
LOAN NUMBER 3999-PRC

LOAN AGREEMENT
(Ordinary Operations)

Bank of Xingtai Green Finance Development Project

between

PEOPLE'S REPUBLIC OF CHINA

and

ASIAN DEVELOPMENT BANK

DATED 18 December 2020

PRC 53345

LOAN AGREEMENT
(Ordinary Operations)

LOAN AGREEMENT dated 18 December 2020 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 Article III of this Loan Agreement;

(B) the Project will be carried out by Hebei Provincial Government ("HPG") and implemented by Xingtai City Government ("XCG") and Bank of Xingtai ("BOX"), and for this purpose the Borrower will make available to HPG, and will ensure HPG makes available, through XCG, to BOX 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 HPG;

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, subject, however, to the following modification:

Section 2.01(uu) is deleted and the following is substituted therefor:

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

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) "BOX" has the meaning specified in the recitals to this Loan Agreement;
- (b) "Eligibility Criteria" means the criteria set out in Appendix 5 (*Eligibility*)

Criteria) to the PAM;

- (c) "ESMS" means an environmental and social management system that meets the requirements of the Safeguard Policy Statement and has been approved in writing by ADB;
- (d) "Free Limit" means twenty million Euros (€20,000,000) or such other sum as shall from time to time be agreed by ADB and the Project Executing Agency;
- (e) "GAP" means the gender action plan for the Project approved by ADB;
- (f) "Green Finance IT System" means an information technology system acceptable to ADB that (i) assesses potential subprojects to determine if they are "green" in accordance with the Selected Green Finance Taxonomies; (ii) monitors the environmental social and governance performance of Qualified Subprojects including violations and fines; (iii) implements the GRI Standards (or other international environmental disclosure program agreed with ADB and reflected in the PAM) in disclosing Qualified Subproject environmental and other performance information to the public; and (iv) provides information on BOX's green finance lending to financial and environmental regulators;
- (g) "GRI Standards" means the Global Reporting Initiative's Sustainable Reporting Standards;
- (h) "HPG" has the meaning specified in the recitals to this Loan Agreement;
- (i) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (j) "PAM" means the project administration manual for the Project dated 2 September 2020 and agreed between the Project Executing Agency and ADB, as updated from time to time in accordance with the respective administrative procedures of the Project Executing Agency, XCG, BOX and ADB;
- (k) "PRC" means the People's Republic of China;
- (l) "Procurement Policy" means ADB's Procurement Policy - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (m) "Procurement Regulations" means ADB's Procurement Regulations for ADB Borrowers - Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time);
- (n) "Project Executing Agency" means HPG and its successors acceptable to ADB and any additional or replacement organization that ADB agrees may perform all or part of the role of the Project Executing Agency in the Loan Agreement, Project Agreement and the PAM, all of which will be

considered a "Project Executing Agency" under and within the meaning of the Loan Regulations;

- (o) "Qualified Enterprise" means a company that satisfies all requirements in this Loan Agreement, the Project Agreement and the PAM for a company to receive a Subloan, including all of the Eligibility Criteria that are applicable to subborrowers;
- (p) "Qualified Subproject" means an undertaking that qualifies as "green" under the Selected Green Finance Taxonomies and satisfies all other requirements in this Loan Agreement, the Project Agreement and the PAM for a subproject to be supported with the proceeds of a Subloan, including all of the Eligibility Criteria that are applicable to subprojects;
- (q) "Relending Agreement" means one or more contracts between XCG and BOX, acceptable in form and substance to ADB, including the relending arrangements whereby all of the Loan proceeds are made available to BOX and which reflect the applicable requirements of this Loan Agreement, the Project Agreement and the PAM and BOX's undertakings to fulfill all of the terms of the Loan Agreement, Project Agreement and the PAM that are relevant to it and to its making and administering Subloans;
- (r) "Selected Green Finance Taxonomies" means (i) one or more of (A) the National Development and Reform Commission: Green Industry Guidance Catalogue (2019); (B) the People's Bank of China: Green Lending Statistical Method (2018); and (C) the China Banking and Insurance Regulatory Commission: Green Finance Statistical Method (2013); and (ii) the European Union (EU) Sustainable Finance Taxonomy (applying, however, in place of the European regulations referenced therein the applicable laws and regulations of the Borrower) and, in each case, any replacements therefor or additions thereto agreed by ADB and the Project Executing Agency, XCG and BOX and specified in the PAM;
- (s) "SPS" means the Safeguard Policy Statement of ADB (2009);
- (t) "Subloan" means a loan made by BOX under a Subloan Agreement, in accordance with the terms hereof and of the Project Agreement and the PAM, to a Qualified Enterprise to be used exclusively for a Qualified Subproject;
- (u) "Subloan Agreement" means an agreement or set of agreements between BOX and a Qualified Enterprise, using templates to which ADB has given a written non-objection, for the provision of a loan (made with the proceeds of a Loan or with counterpart financing from BOX) to the Qualified Enterprise to be used exclusively to undertake a specified Qualified Subproject, and setting out all of the requirements of the Loan Agreement, the Project Agreement and the PAM to be performed or achieved by the Qualified Enterprise in applying the loan to the Qualified Subproject; and
- (v) "XCG" has the meaning specified in the recitals to this Loan Agreement.

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 seventy million Euros (€170,000,000), 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 15 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 1 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

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

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

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 15 April and 15 October in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Loan Agreement.

Section 2.06. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said

Floating Rate.

(b) Any conversion requested pursuant to subsection (a) hereinabove that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(f) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Project for which the Loan is made comprises (a) financing by BOX of specific subprojects by making Subloans to Qualified Enterprises for Qualified Subprojects; and (b) enhancing BOX's green finance policy, environmental and social safeguard capacity, financial and risk management, corporate governance, and gender mainstreaming.

