

CONFORMED COPY

LOAN NUMBER 3788 CHA

Loan Agreement

(Shenyang Industrial Reform Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated January 11, 1995

LOAN NUMBER 3788 CHA

LOAN AGREEMENT

AGREEMENT, dated January 11, 1995, 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) Parts A and C of the Project will be carried out by Shenyang Municipality (Shenyang) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to Shenyang the proceeds of the Loan as provided in this Agreement;

(C) Part B.1 of the Project will be carried out by Shenyang Machine Tool Company Limited (SMTCL) with the Borrower's assistance and, as part of such assistance, Shenyang will make available to SMTCL a portion of the proceeds of the Loan as provided in this Agreement; and

(D) Part B.2 of the Project will be carried out by Bank of Communications Limited (BOCOM) and the Industrial and Commercial Bank of China (ICBC) (the Financial Intermediaries) with the Borrower's assistance and, as part of such assistance, Shenyang will make available to the Financial Intermediaries a portion of the proceeds of the Loan as provided in this Agreement;

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 Shenyang Project Agreement of even date herewith between the Bank and Shenyang and the Financial Intermediaries Project Agreement of even date herewith between the Bank and the Financial Intermediaries;

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 Loan" of the Bank, dated February 9, 1993, with the modifications set forth in Schedule 5 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 have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "BOCOM" means the Bank of Communications Limited, a national joint-stock commercial bank, established and operating as a bank under the laws of the Borrower and in accordance with the BOCOM Charter.

(b) "BOCOM Charter" means the Charter of the Bank of Communications Limited, adopted by the shareholders of BOCOM and approved by the People's Bank of China, dated July 12, 1994.

(c) "BOCOM Policy Guidelines" means the statements of operating policies and procedures approved by BOCOM, including the administrative rules of BOCOM on asset-liability management, dated June 3, 1994, and the policy and operations guidelines of BOCOM's Shenyang branch, dated July 1, 1987, as revised thereafter with the Bank's concurrence.

(d) "BOCOM Subsidiary Loan Agreement" means the agreement to be entered into between Shenyang and BOCOM pursuant to Section 2.02 (b) of the Shenyang Project Agreement, as the same may be amended from time to time, and such term includes all schedules to the BOCOM Subsidiary Loan Agreement.

(e) "Category" means a withdrawal category set forth in the table in paragraph 1 of Schedule 1 to this Agreement.

(f) "Financial Intermediaries" means BOCOM and ICBC, collectively, and "Financial Intermediary" means any of the Financial Intermediaries.

(g) "Financial Intermediaries Project Agreement" means the agreement between the Bank and BOCOM and ICBC 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 Financial Intermediaries Project Agreement.

(h) "foreign currency" means any currency other than the currency of the Borrower.

(i) "free-limit Sub-loan" means a Sub-loan, as so defined, which qualifies as a free-limit Sub-loan pursuant to the provisions of paragraph 2 (b) of Schedule 1 to the Financial Intermediaries Project Agreement.

(j) "ICBC" means the Industrial and Commercial Bank of China, established and operating as a bank under the laws of the Borrower and in accordance with the ICBC

Charter.

(k) "ICBC Charter" means the Charter of the Industrial and Commercial Bank of China, approved by the State Council on recommendation of the People's Bank of China on November 15, 1989.

(l) "ICBC Policy Statement" means the policy statement approved by ICBC in July 1989, as revised thereafter with the Bank's concurrence.

(m) "ICBC Subsidiary Loan Agreement" means the agreement to be entered into between Shenyang and ICBC pursuant to Section 2.02 (b) of the Shenyang Project Agreement, as the same may be amended from time to time, and such term includes all schedules to the ICBC Subsidiary Loan Agreement.

(n) "Investment Enterprise" means an enterprise to which one of the Financial Intermediaries proposes to make or has made a Sub-loan.

(o) "Investment Project" means a specific development project to be carried out by an Investment Enterprise under Part B.2 of the Project utilizing the proceeds of a Sub-loan.

(p) "Reform Action Program" means the Reform Action Program attached to the letter dated February 28, 1994, from Shenyang to the Bank.

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

(r) "Shenyang" means Shenyang Municipality, the capital of the Borrower's Province of Liaoning.

(s) "Shenyang Project Agreement" means the agreement between the Bank and Shenyang 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 Shenyang Project Agreement.

(t) "SMTCL" means the Shenyang Machine Tool Company Limited, a limited liability shareholding corporation established and operating under the laws of the Borrower and the SMTCL Charter.

(u) "SMTCL Charter" means the Charter of SMTCL, dated May 21, 1994, as the same may be amended from time to time with the concurrence of the Bank.

