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LOAN NUMBER 3820-PRC

LOAN AGREEMENT  
(Ordinary Operations)

(Gansu Internet-Plus Agriculture Development Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

ASIAN DEVELOPMENT BANK

DATED 29 November 2019

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PRC 50393

**LOAN AGREEMENT  
(Ordinary Operations)**

LOAN AGREEMENT dated 29 November 2019 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 Gansu Provincial Government ("GPG"), which will act as the Project Executing Agency, and for this purpose the Borrower will make available to GPG the proceeds of the loan provided for herein upon terms and conditions acceptable 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 GPG;

NOW THEREFORE the parties hereto agree as follows:

**ARTICLE I**

**Loan Regulations; Definitions**

Section 1.01. All the provisions of ADB's Ordinary Operations Loan Regulations, dated 1 January 2017 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein.

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 Services" means consulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;
- (b) "EMP" means the environmental management plan for the Project, including any update thereto, incorporated in the IEE;
- (c) "Environmental Safeguards" means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;

- (d) "GAP" means the Gender Action Plan prepared for the Project including any update thereto;
- (e) "Goods" means equipment and materials as set out in the Procurement Plan and to be financed out of the proceeds of the Loan, including any related Nonconsulting Services such as transportation, insurance, installation, commissioning, training, and initial maintenance;
- (f) "ICT" means information and communication technology;
- (g) "IEE" means the initial environmental examination for the Project, including any update thereto, prepared and submitted by GPG, through PMO, and cleared by ADB;
- (h) "Indigenous Peoples Safeguards" means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;
- (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 (2017, as amended from time to time);
- (k) "LURTF" means the Land Use Rights Transfer framework prepared for the Project, including any updates thereto;
- (l) "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;
- (m) "Nonconsulting Services" means nonconsulting services as described in the Procurement Regulations and set out in the Procurement Plan, and to be financed out of the proceeds of the Loan;
- (n) "Onlending Agreement" means an agreement between Gansu Province Department of Finance or a local Finance Bureau, on the one hand, and PIA or a PIU, on the other hand, under which proceeds of the Loan are made available to PIA or the PIU;
- (o) "PAM" means the project administration manual for the Project dated 16 August 2019 and agreed between GPG and ADB, as updated from time to time in accordance with the respective administrative procedures of GPG and ADB;

- (p) "PIU" means a company identified in Table 2 of the PAM as a "Project Implementation Unit";
- (q) "PMO" means a Project management office, established under PIA, as more fully described in the PAM;
- (r) "Procurement Plan" means the procurement plan for the Project dated 16 August 2019 and agreed between GPG and ADB, as updated from time to time in accordance with the Procurement Policy, the Procurement Regulations and other arrangements agreed with ADB;
- (s) "Procurement Policy" means ADB's Procurement Policy - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (t) "Procurement Regulations" means ADB's Procurement Regulations for ADB Borrowers - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (u) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means GPG, which is responsible for the carrying out of the Project;
- (v) "Project facilities" means all facilities incorporating or using Goods or Works;
- (w) "Project Implementation Agreement" means an agreement, in form and substance acceptable to ADB, between PIA, the related local government and a PIU whereunder the PIU agrees to use the Loan Proceeds it receives under an Onlending Agreement exclusively to implement an identified project in accordance with ADB's requirements as set out in the Project Agreement and the PAM and, unless ADB otherwise agrees, including the terms and conditions set out with respect to such agreement in the PAM;
- (x) "Project Implementing Agency" or "PIA" means Supply and Marketing Cooperatives Union of Gansu Province or any successor(s) thereto or replacement(s) therefor that are acceptable to ADB, which is/are responsible for carrying out the Project;
- (y) "Safeguards Monitoring Report" means each report prepared and submitted by GPG, through PMO, to ADB that describes progress with implementation of and compliance with the EMP, including any corrective and preventative actions;
- (z) "SDAP" means the Social Development Action Plan prepared for the Project including any update thereto;
- (aa) "Services" means Consulting Services and Nonconsulting Services;

- (bb) "SPS" means ADB's Safeguard Policy Statement (2009); and
- (cc) "Works" means construction or civil works as set out in the Procurement Plan and to be financed out of the proceeds of the Loan, including any related Nonconsulting Services and project related services that are provided as part of a single responsibility or turnkey contract.

