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LOAN NUMBER 7722-CN

# Loan Agreement

(NanGuang Railway Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated August 31, 2009

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## **LOAN AGREEMENT**

AGREEMENT dated August 31, 2009, between PEOPLE'S REPUBLIC OF CHINA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

### **ARTICLE I – GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Loan Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

### **ARTICLE II – LOAN**

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of three hundred million Dollars (\$300,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02(d) of the General Conditions.
- 2.05. The Payment Dates are April 15 and October 15 in each year.

- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

#### **ARTICLE III – PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through its Ministry of Railways in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

#### **ARTICLE IV – EFFECTIVENESS**

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

#### **ARTICLE V – REPRESENTATIVE; ADDRESSES**

- 5.01. The Borrower’s Representative is the Minister of Finance.
- 5.02. The Borrower’s Address is:

Ministry of Finance  
Sanlihe

Beijing 100820  
People's Republic of China

Facsimile:

86-10-6855-1125

5.03. The Bank's Address is:

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)	1-202-477-6391

AGREED at Beijing, People's Republic of China, as of the day and year first above written.

PEOPLE'S REPUBLIC OF CHINA

By /s/ Zheng Xiaosong  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Hsiao-Yun Elaine Sun  
Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to provide additional transport capacity and reduce transport time between the less developed western region in southwest China and the relatively more developed Pearl River delta region.

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

#### **Part A: Railway Line between Nanning and Guangzhou**

1. Construction of a new two track electrified rail line of about 400 km for freight and passenger service connecting Litang West in Guangxi Zhuang Autonomous Region and New Zhaoqing in Guangdong Province, including construction of sub-grades, tunnels, bridges, culverts and buildings, acquisition and installation of goods (including, without limitation, communications, signaling and electrification equipment, and maintenance vehicles), and provision of related technical assistance.
2. Construction of two tracks of a new four track electrified rail line of about 62 km to be shared with the GuiGuang Railway Project for freight and passenger service connecting New Zhaoqing and Sanyanqiao in Guangdong Province, including construction of sub-grades, tunnels, bridges, culverts and buildings, acquisition and installation of goods (including, without limitation, communications, signaling and electrification equipment, and maintenance vehicles), and provision of related technical assistance.
3. Construction of new and reconstruction of existing railway stations along the rail line referred to in Parts A.1 and A.2 of the Project.
4. Resettlement and rehabilitation of Displaced Persons in connection with the carrying out of Parts A.1, A.2 and A.3 of the Project.

**SCHEDULE 2****Project Execution****Section I. Implementation Arrangements**

1. The Borrower shall, through the Ministry of Railways:
  - (a) engage and retain throughout the period of implementation of the Project the independent procurement agent, referred to in paragraph A.3 of Section III of Schedule 2 to this Agreement, under terms of reference satisfactory to the Bank, for the purpose of procuring all goods and services required for the Project and to be financed out of the proceeds of the Loan; and
  - (b) construct the railway lines under Parts A.1 and A.2 of the Project through the NanGuang Preparation Group, and the GuiGuang Preparation Group respectively, including installing the equipment procured pursuant to clause (a) of this paragraph, in accordance with:
    - (i) arrangements and a time schedule satisfactory to the Bank; and
    - (ii) appropriate technical standards, practices, and specifications; and
  - (c) maintain:
    - (i) the NanGuang Preparation Group and the GuiGuang Preparation Group with adequate powers, functions, staff and resources satisfactory to the Bank in order to enable them to implement the construction of the railway lines under Parts A.1 and A.2 of the Project, respectively, and to ensure the implementation of the RAP Arrangements; and
    - (ii) FCTIC with adequate powers, functions, staff and resources satisfactory to the Bank in order to enable it to carry out procurement and financial management with respect to the Project and to supervise the implementation of the Project.
2. The Borrower shall, and through the Ministry of Railways as appropriate:
  - (a) take all necessary actions, including provision of timely consents and approvals, to facilitate the implementation of the Project; and
  - (b) maintain all relevant records and documents related to the Project and provide promptly such documents and records, including all other information, as may be requested by the Bank from time to time.

