

February 28, 2000

Governor Li Kegiang
People's Government of Henan Province
No. 10 Wei-er road
Zhengzhou 450003
Henan Province
People's Republic of China

Dear Governor Li:

RE: National Highway Project (LN 3748-CHA)
Amendment to Henan Project Agreement

1. I refer to (i) the Loan Agreement between People's Republic of China (the Borrower) and the International Bank for Reconstruction and Development (the Bank) dated July 20, 1994 for the above-mentioned Project, as amended by a Letter of Amendment dated August 18, 1997 (together the Loan Agreement), and (ii) the Project Agreement between the Bank and Henan Province (Henan) dated July 20, 1994, for the Henan Part of the Project (the Henan Project Agreement). I also refer to the letter dated January 31, 2000 from Mr. Wu Gang, Deputy Director-General, International Department, Ministry of Finance, on behalf of the Borrower, requesting a re-allocation of the proceeds of the Loan to allow the upgrading of the Xinxiang- Zhengzhou Highway to be included in the Henan Part of the Project.

2. I am pleased to inform you that the Bank hereby concurs with the Borrower's proposal to modify the Project and re-allocate the proceeds of the Loan. To give effect to such proposal, the Bank hereby agrees to amend the Project Agreement in accordance with the following paragraphs.

3. Section 1.01 of the Henan Project Agreement is amended as follows: "Section 1.01. [...]"

(a) "Environmental Action Plan" means collectively (i) the Anyang-Xinxiang Expressway Environmental Protection Measures, Management and Monitoring Action Plan, dated September 1993, and (ii) the Environmental Action Plan for the Upgrading Works Between Xinxiang and Zhengzhou, dated November 1998, both prepared by Henan Environmental Protection Research Institute; as the same may be revised from time to time with the prior agreement of the Bank.

(b) [...]"

(c) "Resettlement Action Plan" means collectively (i) the Anyang-Xinxiang Expressway Resettlement Action Plan, dated September 1993, prepared by Henan Provincial High-grade Highway Construction Authority; (ii) the Implementation Plan for Land Acquisition and Resettlement of Interconnecting Roads, dated May 1993, prepared by the Henan Province Highway Administration Bureau, and clarifications thereto dated November 30 and December 25 and 31, 1993; and (iii) the Resettlement Action Plan for the Upgrading Works Between Xinxiang and Zhengzhou, dated February 1999, prepared by said Bureau; as the same may be revised from time to time with the prior agreement of the Bank."

4. Paragraph 3 of Part D, Other Procurement Procedures, of Schedule 1 to the Project Agreement is amended as follows:

"3. Civil works under Parts A.1 (b)(ii), A.1 (b)(iii), A.1 (b)(v), and B.1(b) of the Project, estimated to cost less than the equivalent of \$10,000,000 per contract, up to an aggregate amount not to exceed the equivalent of \$37,700,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank."

5. Except as specifically amended hereby, all other provisions of the Henan Project Agreement remain in full force and effect. Upon receipt by the Bank of (a) the copy of this letter of amendment duly countersigned by the representative of Henan, and (b)

the copy of the letter of even date herewith amending the Loan Agreement duly countersigned by representative of the Borrower, the above amendments shall become effective as of the date of countersignature of the letter of amendment to the Loan Agreement.

6. Please confirm the agreement of Henan to the amendments set forth in paragraphs 3 and 4 above by countersigning and dating the corresponding form of confirmation set forth herein below, and returning one fully signed original of this amendment letter to us for our files. One fully signed original should be furnished to the Borrower and one should be retained by Henan.

Sincerely,

By /s/ Yukon Huang
Director
China Country Unit
East Asia and Pacific Region

CONFIRMED: HENAN PROVINCE

By /s/ Li Kegiang
Authorized Representative

Date: March 21, 2000