## 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 and eighteen million Euros (€118,000,000), 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 10 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) 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 March and 1 September 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(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

#### Use of Proceeds of the Loan

Section 3.01. (a) The Borrower shall make the proceeds of the Loan available to GPG and shall cause GPG, directly or through local finance bureaus or PIA, to onlend the proceeds to the PIUs under Onlending Agreements upon terms and conditions acceptable to ADB including, unless ADB otherwise agrees: (i) commitment charge and interest at the rate identical to those applied to the Loan; (ii) a repayment period, including a grace period identical to that applied to the Loan; and (iii) PIUs, bearing the foreign exchange and interest rate variation risks of the proceeds of the Loan made available thereto.

(b) The Borrower, through GPG, shall cause the proceeds of the Loan to be applied exclusively 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 GPG to procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Loan in accordance with the provisions of paragraph 2 of Schedule 4 to this Loan Agreement.

Section 3.04. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 31 March 2026 or such other date as may from time to time be agreed between the Borrower and ADB.

## ARTICLE IV

### Particular Covenants

Section 4.01. In carrying out the Project and operating the Project facilities, the Borrower shall cause GPG to perform or cause to be performed all obligations relevant to GPG, PIA and the PIUs set forth in the schedules to this Loan Agreement and in the Project Agreement.

Section 4.02. The Borrower shall enable ADB's representatives to inspect the Project, the Goods, Works and Services, and any relevant records and documents.

Section 4.03. The Borrower shall take all actions which shall be necessary on its part to enable GPG 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 4.04. The Borrower shall cause GPG and, through GPG, any local finance bureaus that enter into Onlending Agreements to exercise their respective rights under the Onlending Agreements in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

## 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

### Delegation of Authority

Section 6.01. The Borrower hereby designates GPG as its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 3.02, 3.03 and 3.04 of this Loan Agreement and under Sections 6.01, 6.02, 6.03 and 6.04 of the Loan Regulations.

Section 6.02. Any action taken or any agreement entered into by GPG pursuant to the authority conferred under Section 6.01 of this Loan Agreement shall be fully binding on the Borrower and shall have the same force and effect as if taken by the Borrower.

Section 6.03. The authority conferred on GPG under Section 6.01 of this Loan Agreement may be revoked or modified by agreement between the Borrower and ADB.

## ARTICLE VII

### Miscellaneous

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

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

#### For the Borrower

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

Facsimile Number:

(8610) 6855-2483

#### For ADB

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

Facsimile Numbers:

(632) 8636-2444  
(632) 8636-2534.

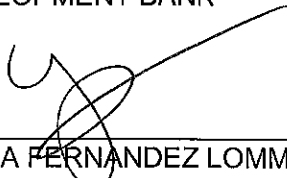


IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

PEOPLE'S REPUBLIC OF CHINA

By  \_\_\_\_\_  
HAN BIN  
Authorized Signatory

ASIAN DEVELOPMENT BANK

By  \_\_\_\_\_  
YOLANDA FERNANDEZ LOMMEN  
Authorized Signatory

**SCHEDULE 1****Description of the Project**

1. The objective of the Project is to increase income generating opportunities from agricultural production and marketing in Gansu Province.

2. The Project shall comprise:

**Component 1**

Develop comprehensive information service and management platform by developing data centers with information platforms to process data generated from Project facilities for production and processing efficiency and for e-commerce marketing purposes, including (a) constructing data and training centers; (b) procuring ICT equipment and technical advice; and (c) training farmers and enterprise staff to build capacity in ICT application in the agriculture production and processing sector.

**Component 2**

Modernize agricultural production, processing, storage, and marketing by (a) establishing demonstration agricultural production enterprises for high-value crop production; (b) equipping the demonstration enterprises with internet-of-things (IoT: physical devices with sensors and network connection capability that enable them to collect and exchange data) applications for product quality and safety monitoring, increased production efficiency and coordination with other segments of the sector; (c) constructing warehouses, cold storage facilities and marketing facilities; (d) financing internet communications technology and transport; and (e) conducting demonstration and training activities in the demonstration enterprises.

