

CONFORMED COPY

LOAN NUMBER 4001 CHA

Loan Agreement

(Animal Feed Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated June 7, 1996

LOAN NUMBER 4001 CHA

LOAN AGREEMENT

AGREEMENT, dated June 7, 1996, between PEOPLE'S REPUBLIC OF CHINA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of the Project;

(B) China Agribusiness Development Trust and Investment Corporation (CADTIC) will carry out the Project with the Borrower's assistance and, as part of such assistance, the Borrower will make available to CADTIC the proceeds of the Loan as provided in this Agreement; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement and in the Project Agreement of even date herewith between the Bank and CADTIC;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans" of the Bank, dated May 30, 1995 with the modifications set forth in Schedule 6 to this Agreement (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "CADTIC" means the China Agribusiness Development Trust and Investment Corporation, a corporation established and operating under the laws of the Borrower and in accordance with (i) Business License No. 10000747-x(1-1) dated December 12, 1994 issued by the Borrower's State Administration of Industry and Commerce and (ii) the CADTIC Charter.

(b) "CADTIC Charter" means the Charter of CADTIC, approved by the State Administration of Industry and Commerce on October 27, 1993, as the same may be amended from time to time.

(c) "CAU" means China Agricultural University, a university established and operating under the supervisory authority of the Borrower's Ministry of Agriculture.

(d) "free-limit Sub-loan" means a Sub-loan, as so defined, which qualifies as a free-limit Sub-loan pursuant to the provisions of Part D.4 (b) of Schedule 1 to the Project Agreement.

(e) "Investment Enterprise" means an enterprise to which CADTIC proposes to make or has made a Sub-loan.

(f) "Investment Project" means a specific development project to be carried out by an Investment Enterprise under the Project utilizing the proceeds of a Sub-loan.

(g) "NFIO" means the National Feed Industry Office within the Borrower's Ministry of Agriculture.

(h) "Project Agreement" means the agreement between the Bank and CADTIC of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement.

(i) "Renminbi" means the currency of the Borrower.

(j) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

(k) "Sub-loan" means a loan made or proposed to be made by CADTIC out of the proceeds of the Loan to an Investment Enterprise for an Investment Project.

(l) "Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and CADTIC pursuant to Section 3.01(c) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Loan Agreement; and "Subsidiary Loan" means the loan provided under the Subsidiary Loan Agreement.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, an amount equal to one hundred and fifty million dollars (\$150,000,000).

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for amounts paid (or, if the Bank shall so agree, to be paid) by CADTIC on account of withdrawals made by an Investment Enterprise under a Sub-loan to meet the reasonable cost of goods and services required for the Investment Project in respect of which the withdrawal from the Loan Account is requested.

(b) The Borrower may, for the purposes of the Project, open and maintain in dollars a special deposit account in a bank and on terms and conditions satisfactory

to the Bank, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 2002 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to LIBOR Base Rate plus LIBOR Total Spread.

(b) For the purposes of this Section:

(i) "Interest Period" means the initial period from and including the date of this Agreement to, but excluding, the first Interest Payment Date occurring thereafter, and after the initial period, each period from and including an Interest Payment Date to, but excluding the next following Interest Payment Date.

(ii) "Interest Payment Date" means any date specified in Section 2.06 of this Agreement.

(iii) "LIBOR Base Rate" means, for each Interest Period, the London interbank offered rate for six-month deposits in dollars for value the first day of such Interest Period (or, in the case of the initial Interest Period, for value the Interest Payment Date occurring on or next preceding the first day of such Interest Period), as reasonably determined by the Bank and expressed as a percentage per annum.

(iv) "LIBOR Total Spread" means, for each Interest Period: (A) one half of one percent (1/2 of 1%); (B) minus (or plus) the weighted average margin, for such Interest Period, below (or above) the London interbank offered rates, or other reference rates, for six-month deposits, in respect of the Bank's outstanding borrowings or portions thereof allocated by the Bank to fund single currency loans or portions thereof made by it that include the Loan; as reasonably determined by the Bank and expressed as a percentage per annum.

(c) The Bank shall notify the Borrower of LIBOR Base Rate and LIBOR Total Spread for each Interest Period, promptly upon the determination thereof.

(d) Whenever, in light of changes in market practice affecting the determination of the interest rates referred to in this Section 2.05, the Bank determines that it is in the interest of its borrowers as a whole and of the Bank to apply a basis for determining the interest rates applicable to the Loan other than as provided in said Section, the Bank may modify the basis for determining the interest rates applicable to the Loan upon not less than six (6) months' notice to the Borrower of the new basis. The basis shall become effective on the expiry of the notice period unless the Borrower notifies the Bank during said period of its objection thereto, in which case said modification shall not apply to the Loan.

