

**ЧАСТЬ I**  
**КОММЕРЧЕСКОЕ ПРЕДЛОЖЕНИЕ**

**5. Финансовое предложение с  
Заявлением банка**

## The Bank Statement

Bank of China Limited declares, that we are introduced to the conditions of the **Statement on Expression of Interests** announced by JSC "Georgian Railway" on 8<sup>th</sup> December, 2015 and to the fact of concluding a corresponding agreement with the candidate [CSR Zhuzhou Electric Locomotive Co., Ltd.] on purchase of electric locomotives (**Purchase on the 45 Units of Freight Electric Locomotive Project**) and to the additional agreement to be concluded by the JSC "Georgian Railway" in case the item is approved, we express willingness to offer a SINOSURE Facility in favor of JSC "Georgian Railway" considering the following essential terms:

The amount of the credit – USD244,800,000.00

The term of the loan – 10 years, 12 years or 15 years after signing the facility agreement

Annual interest -- no more than annual 6% (the swap rate is subject to the reference 10-year swap rate (2.33%), 12-year swap rate (2.45%) and 15-year swap rate (2.57%) in December 25, 2015; and the total interest is averaged in corresponding period]

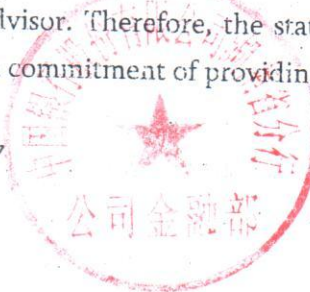
Export Insurance coverage – the financing is subject to SINOSURE issuing a comprehensive insurance covering 95% political and 95% commercial risks in respect of principal plus accrued interest

Loan Collateral – the lien on the ready-made electric locomotives made within the corresponding agreement, according to paragraphs 254-285<sup>1</sup> of the Code of Georgia.

In order to exclude any doubt, the following bank statement presents only an expression of intent and signing it does not cause any commitments to the bank, including and not limited to: that it should conclude a corresponding loan agreement with the JSC "Georgian Railway", correspondingly no party has any right for any claims or any activities against the bank.

Please note that the terms indicated in the statement are based on the current market conditions, and are subject to our bank's internal credit and other approvals. They are also subject to (i) the formal approval of the Chinese authorities in a form of credit insurance from SINOSURE on terms satisfactory to the MLA; (ii) absence of material adverse events occurring in the financial market; (iii) satisfactory documentation; (iv) satisfactory syndication; (v) Comments from Lender's Legal advisor. Therefore, the statement is not legally binding upon us and shall not be treated as a commitment of providing the loan.

Signature







December 24, 2015

**To: CSR Zhuzhou Electric Locomotive Co., Ltd,**

**Subject: Re: Exportation of 45 Units Electric Freight Locomotive to JSC Georgian Railway Project**

This refers to your letter dated 24<sup>th</sup> December, 2015 for the Exportation of 45 Units Electric Freight Locomotive to JSC Georgian Railway Project. After preliminary assessment and evaluation of the project, we are willing to provide credit insurance cover for your transaction on the basis of the meet of all the following conditions:

1. Importer: JSC Georgian Railway;
2. Borrower: the subsidiary of JSC Georgian Railway, of which the asset-liability ratio on audited financial report each year of recent three years is less than 70%, and the add up profit of recent three years should also be profitable;
3. Guarantor: JSC Georgian Railway, the Standard and Poor's rating of the guarantor is not less than Georgian sovereign rating, the asset-liability ratio on audited financial report each year of recent three years is less than 70%, and the add up profit of recent three years should also be profitable;
4. The contract amount is less than 300million USD;
5. The cash payment proportion is not less than 15% of the contract amount; the financing proportion is less than 85% of the contract amount;
6. The insurance period is: (1) less than 120 months; the grace period is less than 60 months; the repayment period is less than 60 months. The loan shall be repaid in equal semiannual consecutive installments; or (2) less than 144 months; the grace period is less than 60 months; the repayment period is less than 84 months. The loan shall be repaid in equal semiannual consecutive installments; or (3) less than 180 months; the grace period is less than 60 months; the repayment period is less than 120 months. The loan shall be repaid in equal semiannual consecutive installments.
7. Chinese national content of the contract is more than 60% ;
8. According to the above insurance period, the premium rate for (1) 60 months+60 months is expected to be 5.75%, or (2) 60 months+84 months is expected to be 6.14%, or (3) 60 months+120 months is expected to be 6.74%, the premium should be paid by 3 equal installments during the first 3 years in grace period. The premium equals to the insured amount times premium rate, the insured amount equals to the bank loan principle plus interest. The premium rate depends on many factors, such as the method of cash payment, relationship between construction period, grace period and repayment period etc. The final premium rate depends on the final structure of the project and the credit condition of the guarantor.
9. The project is in accordance with relevant laws and national politics.