3. The Borrower shall, through the Ministry of Railways, cause the Provinces: (a) to provide full support, cooperation and assistance, and to take all necessary actions, including provision of timely consents and approvals, as may be required for facilitating the implementation of the Project and to enable the Borrower to comply with its undertakings in this Agreement; and (b) to maintain all relevant records and documents related to the Project and provide promptly such documents and records, including all other information, as may be requested by the Borrower or the Bank from time to time.
4. In carrying out the Project, the Borrower shall, and through the Ministry of Railways as appropriate, implement and cause the Provinces to implement the Project in accordance with the RAPs, the RAP Arrangements and the EMPs, as the case may be, all in a manner and substance satisfactory to the Bank. Without limitation to the foregoing, the Borrower shall, through the Ministry of Railways and the Provinces as appropriate:
  - (a) take all necessary actions to minimize to the extent possible any involuntary loss by persons of shelter, productive assets or access to productive assets or income or means of livelihood, temporarily or permanently, and the displacement of said people in the carrying out of the Project or any part thereof;
  - (b) where the acquisition of land or assets or the displacement of people is unavoidable, before initiating the implementation of any works which would result in such acquisition or displacement, make available to such people compensation and, as applicable, relocate and rehabilitate the displaced people in accordance with the RAPs and the RAP Arrangements and in a manner satisfactory to the Bank;
  - (c) not amend, suspend, abrogate, fail to enforce, or waive the EMPs or the RAPs or the RAP Arrangements or any provisions thereof without the prior concurrence of the Bank; and
  - (d) monitor on a six (6) monthly basis, the implementation of the RAPs, the RAP Arrangements and the EMPs, and in the case of the RAPs at more frequent intervals as may be requested by the Bank, through an independent consultant or other agency, satisfactory to the Bank, in accordance with term of reference, satisfactory to the Bank, and promptly after completion of each said monitoring, provide to the Bank a report on the monitoring.
5. The Borrower shall, through the Ministry of Railways, supplement the RAPs in a manner and a time frame satisfactory to the Bank in order to update the implementation measures set out therein including for villages severely affected by the Project.

6. The Borrower shall ensure that the railway lines under Parts A.1 and A.2 of the Project are commissioned for operation no later than June 30, 2014, following appropriate testing and other procedures, and shall thereafter take all necessary measures to ensure that they are operated and maintained in a financially, technically and administratively viable manner.
7. The Borrower shall, and through the Ministry of Railways as appropriate, ensure, and shall cause the Provinces to ensure, that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

## **Section II. Project Monitoring, Reporting and Evaluation**

### **A. Project Reports**

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators set forth in the Annex to this Schedule. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.
2. For purposes of Section 5.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than June 30, 2015.

### **B. Financial Management, Financial Reports and Audits**

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank as part of the Project Report not later than forty-five (45) days after the end of each calendar semester, interim un-audited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.



### **Section III. Procurement**

#### **A. General**

1. **Goods.** All goods required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Schedule.
3. Except as the Bank shall otherwise agree, procurement of all goods and services required for the Project and to be financed out of the proceeds of the Loan shall be carried out by a qualified procurement agent engaged by the Borrower through the Ministry of Railways in accordance with the provisions of Part C of this Section III and of the Consultant Guidelines.
4. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

#### **B. Particular Methods of Procurement of Goods**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Borrower (other than goods manufactured in the Hong Kong Special Administrative Region and the Macau Special Administrative Region of the Borrower).
2. **National Competitive Bidding (NCB).** Goods costing less than \$500,000 equivalent per contract may be procured under contracts awarded under NCB procedures, subject to the additional provisions provided in paragraph 3 below.
3. **Procedures for National Competitive Bidding.** The procedures to be followed for National Competitive Bidding shall be those set forth in the Law on Tendering and Bidding of the People's Republic of China promulgated by Order No.21 of the President of the People's Republic of China on

August 30, 1999, with the following clarifications required for compliance with the Procurement Guidelines:

- (i) All invitations to prequalify or to bid shall be advertised in a newspaper of national circulation in the Borrower's country, except for goods contracts that are estimated to cost less than \$300,000 equivalent each, which may be advertised in a provincial daily newspaper. Such advertisement shall be made in sufficient time for prospective bidders to obtain prequalification or bidding documents and prepare and submit their responses. In any event, a minimum of thirty (30) days shall be given to bidders between the date of advertisement in such newspaper and the deadline for submission of bids, and the advertisement and bidding documents shall specify the deadline for such submission.
- (ii) Qualification requirements of bidders and the method of evaluating the qualification of each bidder shall be specified in detail in the bidding documents.
- (iii) All bidders that meet the qualification criteria set out in the pre-qualification document shall be allowed to bid and there shall be no limit on the number of pre-qualified bidders.
- (iv) All bidders shall be required to provide security in an amount sufficient to protect the Borrower in case of breach of contract by the contractor, and the bidding documents shall specify the required form and amount of such security.
- (v) Bidders will be allowed to submit bids by mail or by hand. The time for opening of all bids shall be the same as the deadline for receipt of such bids.
- (vi) All bids shall be opened in public; all bidders shall be offered an opportunity to be present (either in person or through their representatives) at the time of bid opening, but bidders shall not be required to be present at the bid opening.
- (vii) All bid evaluation criteria shall be disclosed in the bidding documents and quantified in monetary terms or expressed in the form of pass/fail requirements.
- (viii) No bid may be rejected solely on the basis that the bid price falls outside any standard contract estimate, or margin or bracket of average bids established by the Borrower.