Section 2.06. Interest and other charges shall be payable semi-annually in arrears on June 15 and December 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

Section 2.08. CADTIC is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, without any limitation or restriction upon any of its other obligations under the Loan Agreement, shall cause CADTIC to perform in accordance with the provisions of the Project Agreement all the obligations of CADTIC therein set forth, shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable CADTIC to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Bank shall otherwise agree, the Borrower shall carry out the Implementation Program set forth in Schedule 4 to this Agreement.

(c) The Borrower shall relend the proceeds of the Loan to CADTIC under a subsidiary loan agreement to be entered into between the Borrower and CADTIC, under terms and conditions which shall have been approved by the Bank and which shall include the following:

(i) the principal amount of the Subsidiary Loan shall be denominated and repayable in _____ dollars;

(ii) the Subsidiary Loan shall be made for a period not to exceed fifteen years, including five years of grace;

(iii) CADTIC shall pay interest on the principal amount of the Subsidiary Loan withdrawn and outstanding from time to time at a rate equal to the rate applicable to the _____ Loan pursuant to Section 2.05 of this Agreement; and

(iv) CADTIC shall pay a commitment charge on the principal amount of the Subsidiary Loan not withdrawn from time to time at a rate equal to the rate payable pursuant to _____ Section 2.04 of this Agreement.

(d) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Loan Agreement or any provision thereof.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 2 to the Project Agreement.

Section 3.03. The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) shall be carried out by CADTIC pursuant to Section 2.03(a) of the Project Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

(i) maintain or cause to be maintained in accordance with sound accounting practices, _____ records and accounts reflecting such expenditures;

(ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made; and

(iii) enable the Bank's representatives to examine such records.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) (i) of this Section and those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case not later than six (6) months after the end of each such year the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested, including a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals; and

(iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02(1) of the General Conditions, the following additional events are specified:

(a) CADTIC shall have failed to perform any of its obligations under the Project Agreement.

(b) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation shall have arisen which shall make it improbable that CADTIC will be able to perform its obligations under the Project Agreement.

(c) The CADTIC Charter shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of CADTIC to perform any of its obligations under the Project Agreement.

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of CADTIC or for the suspension of its operations.

Section 5.02. Pursuant to Section 7.01(h) of the General Conditions, the following additional events are specified:

(a) any event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower; and

(b) any of the events specified in paragraphs (c) and (d) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following event is specified as an additional condition to the

effectiveness of the Loan Agreement within the meaning of Section 12.01(c) of the General Conditions, namely, that the Subsidiary Loan Agreement has been executed on behalf of the Borrower and CADTIC.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

(a) that the Project Agreement has been duly authorized or ratified by CADTIC, and is legally binding upon CADTIC in accordance with its terms; and

(b) that the Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and CADTIC and is legally binding upon the Borrower and CADTIC in accordance with its terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. Except as provided in Section 2.08 of this Agreement, the Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance
Sanlihe
Beijing 100820
People's Republic of China

Cable address:

FINANMIN
Beijing

Telex:

22486 MFPRC CN

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

248423 (MCI) or
64145 (MCI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

PEOPLE'S REPUBLIC OF CHINA

By /s/ Li Daoyu

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Russell Cheetham

Regional Vice President
East Asia and Pacific

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The proceeds of the Loan may be withdrawn from the Loan Account to finance 100% of payments made by CADTIC under Sub-loans.

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) a Sub-loan unless the Sub-loan has been made in accordance with the procedures and on the terms and conditions set forth or referred to in Schedule 1 to the Project Agreement; or

(b) payments made by CADTIC under Sub-loans prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of \$5,000,000, may be made on account of such payments made before that date but after January 1, 1996.

3. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for payments made by CADTIC under Sub-loans, under such terms and conditions as the Bank shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower to: (1) alleviate supply constraints of critical animal feed ingredients; (2) improve and expand the utilization of agro-industrial by-products for use as high-quality livestock feeds; (3) improve feed sector efficiency through specialization, new technology transfer and integration; and (4) improve the corporate efficiency and commercialization of Investment Enterprises.

The Project consists of the following Parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part A:

Financing, through the provision of Sub-loans to enterprises in the animal feed sector, of specific capacity-building projects, including projects for:

(1) integrated production by agroenterprises of specialty feeds and pre-mixes;

(2) expansion and upgrading of production capacity with regard to essential feed additives;

(3) expansion of manufacturing capacity with respect to large-capacity feed milling and mixing equipment and pelleting machine replacement parts;

(4) expansion of capacity to synthesize enhanced-protein ingredients;

(5) development of integrated protein feed crop production capabilities; and

(6) establishment of feed commodity wholesale markets.