This Letter of Support is not an offer or a legally binding commitment. It can not be relied upon or enforced in any court or tribunal. This letter exempts the responsibility of the insurance. Further investigation of the project will be taken according to the formal insurance application of your company. The decision of whether to insure and the final premium rate will be made after the investigation and the submission of approval.

China Export & Credit Insurance Corporation Changsha Business Office



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December 25, 2015

Ref: BOCEXPCT15095

To: JSC Georgian Railway

CC: CSR Zhuzhou Electric Locomotive Co., Ltd.

**Subject: Indicative financing proposal in connection with the procurement of 45 Units of Freight Electric Locomotive Project in Georgia**

Dear Sir or Madam,

Reference is made to the Procurement of 45 Units of Freight Electric Locomotive Project in connection with CSR Zhuzhou Electric Locomotive Co., Ltd as Supplier of the Project.

Bank of China Limited is pleased to present hereinafter a SINOSURE Facility Proposal, which is to finance 85% of the Commercial Contract. You will find attached the indicative Terms and Conditions of the facility. Bank of China is well positioned to arrange finance for this type of transaction and has dedicated Structured Finance team available to this transaction on a priority basis.

Please note that the terms indicated in our proposal are based on the current market conditions and are subject to (i) the Commercial Contract being signed between relevant parties; (ii) obtaining the approval from the MLAs' respective credit committees; (iii) the approval of the Chinese authorities in a form of credit insurance from SINOSURE on terms satisfactory to the MLAs; (iv) absence of material adverse events occurring in the financial market; (v) satisfactory loan documentation; (vi) comments from Lender's Legal advisor satisfactory to SINOSURE and the MLAs; (vii) environmental and social due diligence satisfactory to SINOSURE and the MLAs.

This indicative financing proposal is valid until March 25, 2016 from the date of its issuance. The Proposal is strictly private and confidential in regard to terms, pricing and structures proposed and its contents may not be divulged to any other party.

We remain at your disposal. Should you need any information or have any question in connection with this indicative financial offer, please feel free to contact us. We look forward to cooperating with you and other transaction parties on this project in the near future.

Yuan Tao  
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Corporate Banking Department  
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Email: cpyxgjjsb\_hn@mail.notes.bank-of-china.com

Yours sincerely,

By

Name: Yao zhi yu

Title: General Manager

Corporate Banking Department,  
Bank of China Limited, Hunan Branch

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Indicative Terms and Conditions

**A Buyer's Credit Facility Up to 85% of the Commercial Contract Amount Covered by  
SINOSURE for Financing the Procurement of 45 Units of Freight Electric  
Locomotive Project in Georgia**

Presented to

**CSR Zhuzhou Electric Locomotive Co., Ltd**

by



**December, 2015**

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*The information contained herein is made available to the recipient on a confidential basis and may only be provided to the recipient's agents, employees and representatives who need to know such information for the purpose of evaluating the transaction described herein and who are informed of the confidential nature of the information. This document and the information herein may not be provided to any third party without Bank of China Limited prior written approval.*

*Please note that the terms indicated in our proposal are based on the current market conditions, and are subject to our bank's internal credit and other approvals. They are also subject to (i) the formal approval of the Chinese authorities in a form of credit insurance from SINOSURE on terms satisfactory to the MLA; (ii) absence of material adverse events occurring in the financial market; (iii) satisfactory documentation; (iv) satisfactory syndication; (v) Comments from Lender's Legal advisor. Therefore, the proposal is not legally binding upon us and shall not be treated as a commitment of providing the loan.*



**I. The Parties:**

<b>Supplier:</b>	CSR Zhuzhou Electric Locomotive Co., Ltd
<b>Borrower:</b>	JSC Georgian Railway
<b>Export Insurance:</b>	China Export & Credit Insurance Corporation ("SINOSURE")
<b>Mandated Lead Arranger (MLA):</b>	Bank of China Limited
<b>Lenders:</b>	Bank of China Limited and other selected financial institutions
<b>Agent:</b>	Bank of China Limited

