

CONFORMED COPY

LOAN NUMBER 4728-CHA

Loan Agreement

(Fourth Inland Waterways Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated October 11, 2004



LOAN NUMBER 4728-CHA

LOAN AGREEMENT

AGREEMENT, dated October 11, 2004, 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 (the Project), has requested the Bank to assist in the financing of the Project; and

(B) Part A of the Project will be carried out by Guangxi Zhuang Autonomous Region and Part B of the Project will be carried out by Guangdong Province with the Borrower's assistance and, as part of such assistance, the Borrower will make the proceeds of the loan provided for in Article II of this Agreement (the Loan) available to Guangxi Zhuang Autonomous Region and Guangdong Province, as set forth 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 agreement of even date herewith between the Bank and Guangxi Zhuang Autonomous Region and Guangdong Province (the Project Agreement);

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 (as amended through October 6, 1999) (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) “Category” means a category of items set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) “Company Law” means the Borrower's Company Law promulgated on December 29, 1993, and effective as of July 1, 1994, as the same may be amended from time to time;

(c) “Displaced Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; and “Displaced Persons” means, collectively, all such Displaced Persons;

(d) “Financial Monitoring Report” means each report prepared in accordance with Section 3.02 of the Project Agreement;

(e) “Guangdong” means the Guangdong Province, a political sub-division of the Borrower;

(f) “Guangdong EAP” means the Environment Action Plan, dated September 2003, in respect of Part B of the Project, and referred to in paragraph 5 of Schedule 2 to the Project Agreement, which sets out the environmental protection measures in respect of Part B of the Project, as well as administrative and monitoring arrangements to ensure the implementation of said EAP, as the same may be revised from time to time with the agreement of the Bank;

(g) “Guangdong Project Financial Management Manual” means the manual providing detailed guidelines on financial management, internal controls, accounting procedures, fund and asset management and withdrawal application procedures under the Project;

(h) “Guangdong Project Management Office” means the office established in March 1998, within the Guangdong Provincial Waterways Bureau;

(i) “Guangdong Provincial Waterways Bureau” means the agency responsible for the development, construction, operation and maintenance of the waterways within the Guangdong Province, and any successor thereto;

(j) “Guangdong RAP” means the Resettlement Action Plan, dated April 2003, in respect of Part B of the Project, and referred to in paragraph 4 of Schedule 2 to the Project Agreement, which sets out the principles and procedures governing land acquisition from, and resettlement and compensation to, Displaced Persons, as well as reporting and monitoring arrangements to ensure compliance with said RAP, as the same may be revised from time to time with the agreement of the Bank;

(k) “Guangdong Special Account” means the account referred to in Section 2.02 (b) of this Agreement;

(l) “Guangxi” means the Guangxi Zhuang Autonomous Region, a political sub-division of the Borrower;

(m) “Guangxi EAP” means the Environment Action Plan, dated September 2003, in respect of Part A of the Project, and referred to in paragraph 11 of the Annex to Schedule 2 to the Project Agreement, which sets out the environmental protection measures in respect of Part A of the Project, as well as administrative and monitoring arrangements to ensure the implementation of said EAP, as the same may be revised from time to time with the agreement of the Bank;

(n) “Guangxi Project Financial Management Manual” means the manual providing detailed guidelines on financial management, internal controls, accounting procedures, fund and asset management and withdrawal application procedures under the Project;

(o) “Guangxi Project Management Office” means the office established in November 2003 in the Guangxi Communications Department;

(p) “Guangxi RAP” means the Resettlement Action Plan, dated July 2003, in respect of Part A of the Project, and referred to in paragraph 10 of the Annex to Schedule 2 to the Project Agreement, which sets out the principles and procedures governing land acquisition from and resettlement and compensation to Displaced Persons, as well as reporting and monitoring arrangements to ensure compliance with said RAP, as the same may be revised from time to time with the agreement of the Bank;

(q) “Guangxi Special Account” means the account referred to in Section 2.02 (b) of this Agreement;

(r) “GXWCDC” means the Guangxi Xijiang Waterways Construction and Development Corporation (Ltd.), a wholly state-owned company established under the Company Law and operating pursuant to Articles of Association dated June 2, 1999, and

Business License Number 4500001001171 issued by the Guangxi Industry and Commercial Administration Bureau;

(s) “Subsidiary Loan” means the loan to be provided to GXWCDC under the Subsidiary Loan Agreement;