(v) "SMTCL Management Restructuring Plan" means the phased program of restructuring of the functions and responsibilities of the management and internal organization of SMTCL, as approved by the SMTCL Board of Directors in August 1994.

(w) "SMTCL Project Agreement" means the agreement between the Bank and SMTCL 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 SMTCL Project Agreement.

(x) "SMTCL Subsidiary Loan Agreement" means the agreement to be entered into between Shenyang and SMTCL pursuant to Section 2.02 (a) of the Shenyang Project Agreement, as the same may be amended from time to time, and such term includes all schedules to the SMTCL Subsidiary Loan Agreement.

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

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

(aa) "Subsidiary" means any company of which a majority of the outstanding voting stock or other proprietary interest is owned or effectively controlled by a Financial Intermediary or by any one or more Subsidiaries of said Financial Intermediary or by said Financial Intermediary and any one or more of its Subsidiaries.

(bb) "Subsidiary Loan Agreements" means the SMTCL Subsidiary Loan Agreement, the BOCOM Subsidiary Loan Agreement and the ICBC Subsidiary Loan Agreement, and "Subsidiary Loan Agreement" means any one of the Subsidiary Loan Agreements.

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, various currencies that shall have an aggregate value equivalent to the amount of one hundred seventy-five million dollars (\$175,000,000).

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: (i) expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for Parts A, B.1 and C of the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan; and (ii) amounts paid (or, if the Bank shall so agree, to be paid) by one of the Financial Intermediaries 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 shall, 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 4 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2001, 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 Single Currency LIBOR, plus one-half of one percent (1/2 of 1%), plus or minus the Average Margin as provided in paragraph (b) (iv) below.

(b) For the purposes of this Section:

(i) "Interest Period" means the initial period from and including the date of this Agreement to but not including the first Interest Payment Date and thereafter the period from and including any Interest Payment Date to but not including the next Interest Payment Date.

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

(iii) "Single Currency LIBOR" means the London interbank offered rate for dollars, expressed as a percentage per annum, reasonably determined by the Bank in accordance with Schedule 6 to this Agreement for the January 15 or July 15 on which an Interest Period commences (or, for the initial Interest Period, the January 15 or July 15 preceding the date of this Agreement or on which such Interest Period commences).

(iv) "Average Margin" means, for any Interest Period, the weighted average margin, for the Semester preceding the relevant January 15 or July 15, between: (A) the cost of the outstanding borrowings of the Bank or portions thereof allocated to the funding of single currency loans in all currencies, and (B) the specific London and, for French francs, Paris interbank offered rates or other such reference

rates attributable to such borrowings in each such currency, all as reasonably determined by the Bank and expressed as a percentage per annum. For any Interest Period in which (A) exceeds (B), the Average Margin shall be added under paragraph (a) above. For any Interest Period in which (B) exceeds (A), the Average Margin shall be subtracted under paragraph (a) above.

(v) "Semester" means the first six months or second six months of a calendar year.

(c) After the Bank shall have determined Single Currency LIBOR and the Average Margin for any Interest Period, the Bank shall promptly notify the Borrower of such determination.

Section 2.06. Interest and other charges shall be payable semiannually on January 15 and July 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.

ARTICLE III

Execution of the Project; Use of the Proceeds of the Loan

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 limitation or restriction upon any of its other obligations under the Loan Agreement, the Borrower shall cause Shenyang, SMTCL and the Financial Intermediaries to perform all their respective obligations set forth in the Shenyang Project Agreement, the SMTCL Project Agreement and the Financial Intermediaries Project Agreement, shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable Shenyang, SMTCL and the Financial Intermediaries 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 relend the proceeds of the Loan to Shenyang on the following principal terms and conditions: (i) repayment over a period not exceeding 20 years, including five years of grace; (ii) interest at a rate equal to the rate applicable from time to time to the Loan pursuant to Section 2.05 (a) of this Agreement; (iii) a commitment charge equal to the commitment charge applicable from time to time to the Loan pursuant to Section 2.04 of this Agreement; and (iv) foreign exchange risk to be borne by Shenyang.

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 1 to the Shenyang Project Agreement (for Parts A and C of the Project), Schedule 1 to the SMTCL Project Agreement (for Part B.1 of the Project) and Schedule 2 to the Financial Intermediaries Project Agreement (for Part B.2 of the Project).

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): (a) in respect of Parts A and C of the Project shall be carried out by Shenyang pursuant to Section 2.04 of the Shenyang Project Agreement; (b) in respect of Part B.1 of the Project shall be carried out by SMTCL pursuant to Section 2.03 of the SMTCL Project Agreement; and (c) in respect of Part B.2 of the Project shall be carried out by the Financial Intermediaries pursuant to Section 2.03 of the Financial Intermediaries Project Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of Parts A and C of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section including 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 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; 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.