**II. The Facilities****The SINOSURE Facility**

<b>Amount of the Commercial Contract:</b>	Estimated to be USD288 million
<b>Sinosure Facility:</b>	To finance up to 85% of the commercial contract, estimated to be USD 244.8 million
<b>Export Insurance coverage:</b>	The financing is subject to SINOSURE issuing a comprehensive insurance covering 95% political and 95% commercial risks in respect of principal plus accrued interest.
<b>Currency:</b>	USD
<b>Down Payment</b>	15% of the amount of commercial contract must be paid prior to disbursement under this SINOSURE Facility.
<b>Availability Period:</b>	In accordance with the payment conditions of commercial contracts, the SINOSURE Facility shall become available for drawdown upon the signing of documentation acceptable to all parties and compliant with all conditions precedent relating thereto and shall remain available for drawdown for a period of five (5) years thereafter. Any undrawn balance at the expiry of the Availability Period shall be cancelled.
<b>Disbursements:</b>	<p>Disbursements will be made in conformity with the underlying Commercial Contract between the Supplier and the Borrower, and with the guidelines of SINOSURE. They will be subject to terms and conditions outlined in the Facility Agreement to be signed between the Borrower and the Lenders.</p> <p>Disbursements will be made by the Lenders directly to the Supplier according to the terms of the Commercial Contract and against</p>

documentary evidence to be agreed upon.

**Prepayment:**

With prior written consent of the Lenders, the Borrower may prepay all or any part of the Facility by giving not less than 90 Business Day's prior written notice to the Lenders of the date and the amount of prepayment, which shall, in case of prepayment of part of the Facility be in an amount not less than USD10,000,000.00. At the time of prepayment, the Borrower shall pay to the Lenders a prepayment fee equal to one percent (1%) of the amount prepaid. Any amount prepaid under the Facility may not be re-borrowed.

**Interest Payment**

Interest payable semiannually in arrears.

**Arrangement Fee**

1.10% flat calculated on the amount of the SINOSURE Facility and shall be payable on the Signing Date of the SINOSURE Facility.

**Commitment Fee**

1.0% per annum calculated on the undisbursed balance of the SINOSURE facility and payable semiannual in arrears, starting from the signing date of the SINOSURE Facility.

**Sinosure Insurance Premium:**

As would be agreed to by the Borrower with SINOSURE.

**Default Interests:**

Additional interest of 2.00% to the total Interest Rate shall be levied on all amounts due and unpaid, and shall be calculated from the due date to the date of actual payment.

**Agency Fee:**

USD 30,000 per annum

**Option 1:fixed rate with 10-year loan term****Repayment Period:**

Five (5) years, or as otherwise approved by SINOSURE.

The Loan shall be repaid in equal semiannual consecutive installments. The first repayment would be due 6 months after the end of Availability Period. The repayment Schedule would be stipulated in the appendix of Facility Agreement signed between the lender and borrower.

**Final Maturity**

Final maturity should be up to ten (10) years with the last Repayment Date being on [TBD] pursuant to repayment schedule, or as otherwise approved by SINOSURE.

**Interest Rate**

Ten (10)-year Swap rate plus the Margin. (the reference 10-year Swap rate as of December 25, 2015 is 2.33%)

**Margin**

2.8% per annum

**Conditions Precedent:**

Condition Precedent related to first drawdown:

Those customarily found in the Mandated Lead Arranger' Facility Agreement for financing of this type and other appropriate in the judgment of the Lenders for this transaction, including but not limited



to:

- The Mandated Lead Arranger being mandated by the Borrower to arrange the financing Facility, and
- Approved by the Mandated Lead Arranger's Credit Committee;
- Issuance by SINOSURE of an insurance policy, in form and substance satisfactory to the Lenders;
- All relevant government and public authorities approvals, permits and licenses in full force and effect as applicable to the Project and if applicable during the relevant period;
- Execution and coming into full force and effect of the Commercial Contract;
- Execution of Documentation in form and substance acceptable to the Mandated Lead Arranger, the Lenders and SINOSURE;
- Payment of SINOSURE Insurance Premium as well as all other fees and expenses;
- Legal opinions in form and substance acceptable to Mandated Lead Arranger, the Lenders and SINOSURE;
- No material adverse change in the financial condition, assets and operations or otherwise of the Borrower;
- No material adverse change in the political, economic, financial, commercial, legal and fiscal environment in Georgia, or in the domestic or international money or capital markets affecting facilities of this type; and
- A list of the Supply Contracts existing as of the Signing Date for JSC Georgian Railway, certified by an Authorised Signatory or director of the Borrower and by the Supplier, in form and substance satisfactory to the MLA

