

---

LOAN NUMBER 4209-PRC

LOAN AGREEMENT  
(Ordinary Operations)

(Guangxi Li River Comprehensive Ecological Management and Demonstration Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

ASIAN DEVELOPMENT BANK

DATED 15 December 2022

---

PRC 53079

**LOAN AGREEMENT  
(Ordinary Operations)**

LOAN AGREEMENT dated 15 December 2022 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 the Guilin Municipal Government ("GMG") which will act as the Project Executing Agency, and for this purpose the Borrower will make available, through the Government of the Guangxi Zhuang Autonomous Region ("GGZAR"), to GMG the proceeds of the loan and, through GGZAR, will cause GMG to make the proceeds of the loan available (a) to Guilin Lijiang Tourism Investment and Operation Company Limited ("GLTICO"); and (b) through Longsheng County Government ("LCG"), to Longsheng Xingsheng Urban and Rural Construction Investment Company Limited ("LXICO"), 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 among ADB, GGZAR and GMG;

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 2022 ("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 2.01 (Definitions) subsection (rr) shall be deleted and replaced in its entirety as follows:

"Project Agreement" means the Project Agreement of even date herewith among ADB, GGZAR and GMG, as such agreement may be amended from time to time; and such project agreement includes all schedules to the Project Agreement.

(b) The term "Executing Agency" appearing in Sections 7.01(a)(i), 9.01(d), 9.01(f), 9.01(k), 10.01(c) and 10.02(c) of the Loan Regulations shall be substituted by the term "GGZAR and GMG".

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) “EMDP” means the ethnic minority development plan for the Project, including any update thereto, prepared and submitted by GMG and cleared by ADB;
- (c) “EMP” means each environmental management plan for the (i) Project components related to Li River; and (ii) Project components related to Longsheng County, including any update thereto, incorporated in the respective IEEs;
- (d) “Environmental Safeguards” means the principles and requirements set forth in Chapter V, Appendix 1, and Appendix 4 (as applicable) of the SPS;
- (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) “IEE” means each initial environmental examination for the (i) Project components related to Li River; and (ii) Project components related to Longsheng County, including any update thereto, prepared and submitted by GMG and cleared by ADB;
- (g) “Indigenous Peoples Safeguards” means the principles and requirements set forth in Chapter V, Appendix 3, and Appendix 4 (as applicable) of the SPS;
- (h) “Involuntary Resettlement Safeguards” means the principles and requirements set forth in Chapter V, Appendix 2, and Appendix 4 (as applicable) of the SPS;
- (i) “Loan Disbursement Handbook” means ADB’s Loan Disbursement Handbook (2017, as amended from time to time);
- (j) “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;

- (k) “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;
- (l) “PAM” means the project administration manual for the Project dated 6 July 2022 and agreed between GMG and ADB, as updated from time to time in accordance with the respective administrative procedures of GMG and ADB;
- (m) “Procurement Plan” means the procurement plan for the Project dated 6 July 2022 and agreed between GMG and ADB, as updated from time to time in accordance with the Procurement Policy, the Procurement Regulations and other arrangements agreed with ADB;
- (n) “Procurement Policy” means ADB’s Procurement Policy - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (o) “Procurement Regulations” means ADB’s Procurement Regulations for ADB Borrowers - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (p) “Project Executing Agency” for the purpose of, and within the meaning of, the Loan Regulations, dated 1 January 2022 and in this Loan Agreement and the Project Agreement means GMG or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;
- (q) “Project facilities” means facilities to be constructed, procured, rehabilitated and/or maintained under the Project;
- (r) “Project Implementing Agencies” means GLTICO and LXICO or any successors thereto or replacements therefor that are acceptable to ADB, which are responsible for implementing the Project;
- (s) “RP” means each resettlement plan for the (i) Project components related to Li River; and (ii) Project components related to Longsheng County, including any update thereto, prepared and submitted by GMG and cleared by ADB;
- (t) “Safeguards Monitoring Report” means each report prepared and submitted by GMG to ADB that describes progress with implementation of and compliance with the EMPs, the RPs and the EMDP (as applicable), including any corrective and preventative actions;
- (u) “SDGAP” means the social development and gender action plan prepared for the Project, including any update thereto, and agreed to between GMG and ADB;
- (v) “Services” means Consulting Services and Nonconsulting Services;

- (w) “SPS” means ADB’s Safeguard Policy Statement (2009); and
- (x) “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 thirty-three million five hundred thirty-seven thousand Euros (€133,537,000), 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 19 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;
- (b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.10% as provided by Section 3.03 of the Loan Regulations; and
- (c) a maturity premium of 0.30% 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 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(e) 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, through GGZAR, to GMG and, through GGZAR, shall cause GMG to onlend the relevant portions of the proceeds of the Loan to GLTICO and, through LCG, to LXICO in each case upon terms and conditions acceptable to ADB including: (i) a 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) GLTICO and LXICO bearing the foreign exchange and interest rate variation risks relating to the respective portion of the proceeds of the Loan made available to them.