(t) “Subsidiary Loan Agreement” means the agreement to be entered into between Guangxi, represented by the Guangxi Communications Department, and GXWCDC pursuant to paragraph 1 of Schedule 2 to the Project Agreement, as the same may be amended from time to time, and such term includes all schedules to the GXWCDC Subsidiary Loan Agreement;

(u) “Project Agreement” means the agreement between the Bank and Guangdong Province and Guangxi Zhuang Autonomous Region 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;

(v) “Respective Part of the Proceeds of the Loan” means, in respect of Guangdong, the proceeds of the Loan allocated from time to time to Categories (2) and (3) (b), and in respect of Guangxi, the proceeds of the Loan allocated from time to time to Categories (1) and (3)(a);

(w) “Respective Part of the Project” means, in respect of Guangdong, Part B of the Project, and in respect of Guangxi, Part A of the Project; and

(x) “Special Accounts” means the accounts referred to in Section 2.02 (a) of this Agreement.

Section 1.03. Each reference in the General Conditions to the Project implementation entity shall be deemed as a reference to Guangxi Zhuang Autonomous Region and Guangdong Province.

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 this Agreement, an amount equal to ninety one million Dollars (\$91,000,000).

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 expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan and in respect of the fee referred to in Section 2.04 of this Agreement.

(b) The Borrower may, for the purposes of each of Parts A and B of the Project open and maintain in Dollars a separate special deposit account in a commercial bank on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment. Deposits into, and payments out of, each Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. The Closing Date shall be January 31, 2010, 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 front-end fee in an amount equal to one percent (1%) of the amount of the Loan. On or promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount of such fee.

Section 2.05. 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 2.06. (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 2.07 of this Agreement.
- (iii) "LIBOR Base Rate" means, in respect of the Loan, 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, in respect of the Loan, for each Interest Period: (A) three-fourths of one percent (3/4 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 2.06, 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 said Loan upon not less than six (6) months notice to the Borrower of the new basis. The new 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 2.07. Interest and other charges shall be payable semi-annually in arrears on April 15 and October 15 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project, and, to this end, without any limitation or restriction upon any of its other obligations under the Loan Agreement, shall cause Guangdong and Guangxi to perform in accordance with the provisions of the Project Agreement all the obligations of Guangdong and Guangxi 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 Guangdong and Guangxi to perform such obligations, and shall not

take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall make available to Guangdong and Guangxi their Respective Part of the Proceeds of the Loan on the following principal terms:

- (i) the principal amount shall be made available in Dollars (determined on the date, or respective dates, of withdrawal from the Loan Account or of payment out of the respective Special Account) of the value of the currency or currencies so withdrawn or paid out on account of the cost of items required for the Project and to be financed out of the proceeds of the Loan;
- (ii) the following shall be recovered over a period of twenty (20) years, inclusive of a grace period of five (5) years: (A) the principal amount so made available; and (B) an amount equal to one percent (1%) of the Respective Part of the Proceeds of the Loan;
- (iii) interest shall be charged on such principal amount withdrawn and outstanding from time to time at a rate equal to the rate of interest applicable from time to time to the Loan pursuant to the provisions of Section 2.06 of this Agreement; and
- (iv) a commitment charge shall be charged on such principal amount of the Loan so made available and not withdrawn from time to time at a rate equal to three-fourths of one percent (3/4 of 1%) per annum.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works 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 1 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 Guangdong and Guangxi in respect of its Respective Part of the Project pursuant to Section 2.03 of the Project Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall cause Guangdong and Guangxi to maintain a financial management system, including records and accounts, and prepare financial statements, all in accordance with consistently applied accounting standards acceptable to the Bank, adequate to reflect their operations and financial condition and to register separately the operations, resources and expenditures related to the Project.

(b) The Borrower shall cause Guangdong and Guangxi to:

- (i) have the financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Bank), audited, in accordance with consistently applied auditing standards acceptable to the Bank, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year (or such other period agreed to by the Bank), (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or such other period agreed to by the Bank), as so audited, and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Bank; and
- (iii) furnish to the Bank such other information concerning such records, accounts and the audit of such financial statements, and concerning said auditors, as the Bank may from time to time reasonably request.

(c) 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) 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, or covering, the fiscal year in which the last withdrawal from the Loan Account was made;
- (ii) enable the Bank's representatives to examine such records; and
- (iii) ensure that such statements of expenditure are included in any audit that the Bank may have requested pursuant to paragraph (b) of this Section.