**Other documents and evidence required for every drawdown:**

- the Commercial Invoices issued by the Supplier in response to the Supply Contracts;
- the certificate confirming that the goods and/or services are supplied in accordance with the Supply Contracts; and
- all documents, issued or received by the Supplier in relation to the equipment to be purchased by the Borrower under the Supply Contracts (including but not limited to: (i) the relevant custom clearance documents and certificates, (ii) the relevant bills of lading, airway bills or other transportation documents, (iii) the relevant certificates of origins, (iv) the relevant insurance documents) required by the Lenders to verify the purchase.

**Option 2: fixed rate with 12-year loan term**



**Repayment Period:**

Seven (7) years, or as otherwise approved by SINOSURE.

The Loan shall be repaid in equal semiannual consecutive installments. The first repayment would be due 6 months after the end of Availability Period. The repayment Schedule would be stipulated in the appendix of Facility Agreement signed between the lender and borrower.

**Final Maturity**

Final maturity should be up to twelve (12) years with the last Repayment Date being on [TBD] pursuant to repayment schedule, or as otherwise approved by SINOSURE.

**Interest Rate**

Twelve (12)-year Swap rate plus the Margin. (the reference 12-year Swap rate as of December 25, 2015 is 2.45%)

**Margin**

3.0% per annum

**Conditions Precedent:**

Condition Precedent related to first drawdown:

Those customarily found in the Mandated Lead Arranger' Facility Agreement for financing of this type and other appropriate in the judgment of the Lenders for this transaction, including but not limited to:

- The Mandated Lead Arranger being mandated by the Borrower to arrange the financing Facility, and
- Approved by the Mandated Lead Arranger's Credit Committee;
- Issuance by SINOSURE of an insurance policy, in form and substance satisfactory to the Lenders;
- All relevant government and public authorities approvals, permits and licenses in full force and effect as applicable to the Project and if applicable during the relevant period;
- Execution and coming into full force and effect of the Commercial Contract;
- Execution of Documentation in form and substance acceptable to the Mandated Lead Arranger, the Lenders and SINOSURE;
- Payment of SINOSURE Insurance Premium as well as all other fees and expenses;
- Legal opinions in form and substance acceptable to Mandated Lead Arranger, the Lenders and SINOSURE;
- No material adverse change in the financial condition, assets and operations or otherwise of the Borrower; and
- No material adverse change in the political, economic, financial, commercial, legal and fiscal environment in Georgia, or in the domestic or international money or capital markets affecting facilities of this type.
- A list of the Supply Contracts existing as of the Signing Date for JSC Georgian Railway, certified by an Authorised

Signatory or director of the Borrower and by the Supplier, in form and substance satisfactory to the MLA

Other documents and evidence required for every drawdown:

- the Commercial Invoices issued by the Supplier in response to the Supply Contracts;
- the certificate confirming that the goods and/or services are supplied in accordance with the Supply Contracts; and
- all documents, issued or received by the Supplier in relation to the equipment to be purchased by the Borrower under the Supply Contracts (including but not limited to: (i) the relevant custom clearance documents and certificates, (ii) the relevant bills of lading, airway bills or other transportation documents, (iii) the relevant certificates of origins, (iv) the relevant insurance documents) required by the Lenders to verify the purchase.

**Option 3: fixed rate with 15-year loan term**

**Repayment Period:**

Ten (10) years, or as otherwise approved by SINOSURE.

The Loan shall be repaid in equal semiannual consecutive installments. The first repayment would be due 6 months after the end of Availability Period. The repayment Schedule would be stipulated in the appendix of Facility Agreement signed between the lender and borrower.

**Final Maturity**

Final maturity should be up to fifteen (15) years with the last Repayment Date being on [TBD] pursuant to repayment schedule, or as otherwise approved by SINOSURE.

