

Exchange of Notes at Beijing February 1, 2007
Entered into force February 1, 2007

EXCHANGE OF NOTES
AMENDING THE ARRANGEMENT
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF KOREA
AND
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA
CONCERNING THE SEVENTH LOAN
FROM THE ECONOMIC DEVELOPMENT COOPERATION FUND

(Chinese Proposing Note)

Beijing, February 1, 2007

His Excellency
Ha-joong Kim
Ambassador Extraordinary and Plenipotentiary
of the Republic of Korea
to the People's Republic of China

Excellency,

I have the honor to refer to the Arrangement between the Government of the Republic of Korea and the Government of the People's Republic of China concerning the Seventh Loan from the Economic Development Cooperation Fund, Concluded on 30 December 2005.

I have further the honor to propose that the Chenzhou Municipal Solid Waster Landfill Site Project, Hunan Province be deleted from the relevant paragraph of the said Arrangement and therefore, the said Arrangement be amended as follows:

Article 1 (1), (2), (3) and Article 3 (1) shall be replaced by the following:

- "1. (1) The Government of the Republic of Korea shall enable the Government of the People's Republic of China to obtain a loan (hereinafter referred to as "the Loan") from the Export-Import Bank of Korea (hereinafter referred to as "the Bank"), the government agency for the Economic Development Cooperation Fund (hereinafter referred to as "the EDCF"), for the implementation of the Qufu Sewage Recycle and Reuse Plant Project in Shandong Province (hereinafter referred to as "the Project").
- (2) The Government of the People's Republic of China, acting through the Ministry of Finance, hereby designates China Construction Bank as the Borrower and

guarantees the due and punctual repayment of the principal of the Loans and payment of the accrued interest thereon as well as all other amounts due and payable by the relevant Borrower under the Loans. However, any change of the Borrower may be made by the prior written notice of the Ministry of Finance to the Bank.

- (3) The Loan shall be denominated in Korean Won. The amount of the Loan denominated in Korean Won shall not exceed the equivalent of two million seven hundred thousand US Dollars (US\$ 2,700,000) and shall be fixed at the average of the telegraphic transfer selling rates of Korean Won against US Dollar as quoted by the Bank during the one month period from the 16th day of two months prior to the month when the first procurement contract is signed, to the 15th day of one month prior thereto, in accordance with a loan agreement to be concluded between the Borrower and the Bank (hereinafter referred to as "the Loan Agreement").

3. (1) The eligible source country for the procurement of goods and services required for the Project shall be the Republic of Korea. However, any goods and services which are impossible or uneconomical to be purchased from the eligible source country, may, with the prior consent of the Bank, be procured from the People's Republic of China for the Project for up to eight hundred ten thousand US Dollars (US\$810,000) of the Loan amount.

If the foregoing proposals are acceptable to the Government of the Republic of Korea, I have further the honor to propose that the present Note and your reply thereto constitute an Agreement between the two Governments which shall enter into force on the date of your reply.

Please accept the assurances of my highest consideration.

Li Yong
Vice Minister of Finance
People's Republic of China

(Korean Reply Note)

Beijing, February 1, 2007

His Excellency
Li Yong
Vice Minister of Finance
People's Republic of China

Excellency,

I have the honor to acknowledge the receipt of your Note of February 1, 2007, which reads as follows:

“ (Chinese Proposing Note)
. ”

I have further the honor to inform you that the foregoing proposal is acceptable to the Government of the Republic of Korea and to agree that your Note and this Note in reply shall constitute an Agreement between the two Governments, which shall enter into force on the date of this Note in reply.

Please accept the assurances of my highest consideration.

김 하 중
Ambassador Extraordinary and Plenipotentiary
of the Republic of Korea
to the People's Republic of China