- (ix) Each contract shall be awarded to the lowest evaluated responsive bidder, that is, the bidder who meets the appropriate standards of capability and resources and whose bid has been determined: (A) to be substantially responsive to the bidding documents; and (B) to offer the lowest evaluated cost. The winning bidder shall not be required, as a condition of award, to undertake responsibilities for work not stipulated in the bidding documents or otherwise to modify the bid as originally submitted.
- (x) Each contract financed with the proceeds of the Loan shall provide that the suppliers and contractors shall permit the Bank, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by the Bank.
- (xi) Government owned enterprises in the Borrower's country may be permitted to bid or submit a proposal of goods and works if they can establish that they: (A) are legally and financially autonomous; (B) operate under commercial law; and (C) are not a dependent agency of the agency conducting the procurement.
- (xii) Re-bidding should not be allowed solely because the number of bids is less than three (3), and rejection of all bids or rebidding shall not take place without the Bank's prior written concurrence.
- (xiii) The results of bid evaluation and contract award shall be published in the national press or provincial press (as provided under 3(i) above) or official gazette or a free and open access website and shall identify the name and offered price of the winning bidder, as well as the duration and summary scope of the awarded contract.
- (xiv) the Borrower shall have in place provisions for bidders to protest.

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality- and Cost-based

Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Quality-Based Selection
(b) Selection under Fixed Budget
(c) Selection Based on Consultants’ Qualifications
(d) Selection of Individual Consultants
(e) Single Source Selection

**D. Review by the Bank of Procurement Decisions**

Except as the Bank shall otherwise determine by notice to the Borrower, the following contracts shall be subject to Prior Review by the Bank: (a) each contract for goods to be procured on the basis of International Competitive Bidding; (b) the first contract for goods to be procured under National Competitive Bidding procedures; (c) each contract for consultants’ services provided by a firm or an individual estimated to cost the equivalent of \$300,000 or more; and (d) all consultant’s contracts procured under single source selection. All other contracts shall be subject to Post Review by the Bank.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank may specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures, inclusive of taxes, as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed</b>
(1) Goods under Parts A.1 and A.2 of the Project	298,950,000	100%
(2) Consultants' services, training and study tours under Parts A.1 and A.2 of the Project	300,000	100%
(3) Front-end Fee	750,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
<b>Total</b>	<b>300,000,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is December 31, 2014.

## ANNEX

**Results Framework**

<b>PDO</b>	<b>Project Outcome Indicators</b>	<b>Use of Project Outcome Information</b>
The objective of the Project is to provide additional transport capacity and reduce transport time between the less developed western region in southwest China and the relatively more developed Pearl River delta region.	<ol style="list-style-type: none"> <li>1. Provide passenger train services (No of pairs of express passenger trains per day)</li> <li>2. Provide freight train services (No. of pairs of freight trains per day).</li> <li>3. Reduce passenger transit time (Average travel time of express passenger trains).</li> </ol>	Feed into evaluation of the overall China Railways development program
<b>Intermediate Outcomes</b>	<b>Intermediate Outcome Indicators</b>	<b>Use of Intermediate Outcome Monitoring</b>
Construction of NanGuang Railway	Progress rate of works and procurement of goods.	Monitoring of implementation progress and action plan to address possible delays.

### Arrangements for results monitoring

Project Outcome Indicators	Baseline 2008	Target Values							Data Collection and Reporting		
		2010	2011	2012	2013	2014 (1)	2020	2030	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
1. Average number of pairs of express passenger trains between Sanyanqiao and Litang West. <sup>(2)</sup>	7	7	7	7	8	20	30	40	On project completion and once a year thereafter	MOR and Project Companies operating statistics	MOR
2. Average number of pairs of freight trains operated per day between Sanyanqiao and Guigang. <sup>(3)</sup>	-	-	-	-	-	8	10	12			
3. Average travel time of express trains having max. speed of 200 km/h between Sanyanqiao and Litang West (minutes). <sup>(4)</sup>	620	620	620	620	620	170	170	170			

(1) Taken as the first full year of operation.

