records for the Project funds managed by it; (ii) prepare an annual consolidated statement of utilization of funds for the Project (including funds managed by the Financial Leasing Company) in accordance with accounting principles acceptable to ADB; (iii) have such statement audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the statements and the use of the Loan proceeds, and a management letter as described in the PAM; and (v) furnish to ADB, no later than 6 months after the close of the fiscal year to which they relate, copies of such audited statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited statements of utilization of funds for the Project and the opinion of the auditors on the statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

(c) In addition to the annual audited statements of utilization of funds referred to in subsection (a) hereinabove, SDIC and I&G shall (i) provide to ADB their annual financial statements prepared in accordance with national accrual-based financial reporting standards acceptable to ADB; (ii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iii) as part of each such audit, have the auditors prepare the auditors' opinion(s) on the financial statements and, in the case of I&G, compliance with any financial covenants it is required to maintain as specified in the Loan Agreement or this Project Agreement and a management letter; and (iv) furnish to ADB not later than 6 months after the end of the fiscal year to which they relate, copies of such audited financial statements and auditors' opinion(s), all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(d) SDIC and I&G shall, and I&G shall cause each Financial Leasing Company to, enable ADB, upon ADB's request, to discuss the statements of utilization of funds for the Project and shall enable ADB, upon ADB's request, to discuss the financial statements of SDIC, I&G the Financial Leasing Companies and their respective financial affairs where they relate to the Project with the auditors appointed by SDIC, I&G and such Financial Leasing Companies pursuant to subsections (a)(iii) and (in the case of SDIC and I&G) (c)(ii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of SDIC, I&G or the relevant Financial Leasing Company unless they shall otherwise agree.

Section 3.08 I&G shall engage a consultant or agency acceptable to ADB to undertake, within 6 months after the physical completion of each Qualified Debt Subproject, measurement and verification of the energy savings and reduction in Specified Air Pollutants achieved by such Subproject and shall provide to ADB the results of such measurement and verification and, from time to time at ADB's request, shall provide ADB the consolidated results of all physically-completed Qualified Debt Subprojects.

Section 3.09. I&G shall, and shall cause the Entrusted Bank and each Financial Leasing Company to, enable ADB's representatives to inspect any Qualified Enterprise, any Subproject, the Goods and Works paid for in whole or in part by Project funds or with Cofinancing loans guaranteed by Guarantees, and any relevant records and documents and shall ensure that all recipients of Subloans and Equity Investments enter into Project Implementing Contracts that reserve such rights.

Section 3.10. (a) I&G shall, and shall cause the Entrusted Bank and each Financial Leasing Company to, promptly as required, take all action within its respective powers to maintain its corporate existence, to carry on its operations, and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in carrying out the Project or in conducting its business.

(b) I&G shall, and shall cause each Financial Leasing Company, Subborrower and Equity Investee to, at all times conduct its business in accordance with sound applicable technical, financial, and business practices, and under the supervision of competent and experienced management and personnel.

(c) Except as ADB may otherwise agree, I&G shall not, and shall cause the Entrusted Bank and each Financial Leasing Company not to, sell, lease or otherwise dispose of any of its assets which shall be required for the efficient carrying on of its operations or the disposal of which may prejudice its ability to perform satisfactorily any of its obligations under, or as contemplated in, the Project Agreement or applicable Project Implementing Contracts.

Section 3.11. I&G shall and shall cause each Financial Leasing Company to maintain sound financial management systems in accordance with ADB's Financial Management and Analysis of Projects, and, except as ADB may otherwise agree, I&G shall maintain a long-term debt to equity ratio of no more than 80:20 and such other financial requirements as are set out in the Loan Agreement, the Project Agreement or the PAM.

Section 3.12. SDIC and I&G shall duly perform all of their obligations under the Onlending Agreement and, unless ADB otherwise agrees, shall not take, or concur in, any action which would have the effect of assigning, amending, abrogating or waiving any rights or obligations of the parties under the Onlending Agreement.

Section 3.13. It shall be a breach of this Project Agreement if at any time SDIC's or I&G's circumstances change such that it cannot fully perform its respective obligations under this Project Agreement.

Section 3.14. I&G shall comply with all financial ratios and standards established in the PAM for I&G to attain or maintain.