**Component 3**

Improve capacity of PIA, PIUs and the related agencies under GPG by (a) providing Project related training to their staff in implementing Projects; (b) supporting study tours; and (c) promoting participation in conferences.

3. The Project is expected to be completed by 30 September 2025.

**SCHEDULE 2****Amortization Schedule**

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 March 2025	5.000000
1 September 2025	5.000000
1 March 2026	5.000000
1 September 2026	5.000000
1 March 2027	5.000000
1 September 2027	5.000000
1 March 2028	5.000000
1 September 2028	5.000000
1 March 2029	5.000000
1 September 2029	5.000000
1 March 2030	5.000000
1 September 2030	5.000000
1 March 2031	5.000000
1 September 2031	5.000000
1 March 2032	5.000000
1 September 2032	5.000000
1 March 2033	5.000000
1 September 2033	5.000000
1 March 2034	5.000000
1 September 2034	5.000000
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; and

- (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 2 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 (a) 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 (b) 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 allocated to items of expenditure, and disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Advance Account

3. Except as ADB may otherwise agree, the Borrower shall cause Gansu Province Department of Finance to establish, immediately after the Effective Date, an advance account at a commercial bank. The advance account shall be established, managed, replenished and liquidated in accordance with the Loan Disbursement Handbook and detailed arrangements agreed upon between the Borrower and ADB. The advance account shall be used only for the Project. The currency of the advance account shall be the Euro.

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 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 Goods, Works and Services, subject to a maximum amount equivalent to 20% of the Loan amount.

Condition for Withdrawals from Loan Account

6. Notwithstanding any other provision of this Loan Agreement, no withdrawals may be made from the Loan Account for onlending to a PIU until GPG, through PMO, has delivered to ADB an Onlending Agreement, using the template agreed upon between GPG and ADB, between the PIU and an appropriate government finance bureau and a Project Implementation Agreement, using the template agreed upon between GPG and ADB, between the PIU, PIA and the related local government.

TABLE

<b>Allocation and Withdrawal of Loan Proceeds</b>			
<b>Number</b>	<b>Item</b>	<b>Total Amount Allocated for ADB Financing</b>	<b>Basis for Withdrawal from the Loan Account</b>
		(€)	
		<b>Category</b>	
1	Project Costs*	118,000,000	100% of total expenditure claimed
<b>Total</b>		<b>118,000,000</b>	

\*Subject to the condition for withdrawal described in paragraph 6 of Schedule 3.

**SCHEDULE 4****Execution of Project; Procurement; and Other Matters**Implementation Arrangements

1. The Borrower shall, through GPG, 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 GPG and ADB. In the event of any discrepancy between the PAM and this Loan Agreement or the Project Agreement, the provisions of this Loan Agreement and the Project Agreement shall prevail.

Procurement

2. The Borrower, through GPG, shall ensure that:
- (a) the procurement of Goods, Works and Services is carried out in accordance with the Procurement Policy and the Procurement Regulations;
  - (b) Goods, Works and Services shall be procured based on the detailed arrangements set forth in the Procurement Plan, including the procurement and selection methods, the type of bidding documents, and ADB's review requirements. The Borrower, through GPG, may modify the detailed arrangements set forth in the Procurement Plan only with the prior agreement of ADB, and such modifications must be set out in updates to the Procurement Plan; and
  - (c) (i) all Goods and Works procured and Services obtained (including 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; and (ii) all contracts for the procurement of Goods, Works and Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor, supplier, consultant or service provider with respect to the matters referred to in this subparagraph.

Counterpart Support

3. The Borrower, through GPG, shall ensure that (a) all counterpart funds are made available by the PIUs in a timely manner and sufficient budget is allocated to PMO by GPG to ensure smooth implementation of the Project; and (b) operation and maintenance of all Project facilities is fully funded. In addition to the foregoing, the Borrower shall cause GPG, through either PIA or related local government, to ensure that PIUs has sufficient funds to satisfy its liabilities arising from any Works, Goods and/or Services contract.