ARTICLE V

Other Covenants

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

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

(b) Guangxi shall have failed to perform any of its obligations under the Project Agreement;

(c) 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 Guangdong will be able to perform its obligations under the Project Agreement; and

(d) 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 Guangxi will be able to perform its obligations under the Project Agreement.

Section 5.02. Pursuant to Section 7.01(k) of the General Conditions, the following additional event is specified, namely, that any of the events specified in paragraphs (a) and (b) 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.

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 Guangxi, through the Guangxi Communications Department, and GXWCDC, in accordance with the provisions of paragraph 1 of Schedule 2 to the Project Agreement.

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 Guangdong, and is legally binding upon Guangdong in accordance with its terms;

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

(c) that the Subsidiary Loan Agreement has been duly authorized or ratified by the parties thereto and is legally binding upon said parties 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. 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: Facsimile:

FINANMIN (86-10) 6855-1125

For the Bank:

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

Cable address:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

248423 (MCI) or
64145 (MCI)

(202) 477-6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Beijing, People's Republic of China, as of the day and year first above written.

PEOPLE'S REPUBLIC OF CHINA

By /s/ Zou Jiayi

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ David Dollar

Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollars)</u>	<u>% of Expenditures to be financed</u>
(1) Part A.1, A.3, A.6 and A.7 of the Project:		
(a) Works	18,080,000	50%
(b) Goods	20,690,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 75% of local expenditures for other items procured locally
(c) Consultants' services	440,000	91%
(d) Training	840,000	100%
(e) Unallocated	4,500,000	
(2) Part B.1, B.3, B.4, B.6 and B. 7 of the Project:		
(a) Works	25,660,000	50%

<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollars)</u>	<u>% of Expenditures to be financed</u>
(b) Goods	12,540,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 75% of local expenditures for other items procured locally
(c) Consultants' services	1,720,000	91%
(d) Training	1,020,000	100%
(e) Unallocated	4,600,000	
(3) Front-end fee:		Amount due under Section 2.04 of this Agreement
(a) Part A of the Project	450,000	
(b) Part B of the Project	460,000	

TOTAL	91,000,000	
	=====	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; provided, however, that expenditures in the currency of the Hong Kong Special Administrative Region of the Borrower for goods or services supplied from said region and expenditures in the currency of the Macau Special Administrative Region of the Borrower for goods or services supplied from said region shall be deemed "foreign expenditures"; and

(b) the term "local expenditures" means expenditures that are not foreign expenditures.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding \$9,000,000, may be made in respect of Categories (1)(b), (1)(c), (1)(d), (2)(b), 2(c) and (2)(d) set forth in the table in paragraph 1 of this Schedule on account of payments made for expenditures before that date but after September 1, 2003.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures: (i) under contracts for works costing less than \$5,000,000 equivalent each; (ii) under contracts for goods costing less than \$500,000 equivalent each; (iii) under contracts for the employment of consulting firms costing less than \$300,000 equivalent; (iv) under contracts for the employment of individual consultants costing less than \$50,000 equivalent; and (v) training; all under such terms and conditions as the Bank shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Borrower in: (i) improving the market access for its southern region by upgrading navigation conditions on the region's major east-west river and other waterways feeding into the Zhujiang River Delta region, and (ii) meeting the growing energy demand in Guangdong and Guangxi by harnessing water flow in two rivers in such region to generate environmentally clean electricity.

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: Guangxi

1. Construction of the Naji Navigation Complex on the Youjiang River between the cities of Baise and Nanning, including:
 - (a) construction of a 20 meter high dam;
 - (b) construction of a shiplock;
 - (c) construction of a power plant with a 57 Megawatt capacity and two substations to link the power plant to the Baise grid;
 - (d) acquisition and installation of turbines and related equipment for the powerhouse; and
 - (e) acquisition and installation of lock gates.
2. Construction of access roads on both banks of the Youjiang River with a total length of about 9 kilometers; including the construction of a bridge across the river at the dam site.
3. Construction of reservoir protection embankments.
4. Carrying out of channel improvement, including construction of dikes and dredging of shoals, between Baise and Nanning, and upgrading of navigational aids.

5. Resettlement and rehabilitation of Displaced Persons in respect of Part A.1 and A.2 of the Project.
6. Capacity building of the Guangxi Communications Department, including the Project Management Office, and GXWCDC, and provision of technical assistance, training and study tours.
7. Carrying out of studies on (a) the financing, management and operation of integrated waterways and power generation resources, and (b) the development and installation of a comprehensive management information and control system.