(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) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, 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 or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

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

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains 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.

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) Shenyang, SMTCL or any Financial Intermediary shall have failed to perform any of its obligations under the Shenyang Project Agreement, SMTCL Project Agreement or Financial Intermediaries Project Agreement, respectively.

(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 Shenyang, SMTCL or any Financial Intermediary will be able to perform its obligations under the Shenyang Project Agreement, SMTCL Project Agreement or Financial Intermediaries Project Agreement, respectively.

(c) The BOCOM Charter, ICBC Charter or the SMTCL Charter or the BOCOM Policy Guidelines or the ICBC Policy Statement shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the operations or the financial condition of

SMTCL or any Financial Intermediary or its ability to carry out any of its respective obligations under the SMTCL Project Agreement or the Financial Intermediaries Project Agreement.

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of SMTCL or any Financial Intermediary 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 event specified in paragraphs (c) or (d) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) the Borrower's State Council has approved the Loan Agreement; and

(b) the Subsidiary Loan Agreements have been executed on behalf of Shenyang and SMTCL, BOCOM and ICBC, respectively.

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 Shenyang Project Agreement has been duly authorized or ratified by Shenyang and is legally binding upon Shenyang in accordance with its terms;

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

(c) that the Financial Intermediaries Project Agreement has been duly authorized or ratified by each Financial Intermediary and is legally binding upon each Financial Intermediary in accordance with its terms; and

(d) that the Subsidiary Loan Agreements have been duly authorized or ratified by Shenyang and by SMTCL, BOCOM and ICBC, respectively, and are legally binding upon the Borrower and SMTCL, BOCOM and ICBC, respectively, in accordance with their 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

Representatives 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:

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 (RCA)
82987 (FTCC)
64145 (WUI) or
197688 (TRT)

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 J. Cheetham

Regional Vice President
East Asia and Pacific

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:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Sub-loans:		
(a) under Part B.2 (a)	30,000,000	100% of amounts

of the Project		disbursed by a Financial Intermediary
(b) under Part B.2 (b) of the Project	10,000,000	
(2) Goods, including technical licenses:		
(a) under Parts A and C of the Project	8,500,000	100% of foreign expenditures, 100% of local expenditures
(b) under Part B.1 of the Project	104,500,000	(ex-factory cost) and 75% of local expenditures for other items procured locally
(3) Consultants' services and training:		100%
(a) under Parts A and C of the Project	4,500,000	
(b) under Part B.1 of the Project	4,000,000	
(4) Unallocated	13,500,000	
TOTAL	<u>175,000,000</u>	

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; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower.

3. 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 Financial Intermediaries Project Agreement; and (b) payments made for expenditures prior to the date of this Agreement.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures:

(a) under contracts for goods and for expenditures under Sub-loans not exceeding \$200,000 equivalent; (b) under contracts with consulting firms not exceeding \$100,000 and with individual consultants not exceeding \$50,000; and (c) for expenditures for training, all 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: (1) to assist Shenyang in the reform and reorganization of its industrial sector, especially the engineering industry, through

support for the implementation of its Reform Action Program and investments in industrial restructuring; and (2) to assist Shenyang in promoting environmentally sustainable industrial development, through strengthening of environmental protection facilities and management.

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

Part A: Implementation Support for the Reform Action Program

Strengthening of the capacity for implementation of key aspects of the Reform Action Program, through the:

1. provision of training to government officials in economics, finance, accounting, international trade and other reform-related topics, within and outside China;
2. development of an information network for labor market information and provision of training to employment services staff in labor market and management topics;
3. provision of training to industrial safety inspectors and enterprise staff in industrial safety inspection;
4. carrying out of a program to facilitate mergers and acquisitions of enterprises consisting of simplification of administrative procedures therefor, development of marketing strategies, provision of training to staff of the Property Rights Transaction Center in Shenyang and development of an information system;
5. carrying out of a program to strength the organization and management of the State Assets Management Bureau and State Assets Management Company in Shenyang, including the provision of training to staff thereof; and
6. carrying out of a program to strengthen the teaching capabilities of faculty of Shenyang College of Economics and Finance, including the provision of overseas training and exchange programs.