Section 3.02. The Borrower shall make the proceeds of the Loan available to the Project Executing Agency and shall cause the Project Executing Agency to relend such proceeds, through XCG, to BOX under agreements providing for: (a) a commitment charge and interest at the rate identical to those applied to the Loan; (b) a repayment period, including a grace period identical to that applied to the Loan; and (c) BOX bearing the foreign exchange and interest rate variation risks of the proceeds of the Loan. The onlending terms and conditions shall be acceptable to ADB, and shall be without prejudice to, and without limitation on, the obligations of the Borrower under this Loan Agreement. Except as ADB may otherwise agree, the Borrower, through the Project Executing Agency, shall cause XCG and BOX to retain and perform all their rights and obligations under the Relending Agreement during the term of the Loan Agreement.

Section 3.03. Except as ADB may otherwise agree, the Borrower, through the Project Executing Agency, shall ensure that proceeds of the Loan shall be used only for making Subloans to Qualified Enterprises, and that the proceeds of Subloans are applied by the Qualified Enterprises exclusively to the cost items of expenditure required to carry out Qualified Subprojects.

Section 3.04. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 30 June 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. (a) The Borrower shall, through the Project Executing Agency, cause the Project to be carried out with due diligence and efficiency and in conformity with sound applicable technical, financial, business and development practices.

(b) In carrying out the Project, the Borrower shall perform, or cause to be performed, all the obligations set forth in Schedule 3 to this Loan Agreement and in the Project Agreement.

Section 4.02. In addition to the reports and information set forth in Section 7.04 of the Loan Regulations, the Borrower shall cause the Project Executing Agency to furnish to ADB all such reports and information as ADB shall reasonably request concerning (a) the Qualified Enterprises, the Qualified Subprojects and the Project's capacity development and training activities; and (b) the administration, operations and financial condition of BOX.

Section 4.03. The Borrower shall enable ADB's representatives to inspect the Project, the Goods, Works and Services, and any relevant records and documents.

Section 4.04. The Borrower shall promptly take all action, including the provision of funds, facilities, services and other resources, which shall be necessary on its part to enable the Project Executing Agency to perform its obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. The Borrower, through the Project Executing Agency, shall cause XCG to exercise its rights under the Relending Agreement in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

ARTICLE V

Effectiveness

Section 5.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of 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 the Project Executing Agency or XCG, or any of them 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 the Project Executing Agency or XCG 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 the Project Executing Agency

and XCG 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 Borrower's Minister of Finance or Vice Minister of Finance are designated as representatives 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) 8636-2302.

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

PEOPLE'S REPUBLIC OF CHINA

By



HAN BIN
Authorized Signatory

ASIAN DEVELOPMENT BANK

By



YOLANDA FERNANDEZ LOMMEN
Authorized Signatory

SCHEDULE 1

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 %)
15 April 2026	3.333333
15 October 2026	3.333333
15 April 2027	3.333333
15 October 2027	3.333333
15 April 2028	3.333333
15 October 2028	3.333333
15 April 2029	3.333333
15 October 2029	3.333333
15 April 2030	3.333333
15 October 2030	3.333333
15 April 2031	3.333333
15 October 2031	3.333333
15 April 2032	3.333333
15 October 2032	3.333333
15 April 2033	3.333333
15 October 2033	3.333333
15 April 2034	3.333333
15 October 2034	3.333333
15 April 2035	3.333333
15 October 2035	3.333333
15 April 2036	3.333333
15 October 2036	3.333333
15 April 2037	3.333333
15 October 2037	3.333333
15 April 2038	3.333333
15 October 2038	3.333333
15 April 2039	3.333333
15 October 2039	3.333333
15 April 2040	3.333333
15 October 2040	3.333343
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 2**Allocation and Withdrawal of Loan Proceeds**Disbursement Procedures

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

Advance Account

2. Except as ADB may otherwise agree, the Borrower shall cause Hebei 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.

Conditions for Withdrawals from Loan Account

3. Notwithstanding any other provision of this Loan Agreement, no withdrawals shall be made from the Loan Account until:
 - (a) ADB has issued a written non-objection to templates of Subloan Agreements to be used by BOX in making Subloans;
 - (b) XCG has entered into the Relending Agreement, in form and substance acceptable to ADB, with BOX;
 - (c) BOX has acquired, installed and tested the Green Finance IT System and demonstrated to ADB's satisfaction that the system reliably identifies subprojects that are "green" under the Selected Green Finance Taxonomies and achieves the other features of the Green Finance IT System as set out in the definition of such term and as further elaborated in Appendices 4 and 5 to the PAM; and
 - (d) BOX has certified that it has adopted the ESMS and the GAP and has retained appropriately qualified and experienced staff to manage implementation of the ESMS and the GAP as provided in the PAM.

SCHEDULE 3**Execution of Project**Implementation Arrangements

1. The Borrower shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Project Executing Agency, XCG, BOX 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.

Qualified Enterprise

2. The Borrower, through the Project Executing Agency and XCG, shall ensure that all financing provided by BOX using Loan proceeds is provided to Qualified Enterprises.

Qualified Subproject

3. The Borrower, through the Project Executing Agency and XCG, shall ensure that all financing provided by BOX to Qualified Enterprises is used by Qualified Enterprises exclusively to pay for the eligible costs of Qualified Subprojects.

Counterpart Financing

4. The Borrower, through the Project Executing Agency and XCG, shall ensure that BOX provides counterpart financing and ensures cofinancing is provided as set out in the Project Agreement.