(b) The Borrower, through GGZAR and GMG, 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, through GGZAR, cause GMG 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 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 30 September 2027 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 the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, through GGZAR, GMG and the Project Implementing Agencies, all obligations set forth in Schedule 4 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 GGZAR and GMG to perform their respective obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

## **ARTICLE V**

### **Effectiveness**

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

## **ARTICLE VI**

### **Delegation of Authority**

Section 6.01. The Borrower hereby designates GGZAR and GMG as its agents 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 GGZAR or GMG 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 GGZAR and GMG 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

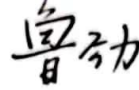
Facsimile Numbers:

(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 \_\_\_\_\_

LU JIN  
Authorized Signatory

ASIAN DEVELOPMENT BANK



By \_\_\_\_\_

HAO ZHANG  
Authorized Signatory

## SCHEDULE 1

### Description of the Project

1. The objective of the Project is to improve environmental and economic conditions in Guilin.
2. The Project shall comprise:
  - (a) **Output 1: Institutional capacity and knowledge in river management and sustainable tourism strengthened.** This output includes (i) implementation of information and communication technology platforms, integrating river ecological protection and tourism management, and comprising (A) ecological protection modules for ecological monitoring and management; (B) sustainable management of boat and business operations in the Li River scenic area; (C) accessible services for tourists and service providers; and (D) regulatory oversight and emergency dispatch; (ii) development of hydrological modeling to support the design of flood-resilient infrastructure and increase flood management planning capacity; (iii) support to the development of plastic waste management strategies with private sector participation; (iv) support in the preparation of a business plan to scale-up the deployment of electric boats, including private operators; (v) support to women-led cooperatives for the development of community-based tourism, including the preparation of cultural maps and social media marketing strategies; (vi) project management and capacity building support to the project management office and the Project Implementing Agencies in (A) project management; (B) non-motorized transport planning and design; (C) sanitation and solid waste management; and (D) climate change adaptation and sponge city design; and (vii) knowledge sharing and dissemination through various knowledge platforms and initiatives.
  - (b) **Output 2: River ecological protection infrastructure enhanced.** This output includes (i) upgrading of sewage interception and treatment through the (A) installation of toilets and new sewage collection systems; (B) separation of sewage and stormwater; and (C) improvement of treatment and disposal of sewage with the installation of septic tanks, and expansion or new construction of primary treatment facilities and artificial wetlands for secondary treatment; (ii) introduction of drainage improvements and sponge city nature-based solutions to (A) favor infiltration of stormwater; (B) prevent polluted surface runoff from reaching open channels and rivers (C) reduce risks of localized flooding; and (D) allow harvesting of stormwater for irrigation and other purposes; (iii) improvement of solid waste collection; and (iv) ecological rehabilitation of river embankments and wetlands by (A) using soil bioengineering; and (B) incorporating landscaping and bicycle and pedestrian trails.

- (c) **Output 3: Sustainable village preservation and low-carbon facilities implemented.** This output includes (i) rehabilitation of old villages along the Li River and in the Longsheng Autonomous County to (A) improve municipal facilities; (B) preserve historical features and their rich cultural heritage; and (C) create more livable places; (ii) construction of cultural facilities; and (iii) upgrading of waterfront facilities to provide better river transport, including the piloting of electric boats.

- 3. The Project is expected to be completed by 31 March 2027.

**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.

<u>Date Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
1 December 2028	2.631579
1 June 2029	2.631579
1 December 2029	2.631579
1 June 2030	2.631579
1 December 2030	2.631579
1 June 2031	2.631579
1 December 2031	2.631579
1 June 2032	2.631579
1 December 2032	2.631579
1 June 2033	2.631579
1 December 2033	2.631579
1 June 2034	2.631579
1 December 2034	2.631579
1 June 2035	2.631579
1 December 2035	2.631579
1 June 2036	2.631579
1 December 2036	2.631579
1 June 2037	2.631579
1 December 2037	2.631579
1 June 2038	2.631579
1 December 2038	2.631579
1 June 2039	2.631579
1 December 2039	2.631579
1 June 2040	2.631579
1 December 2040	2.631579
1 June 2041	2.631579
1 December 2041	2.631579
1 June 2042	2.631579
1 December 2042	2.631579
1 June 2043	2.631579
1 December 2043	2.631579
1 June 2044	2.631579

<u>Date Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
1 December 2044	2.631579
1 June 2045	2.631579
1 December 2045	2.631579
1 June 2046	2.631579
1 December 2046	2.631579
1 June 2047	2.631577
<b>Total</b>	<b>100.000000</b>

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 GGZAR, through its finance department, 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.

##### Reallocation

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

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

##### Disbursement Procedures

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

Retroactive Financing

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



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	133,537,000	Up to 100% of total expenditure claimed
	<b>TOTAL</b>	<b>133,537,000</b>	

\* Detailed categories, amounts and disbursement percentages to be used during disbursement are in Table 8B (Detailed Allocation and Withdrawal of Loan Proceeds) in the PAM.

## SCHEDULE 4

### Execution of Project; Procurement and Other Matters

#### Implementation Arrangements

1. The Borrower shall, through GGZAR and GMG, 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 GMG 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 shall, through GGZAR, cause GMG to 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 shall, through GGZAR, cause GMG to 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 shall, through GGZAR and GMG, ensure that (a) the Project Implementing Agencies have all counterpart funds (i) as required, for the smooth and effective implementation of the Project, including any shortfall of funds or cost overruns incurred during the implementation of the Project; and (ii) as applicable, for the operation and maintenance of the Project facilities; and (b) all such funds are made available in a timely manner.

4. In addition to the foregoing, the Borrower shall, through GGZAR and GMG, ensure that the Project Implementing Agencies have sufficient funds to satisfy their liabilities arising from any Works, Goods and/or Services contract.