ARTICLE IV

Effective Date; Termination

Section 4.01. This Project Agreement shall come into force and effect on the date on which the Loan Agreement comes into force and effect.

Section 4.02. This Project Agreement and all obligations of the parties hereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms or an earlier date that ADB may agree.

Section 4.03. All the provisions of this Project Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the Loan Agreement.

ARTICLE V

Miscellaneous

Section 5.01. Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand, mail or facsimile to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For ADB

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

Facsimile Numbers:

(632) 636-2444

(632) 636-2032

For SDIC

State Development and Investment Corporation
International Investment Plaza, 6-6
Fuchengmen North Street
Xicheng District
Beijing 100034
People's Republic of China

Facsimile Number:

(86) 10-6657-9034

For I&G

China National Investment and Guaranty Corporation
9th Floor, Office Building of the Guangyao Oriental
100 Xisanhuan Beilu, Haidian District
Beijing 100048
People's Republic of China

Facsimile Number:

(86) 10 6843-7040.

Section 5.02. (a) Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement (i) by or on behalf of SDIC or I&G may be taken or executed by its respective legal representative specified from time to time in its business license or by such other person or persons as the person identified here shall designate in writing notified to ADB.

(b) SDIC and I&G shall each furnish to ADB sufficient evidence of the authority of each person who will act under subsection (a) hereinabove, together with the authenticated specimen signature of each such person.

Section 5.03. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Project 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.

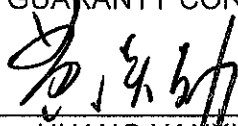
ASIAN DEVELOPMENT BANK

By 
BENEDICT BINGHAM
Authorized Signatory

STATE DEVELOPMENT &
INVESTMENT CORPORATION

By 
GUO ZHONGJIE
Authorized Signatory

CHINA NATIONAL INVESTMENT
AND GUARANTY CORPORATION

By 
HUANG YANXUN
Authorized Signatory

SCHEDULE

Execution of Project

General Implementation Arrangements

1. I&G 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 Project Agreement, the provisions of this Project Agreement shall prevail.
2. I&G shall establish and support a Project Management Office, as described in the PAM, for the duration of this Project Agreement, and shall ensure that it is staffed with sufficient staff, having appropriate skills and qualifications, to carry out all of the functions specified from time to time in the PAM.

Environmental and Social Management System and Environmental Safeguards

3. (a) I&G shall adopt, not later than the signing date of the Loan Agreement, an ESMS, and shall implement it in reviewing, approving and monitoring each Subproject. I&G shall ensure that each Financial Leasing Company adopts and implements an ESMS.

(b) I&G shall not provide or permit to be provided any Subloan or Equity Investment or any other financial support to any person or Subproject, including any retroactive financing permitted under the Loan Agreement, unless the Subproject and Subborrower or Equity Investee, before the Subloan is approved (including by written non-objection) by I&G and/or the Financial Leasing Company or the Equity Investment is made, has/have been assessed to be in compliance with all ESMS requirements in I&G's ESMS and, where the Subloan is a Financial Lease, in the relevant Financial Leasing Company's ESMS, by (i) until such time as ADB may otherwise agree, the Appraisal Center for Environment and Engineering or another consultant approved in writing by ADB; or (ii) if ADB agrees, by I&G's internal safeguards experts.

(c) I&G shall provide or cause to be provided to ADB all such reports and information as are required to be provided to ADB under each ESMS or otherwise under the Safeguards Policy Statement at the times stated in the ESMS.

(d) I&G shall not provide or permit to be provided any Subloan or Equity Investment or any other financial support for a Subproject assessed as "Category A" for environment under its ESMS or under the Safeguard Policy Statement unless and until it has provided to ADB for its review an Environmental Impact Assessment meeting all applicable SPS requirements, and such Environmental Impact Assessment has been publicly disclosed on ADB's website for at least 120 days.

(e) I&G shall not provide or permit to be provided any Subloan or Equity Investment or any other financial support for a subproject with indigenous people's or involuntary resettlement impacts all within the meaning of SPS.

(f) I&G shall not provide or permit to be provided any Subloan or Equity Investment to finance or refinance activities prohibited under Appendix 5 ("ADB's Prohibited Investment Activities List") of the Safeguards Policy Statement.