(2) Passenger trains between Sanyanqiao and Litang by existing route; includes trains to Liuzhou and beyond.

(3) Includes through luggage, container, and local trains. Much through freight is currently carried on trains that are re-marshaled at intermediate points.

(4) Between 2008 and 2013, passenger trains operate on the current longer route. From 2014, EMU trains operate with maximum speed of 200 km/h on NanGuang Railway project line.

**SCHEDULE 3****Amortization Schedule**

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
October 15, 2014	1.48%
April 15, 2015	1.52%
October 15, 2015	1.56%
April 15, 2016	1.59%
October 15, 2016	1.63%
April 15, 2017	1.67%
October 15, 2017	1.72%
April 15, 2018	1.76%
October 15, 2018	1.80%
April 15, 2019	1.85%
October 15, 2019	1.89%
April 15, 2020	1.94%
October 15, 2020	1.99%
April 15, 2021	2.04%
October 15, 2021	2.09%
April 15, 2022	2.14%
October 15, 2022	2.20%
April 15, 2023	2.25%
October 15, 2023	2.31%
April 15, 2024	2.37%
October 15, 2024	2.43%
April 15, 2025	2.49%
October 15, 2025	2.55%
April 15, 2026	2.61%
October 15, 2026	2.68%
April 15, 2027	2.74%
October 15, 2027	2.81%
April 15, 2028	2.88%



October 15, 2028	2.95%
April 15, 2029	3.03%
October 15, 2029	3.10%
April 15, 2030	3.18%
October 15, 2030	3.26%
April 15, 2031	3.34%
October 15, 2031	3.43%
April 15, 2032	3.51%
October 15, 2032	3.60%
April 15, 2033	3.69%
October 15, 2033	3.78%
April 15, 2034	4.14%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
  - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two (2) calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the

provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

**APPENDIX****Section I. Definitions**

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
4. “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.
5. “Environmental Management Plans” and the acronym “EMPs” mean, collectively: (a) the environmental management plan dated April 2009 and duly adopted by the Borrower and the Ministry of Railways in respect of implementing Part A.1 of the Project and the relevant activities under Part A.3 of the Project; and (b) the environmental management plan dated November 25, 2008 adopted for the GuiGuang Railway Project and referred to in the GuiGuang Loan Agreement which the Borrower and the Ministry of Railways have agreed to apply, with the concurrence of the Bank, in respect of implementing Part A.2 of the Project and the relevant activities under Part A.3 of the Project, each of which plan sets out, inter alia, (i) the actions and measures to be taken for mitigating the adverse environmental impacts resulting from the implementation of the respective Parts of the Project and related facilities; including access roads, construction camps and resettlement sites, (ii) the criteria and procedures for developing and implementing actions and measures, satisfactory to the Bank, for mitigating the adverse environmental impacts resulting from the implementation of activities in locations that are not directly identified in the EMPs; and (iii) administrative and monitoring arrangements to ensure the implementation of said plans, as the same may be revised from time to time with the agreement of the Bank.
6. “FCTIC” means the Foreign Capital and Technology Import Center of the Ministry of Railways.

7. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008) with the modifications set forth in Section II of this Appendix.
8. “Guangdong” means the Guangdong Province of the Borrower or any successor thereto.
9. “Guangxi” means the Guangxi Zhuang Autonomous Region of the Borrower or any successor thereto.
10. “GuiGuang Loan Agreement” means the Loan Agreement (Loan Number 7678-CN) dated June 3, 2009 between People’s Republic of China and International Bank of Reconstruction and Development for the financing of the GuiGuang Railway Project.
11. “GuiGuang Preparation Group” means the GuiGuang Railway Company Preparation Group established by the Ministry of Railways by Resolution dated November 28, 2007.
12. “GuiGuang Railway Project” means the project financed by the GuiGuang Loan Agreement which includes the construction of a new two track electrified rail line of about 857 km for freight and passenger service connecting Guiyang in Guizhou Province and Guangzhou in Guangdong Province, and includes the portion of the railway line between New Zhaoqing and Sanyanqiao in Guangdong to be constructed under Part A.2 of the Project.
13. “Litang West” means the Railway Station of Litang West in Guangxi.
14. “Ministry of Railways” means the Ministry of Railways of the Borrower or any successor thereto and for the purpose of this Agreement, the reference to the Ministry of Railways shall include, *inter alia*, unless the context otherwise requires, specific reference to the Railway Administrations.
15. “NanGuang Preparation Group” means the NanGuang Railway Company Preparation Group established by the Ministry of Railways by Resolution dated September 23, 2008.
16. “New Zhaoqing” means the Railway Station of New Zhaoqing in Guangdong.
17. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.