Part B: Industrial Restructuring

1. Carrying out of a program of physical and management restructuring of SMTCL to modernize facilities, rationalize processes and establish an effective management system, including:
 - (a) construction and equipping of specialized and assembly shops;
 - (b) replacement of existing foundries with a modern, environmentally acceptably foundry;
 - (c) acquisition and development of advanced technology for product design and development;
 - (d) disposition of assets;
 - (e) reduction of workforce; and
 - (f) training of staff and management in management, product design, operations and language capabilities.
2. Financing of specific modernization and industrial restructuring projects of industrial enterprises in Shenyang, through Sub-loans to: (a) enterprises of any form of ownership; and (b) private enterprises.

Part C: Environmental Protection

1. Establishment, construction and equipping of a municipal hazardous waste treatment facility to dispose of and treat hazardous waste, including a landfill, and treatment, collection and transportation facilities.

2. Development and introduction of a suitable structure and levels of tariffs for the collection, treatment and disposal of hazardous wastes.

3. Establishment of an industrial effluent water quality monitoring network, through construction and equipping of monitoring stations, monitoring facilities and testing facilities.

4. Strengthening of the capacity of Shenyang Environmental Protection Bureau, through development of an environmental management information system, a central hazardous waste laboratory and a training center, and provision of consultants' services and training in monitoring, research, planning and management.

* * *

The Project is expected to be completed by December 31, 2000.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
January 15, 2000	3,785,000
July 15, 2000	3,895,000
January 15, 2001	4,005,000
July 15, 2001	4,115,000
January 15, 2002	4,230,000
July 15, 2002	4,350,000
January 15, 2003	4,475,000
July 15, 2003	4,600,000
January 15, 2004	4,730,000
July 15, 2004	4,865,000
January 15, 2005	5,000,000
July 15, 2005	5,140,000
January 15, 2006	5,285,000
July 15, 2006	5,435,000
January 15, 2007	5,590,000
July 15, 2007	5,745,000
January 15, 2008	5,910,000
July 15, 2008	6,075,000
January 15, 2009	6,245,000
July 15, 2009	6,425,000
January 15, 2010	6,605,000
July 15, 2010	6,790,000
January 15, 2011	6,980,000
July 15, 2011	7,180,000
January 15, 2012	7,380,000
July 15, 2012	7,590,000
January 15, 2013	7,805,000
July 15, 2013	8,025,000
January 15, 2014	8,250,000
July 15, 2014	8,495,000

* 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 Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2) and (3) set

forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for Investment Projects and for Parts A, B.1 and C of the Project 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, provided, however, that notwithstanding the provisions of paragraph 2 (b) of Schedule 1 to the Financial Intermediaries 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

(c) the term "Authorized Allocation" means an amount equivalent to \$10,000,000 to be withdrawn from the Loan Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule.

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 a deposit or deposits 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 in 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 under the respective eligible Categories, 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 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; or

(b) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, less the amount of any outstanding special commitment 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 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 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 5

Modifications of the General Conditions

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

(1) The last sentence of Section 3.02 is deleted.

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

"21. The term 'Financial Intermediaries Project Agreement' has the meaning set forth in paragraph (f) of Section 1.02 of the Loan Agreement."

(3) The words "the Bank may, by notice to the Borrower and the Guarantor, 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 subparagraph 3(b) of Schedule 1 to the Financial Intermediaries 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 Guarantor, terminate the right to submit such applications or approvals or 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."

SCHEDULE 6

Single Currency LIBOR Determination

1. Single Currency LIBOR for any Interest Period shall be the offered rate for deposits in dollars for a period of six months which appears on the display designated as page "3750" on the Telerate monitor (or such other page or service as may replace it for the purpose of displaying London interbank offered rates of major banks for dollars deposits), as of 11:00 a.m. (London time) on the second day on which banks and foreign exchange markets are open for business in London prior to the relevant January 15 or July 15 (the Interest Determination Date).

2. If such rate does not appear on the Telerate monitor or on such service as may replace it, the Bank shall request the London offices of four major banks to provide the Bank with the rate at which deposits in dollars are offered by such banks on the Interest Determination Date to leading banks in the London interbank market for a period of six months ending on the last day of such Interest Period. Single Currency LIBOR for such Interest Period shall be the arithmetic mean (rounded upwards if necessary to the fifth decimal place) of such offered quotations as determined by the Bank.

3. If not more than one major bank provides the Bank with such quotations under paragraph 2 above, Single Currency LIBOR shall be arithmetic mean (rounded upwards if necessary to the fifth decimal place) determined by the Bank of the rates quoted by at least two major banks in New York City selected by the Bank on the Interest Determination Date for loans in dollars to leading European banks for a period of six months ending on the lastday of such Interest Period. If fewer than two of the banks so selected are quoting such rates, Single Currency LIBOR shall be the single currency in effect for the last preceding Interest Period.