Part B: Guangdong

1. Carrying out of channel improvements and regulation works on about 16 kilometers of the Lao-Long-Hu Waterway, including deepening and widening of the waterway, replacement of dikes, construction of a diversion channel, construction of embankment protection, and installation of navigational aids.
2. Replacement of two bridges over the Lao-Long-Hu Waterway at Lianyao and Longma.
3. Carrying out of channel improvements on about 180 kilometers on the middle reaches of the Beijiang River between Shaoguan and Qingyuan, including upgrading of navigational aids and construction of auxiliary facilities along the Beijiang River.
4. Construction of the Xiniu Navigation Complex on the Lian River between the cities of Xiniu and Hanguang, including:
 - (a) construction of a 10.5 meter high dam;
 - (b) construction of a shiplock;
 - (c) construction of a power plant with a 10 Megawatt capacity and two substations to link the power plant to the grid serving the city of Yingde;
 - (d) construction of auxiliary facilities;
 - (e) acquisition and installation of turbines, lock gates and related equipment for the powerhouse; and

- (f) upgrading of navigational aids.
5. Resettlement and rehabilitation of Displaced Persons in respect of Parts B.1 and B.4 of the Project.
 6. Capacity building of the Guangdong Provincial Communications Department, including the Provincial Waterways Bureau and the Project Management Office, and provision of technical assistance, training and study tours.
 7. (a) Carrying out of a study for the development of a waterway electronic mapping system, and implementation of such system.

(b) Carrying out of a study for the development of a shiplock management system, and implementation of such system.
 8. Acquisition of service vehicles, service vessels, and surveying and monitoring equipment.

* * *

The Project is expected to be completed by July 31, 2009.

SCHEDULE 3

Amortization Schedule

<u>Date Payment Due</u>	Payment of Principal (Expressed in Dollars)*
October 15, 2009	2,695,000
April 15, 2010	2,715,000
October 15, 2010	2,735,000
April 15, 2011	2,760,000
October 15, 2011	2,780,000
April 15, 2012	2,805,000
October 15, 2012	2,825,000
April 15, 2013	2,850,000
October 15, 2013	2,870,000
April 15, 2014	2,895,000
October 15, 2014	2,920,000
April 15, 2015	2,940,000
October 15, 2015	2,965,000
April 15, 2016	2,990,000
October 15, 2016	3,015,000
April 15, 2017	3,040,000
October 15, 2017	3,065,000
April 15, 2018	3,085,000
October 15, 2018	3,110,000
April 15, 2019	3,135,000
October 15, 2019	3,160,000
April 15, 2020	3,190,000
October 15, 2020	3,215,000
April 15, 2021	3,240,000
October 15, 2021	3,265,000
April 15, 2022	3,290,000
October 15, 2022	3,320,000
April 15, 2023	3,345,000
October 15, 2023	3,370,000
April 15, 2024	3,410,000

* 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

Special Accounts

1. For the purposes of this Schedule:

(a) the term “eligible Categories” means Categories (1) and (2) set forth in the table in paragraph 1 of Schedule 1 to this Agreement in respect of Part A of the Project and Category (2) set forth in said table in respect of Part B of the Project;

(b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term “Authorized Allocation” means the amount of \$3,000,000 in respect of the Special Account for Part A of the Project and the amount of \$3,000,000 in respect of the Special Account for Part B thereof, to be withdrawn from the Loan Account and deposited into the Special Accounts pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to the amount of \$2,000,000 in respect of the Special Account for Part A of the Project and an amount of \$2,000,000 in respect of the Special Account for Part B thereof, until (i) in respect of the Special Account for Part A of the Project, the aggregate amount of withdrawals from the Loan Account allocated to Category (1) plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions for Part A of the Project shall be equal to or exceed the amount of \$10,000,000, and (ii) in respect of the Special Account for Part B of the Project, the aggregate amount of withdrawals from the Loan Account allocated to Category (2) plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions for Part B of the Project shall be equal to or exceed the amount of \$10,000,000.

2. Payments out of the respective 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 respective Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the respective 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 respective 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 respective Special Account such amount or amounts as the Borrower shall have requested.

- (b) (i) For replenishment of the respective Special Account, the Borrower shall furnish to the Bank requests for deposits into the respective 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 respective 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 respective Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Category, and 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 respective 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 any 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 Accounts;

(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 allocated to the eligible Category for the respective Special Account, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions, 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 allocated to the eligible Categories 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 respective 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 any 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 respective 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 any 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 any 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 Accounts.

(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.