Part B:

Financing, through the provision of a Sub-loan to a feed industry center to be established under the auspices of CAU, of a project for the construction of a feed mill to be operated for experimental and commercial purposes by such center.

* * *

The Project is expected to be completed by December 31, 2001.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (Expressed in dollars)*
December 15, 2001	3,185,000
June 15, 2002	3,280,000
December 15, 2002	3,375,000
June 15, 2003	3,475,000
December 15, 2003	3,575,000
June 15, 2004	3,680,000
December 15, 2004	3,790,000
June 15, 2005	3,900,000
December 15, 2005	4,015,000
June 15, 2006	4,135,000
December 15, 2006	4,255,000
June 15, 2007	4,380,000
December 15, 2007	4,510,000
June 15, 2008	4,640,000
December 15, 2008	4,775,000
June 15, 2009	4,915,000
December 15, 2009	5,060,000
June 15, 2010	5,210,000
December 15, 2010	5,365,000
June 15, 2011	5,520,000
December 15, 2011	5,680,000
June 15, 2012	5,850,000
December 15, 2012	6,020,000
June 15, 2013	6,200,000
December 15, 2013	6,380,000
June 15, 2014	6,565,000
December 15, 2014	6,760,000
June 15, 2015	6,960,000
December 15, 2015	7,160,000
June 15, 2016	7,385,000

* The figures in this column represent the amount in dollars to be repaid, except as provided in Section 4.04 (d) of the General Conditions.

SCHEDULE 4

Implementation Program

1. The Borrower shall maintain a central project management office within NFIO, with terms of reference, staffing and other resources acceptable to the Bank, to be responsible for providing policy advice to CADTIC on issues relating to the development of the animal feed sub-sector and technical assistance to CADTIC in the appraisal, supervision and monitoring of Investment Projects and assisting CADTIC in liaising with other government agencies involved in the Project.
2. Without limitation upon the provisions of Section 9.07 of the General Conditions

the Borrower shall, through said central project management office:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Bank, the carrying out of the Project;

(b) prepare, under terms of reference acceptable to the Bank, and furnish to the Bank: (i) semi-annual reports not later than March 31 and September 30 of each year, consolidating the reports furnished to it by CADTIC pursuant to Part B.1 of Schedule 3 to the Project Agreement, integrating the results of the monitoring and evaluation activities performed by NFIO pursuant to paragraph (a) hereof on the progress achieved in the carrying out of the Project during the preceding calendar semester, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of the objectives thereof; and (ii) a mid-term report, on or about December 31, 1997, consolidating the reports furnished to it by CADTIC pursuant to Part B.1 of Schedule 3 to the Project Agreement, integrating the results of such monitoring and evaluation activities to date and setting out measures recommended to ensure the efficient completion of the Project and the achievement of its objectives; and

(c) after furnishing each report referred to in paragraph (b) hereof, review said report with the Bank, and promptly take all measures required on its part to ensure the continued efficient implementation of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of said report and the Bank's views thereon.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible expenditures" means expenditures in respect of amounts paid by CADTIC under Sub-loans to be financed out of the proceeds of the Loan in accordance with the provisions of Schedule 1 to this Agreement provided, however, that notwithstanding the provisions of Part D.4(b) of Schedule 1 to the Project Agreement, payments for expenditures to be financed out of the proceeds of free-limit Sub-loans may be made out of the Special Account before the Bank shall have authorized withdrawals from the Loan Account in respect thereof. Such expenditures, however, shall qualify as eligible expenditures only if the Bank shall subsequently authorize such withdrawals; and

(b) the term "Authorized Allocation" means an amount equal to \$10,000,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3(a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equal to \$6,000,000 until the aggregate amount of withdrawals from the Loan Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of \$50,000,000.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special

Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Bank from the Loan Account in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01(b)(ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6(a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

SCHEDULE 6

Modifications of General Conditions

For the purposes of this Agreement, the provisions of the General Conditions are modified as follows:

(1) The following subparagraph is added to Section 2.01:

"21. The term "Project Agreement" has the meaning set forth in Section 1.02(h) of the Loan Agreement."

(2) The words "the Bank may, by notice to the Borrower, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Loan shall be cancelled" set forth at the end of Section 6.03 are deleted and the following is substituted therefor:

"or (e) by the date specified in Part D.5(c) of Schedule 1 to the Project Agreement, the Bank shall, in respect of any portion of the Loan: (i) have received no applications or requests permitted under subparagraphs (a) or (b) of said paragraph; or (ii) have denied any such applications or requests, the Bank may, by notice to the Borrower and CADTIC, terminate the right of CADTIC to submit such applications or approvals or of the Borrower to make withdrawals from the Loan Account, as the case may be, with respect to such amount or portion of the Loan. Upon the giving of such notice, such amount or portion of the Loan shall be cancelled."