18. “Procurement Plan” means the Borrower’s procurement plan dated May 11, 2009, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
19. “Provinces” means Guangxi and Guangdong.
20. “Railway Administrations” mean the Guangzhou Railway Administration and the Nanning Railway Administration, each of which is established by the Ministry of Railways under its administrative control and responsible for the management, operation and maintenance of the railway system over an assigned territory of the Borrower and in which a portion of the NanGuang Railway Line will be constructed.
21. “Resettlement Action Plans” and the acronym “RAPs” mean collectively: (a) the resettlement action plan dated March 10, 2009 duly adopted by the Borrower and the Ministry of Railways, in respect of implementing Part A.1 and relevant activities under Part A.3 of the Project; and (b) the resettlement action plan dated July 2008, adopted for the GuiGuang Railway Project and referred to in the GuiGuang Loan Agreement which the Borrower and the Ministry of Railways have agreed to apply, with the concurrence of the Bank, in respect of implementing Part A.2 and relevant activities under Part A.3 of the Project, each of which plan (individually referred to as the RAP in respect of the respective Part of the Project) sets out, inter alia: (i) the principles and procedures governing the acquisition of land required for the respective Parts of the Project and related facilities, including access roads, construction camps and resettlement sites; (ii) actions and measures for the payment of compensation to Displaced Persons and for their resettlement and rehabilitation; (iii) the criteria and procedures for developing and implementing actions and measures, satisfactory to the Bank, for mitigating the adverse social impacts resulting from the implementation of activities in locations that are not directly identified in the RAPs; and (iv) reporting and monitoring arrangements to ensure compliance with said plan, as the same may be revised from time to time with the prior agreement of the Bank.
22. “RAP Arrangements” means collectively the arrangement dated March 18, 2009 entered into between the NanGuang Preparation Group on behalf of the Ministry of Railways and Yunfu Municipality and Zhaoqing Municipality of Guangdong (Municipalities) for implementing the RAP in respect of Part A.1 and relevant activities under Part A.3 of the Project in Guangdong; the arrangement dated March 18, 2009 entered into between the NanGuang Preparation Group on behalf of the Ministry of Railways and Guangxi for implementing the RAP in respect of Part A.1 and relevant activities under Part A.3 of the Project in Guangxi; and the arrangement dated February 4, 2009 entered into between the GuiGuang Preparation Group on behalf of the Ministry of Railways and Foshan Municipality and Zhaoqing Municipality of Guangdong (Municipalities) for the GuiGuang

Railway Project and referred to in the GuiGuang Loan Agreement which the Borrower and the Ministry of Railways have agreed to apply, with the concurrence of the Bank, for implementing the RAP in respect of Part A.2 and relevant activities under Part A.3 of the Project in Guangdong and the Municipalities, as the same may be revised from time to time with the prior agreement of the Bank; the RAP Arrangements include the letters dated February 19, 2009 and March 11, 2009 from the Ministry of Railways authorizing the GuiGuang Preparation Group and the NanGuang Preparation Group to enter into the relevant RAP Arrangements with the respective Provinces/Municipalities.

23. “Sanyanqiao” means the Railway Station of Sanyanqiao in Guangdong.

## **Section II. Modifications to the General Conditions**

The modifications to the General Conditions are as follows:

1. Paragraph (1) of Section 7.02 is modified to read as follows:

“Section 7.02. *Suspension by the Bank*

....

(1) *Ineligibility.* The Bank or the Association has declared the Borrower (other than the Member Country) or the Project Implementing Entity ineligible to receive proceeds of any financing made by the Bank or the Association or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Bank or the Association, as a result of a determination by the Bank or the Association that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Bank or the Association.”

2. The definition of the term “Conversion Date” in the Appendix is modified to read as follows:

“‘Conversion Date’ means, in respect of a Conversion, the Execution Date (as herein defined) or such other date as requested by the Borrower and accepted by the Bank, on which the Conversion enters into effect, and as further specified in the Conversion Guidelines.”