Grievance Redress Mechanism

4. I&G shall ensure that a safeguards grievance redress mechanisms are established as provided in the applicable ESMS and within the timeframes specified in the PAM and the applicable ESMS.

Labor Standards; Health and Safety

5. I&G shall ensure, and shall cause the Entrusted Bank and each Financial Leasing Company to ensure, that contractors and service providers engaged in the Project and in Subprojects (a) give equal pay for equal work regardless of gender, ethnicity or social group; (b) give priority to women in the employment and training opportunities generated under the Project; (c) maximize the employment of local people who meet the job and efficiency requirements for Subproject construction, operation and maintenance; (d) provide workers with adequate on-the-job and safety training; (e) disseminate information on sexually transmitted diseases (including HIV/AIDS) and human trafficking to sub-contractors/employees and local communities surrounding the subproject construction sites; (f) implement HIV/AIDS awareness and prevention training for sub-contractors/employees; (g) implement human trafficking awareness activities; (h) provide necessary measures to ensure the safety and health of its sub-contractors/employees; and (i) observe local customs concerning acceptable behavior towards the local population.

6. I&G shall ensure, and shall cause the Entrusted Bank and each Financial Leasing Company to ensure, that the core labor standards and the Borrower's applicable laws and regulations are complied with during Subproject implementation and that specific provisions are included in bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Borrower's applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment and occupation; (d) do not use forced labor; and (e) do not restrict workers from developing any legally permissible means of expressing their grievances and protecting their rights regarding working conditions and terms of employment.

Loan Proceeds Recycling

7. ADB requires that ADB funding be put to the intended use during the term of the Loan Agreement. Accordingly, I&G shall, and shall require each Financial Leasing Company to, relend or redeploy all Recycled Funds or Recycled Lease Proceeds to make Subloans or Equity Investments as quickly as feasible after amounts are repaid or returned, and I&G shall exert its best endeavors to recycle an aggregate amount equal to the Loan two times (for three uses of the Loan proceeds) during the term of the Loan Agreement. If, for any consecutive six-month period, less than 50% of the withdrawn and outstanding Loan amount is outstanding as Entrusted Loans and Equity Investments, ADB may require I&G to repay unutilized Loan amounts.

Financial Statements of Other Participants

8. I&G shall require the Entrusted Bank and each Financial Leasing Company to provide to I&G, and I&G shall provide to ADB, copies of each such entity's audited annual financial statements immediately on their publication by the such entity and in any event not later than 6 months after the end of the fiscal year to which they relate.

Combating Money Laundering and Financing of Terrorism

9. SDIC and I&G shall, and I&G shall and shall ensure that the Entrusted Bank and Financial Leasing Companies shall and shall require Subborrowers and Equity Investees to:

- (a) comply with applicable laws and regulations of the Borrower on combating money laundering and financing of terrorism and ensure that Loan proceeds and Recycled Funds are not used, directly or indirectly, in money laundering or financing of terrorism;
- (b) formulate and implement internal control procedures, including in the case of I&G, each Financial Leasing Company and the Entrusted Bank, customer due diligence procedures, to prevent violation of subparagraph (a) hereinabove; and
- (c) promptly inform the Ministry of Finance of the Borrower and ADB if there is any violation or potential violation of subparagraph (a) hereinabove. In the event that ADB informs SDIC or I&G of its concern that there has been such an alleged violation, SDIC and I&G shall, and I&G shall cause each Financial Leasing Company and the Entrusted Bank to: (i) cooperate in good faith with ADB and its representatives so that ADB can determine whether such a violation has occurred; (ii) respond promptly and in reasonable detail to any query from ADB; and (iii) furnish documentary support for such response upon ADB's request.

Anticorruption

10. (a) SDIC and I&G shall, and I&G shall ensure that each Financial Leasing Company and the Entrusted Bank shall (i) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (ii) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

(b) I&G shall ensure that the Project Implementing Contracts and all other contracts that they, the Entrusted Bank, each Financial Leasing Company and each Subborrower enters into in relation to the Project include provisions specifying the right of ADB to audit and examine the records and accounts of financial organizations, contractors, suppliers, consultants, and other service providers as they relate to the Project.