**Interest Rate**

Fifteen (15)-year Swap rate plus the Margin. (the reference 15-year Swap rate as of December 25, 2015 is 2.57%)

**Margin**

3.2% per annum

**Conditions Precedent:**

Condition Precedent related to first drawdown:

Those customarily found in the Mandated Lead Arranger's Facility Agreement for financing of this type and other appropriate in the judgment of the Lenders for this transaction, including but not limited to:

- The Mandated Lead Arranger being mandated by the Borrower to arrange the financing Facility, and
- Approved by the Mandated Lead Arranger's Credit Committee;
- Issuance by SINOSURE of an insurance policy, in form and substance satisfactory to the Lenders;
- All relevant government and public authorities approvals, permits and licenses in full force and effect as applicable to the Project and if applicable during the relevant period;



- Execution and coming into full force and effect of the Commercial Contract;
- Execution of Documentation in form and substance acceptable to the Mandated Lead Arranger, the Lenders and SINOSURE;
- Payment of SINOSURE Insurance Premium as well as all other fees and expenses;
- Legal opinions in form and substance acceptable to Mandated Lead Arranger, the Lenders and SINOSURE;
- No material adverse change in the financial condition, assets and operations or otherwise of the Borrower; and
- No material adverse change in the political, economic, financial, commercial, legal and fiscal environment in Georgia, or in the domestic or international money or capital markets affecting facilities of this type.
- A list of the Supply Contracts existing as of the Signing Date for JSC Georgian Railway, certified by an Authorised Signatory or director of the Borrower and by the Supplier, in form and substance satisfactory to the M/LA

Other documents and evidence required for every drawdown:

- the Commercial Invoices issued by the Supplier in response to the Supply Contracts;
- the certificate confirming that the goods and/or services are supplied in accordance with the Supply Contracts; and
- all documents, issued or received by the Supplier in relation to the equipment to be purchased by the Borrower under the Supply Contracts (including but not limited to: (i) the relevant custom clearance documents and certificates, (ii) the relevant bills of lading, airway bills or other transportation documents, (iii) the relevant certificates of origins, (iv) the relevant insurance documents) required by the Lenders to verify the purchase.

### III. Other Common Terms and Conditions

#### Market Disruption:

If and whenever, at any time prior to the commencement of any interest period, the Agent shall have determined that:

- (i) Adequate and fair means do not exist for ascertaining USD LIBOR for such interest period; or
- (ii) Deposits in USD are not available to the Lender in the USD Interbank Market in the ordinary course of business in sufficient amounts to fund the Facility for such interest period or that USD LIBOR does not accurately reflect the cost of the Lender for obtaining such deposits;

The Agent must promptly notify the Borrower of a Market Disruption Event and advise the Borrower that the USD Libor or



its Fixed Rate equivalent, as the case might be, as reference rate will be replaced by the cost of fund as notified by the Treasury of the Lender.

**Financial Covenant**

The Facility Agreement shall contain financial covenants that are applicable to the Borrower to be approved by the MLA after further due diligence.

**Gross up of Taxes**

All payments required to be made by the Borrower under the Facility shall be made free and clear, and without deduction for taxes (such as Withholding Tax), stamp duties, levies or other charges imposed by any Government in Georgia, and if any such deduction is required to be made (other than on account of any tax on the income of a lender), then the amount of the payments by the Borrower shall be increased to ensure that after making the appropriate deduction, the Lenders receive and retain free of any liability a sum equal to that which it would have received in the absence of the requirement to make such deduction.

**Expenses**

The Borrower agrees to indemnify the MLA, for all reasonable legal and out-of-pocket expenses incurred by it in arranging, negotiating and documenting the proposed Facility whether or not the definitive documentation is signed or any drawing occurs there-under provided the terms and fees for any advisor shall have been agreed by the Borrower. Expenditure incurred on any advisor will be payable on the respective mandated amounts agreed by the Borrower. The Borrower shall, on written demand, pay to each Finance Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement of, or the preservation of any rights under, any Finance Agreement provided that Borrower shall be liable for the fees of only one advisor acting in a capacity for all the Lenders. All legal and out-of-pocket expenses (subject to a maximum amount yet to be agreed) shall be for the account of the Borrower and shall be due and payable upon the written demand from the Lead Arrangers.

**Other Terms and Conditions**

Other detailed terms and Conditions including but not limited to Representations, Information Undertaking, Security & Sharing and Documentation etc. are subject to discussion with Lender's legal advisor after further Due Diligence.

**Market flex**

The MLA shall be entitled to change the structure, terms, amount and pricing of the Facilities if they determine that such changes are advisable in order to ensure a successful arrangement of the Facilities, subject to notification and consultation of the Borrower. The provisions in this paragraph shall not be superseded by the terms of the Facility Agreement and other documentation and shall remain in full force and effect until the Signing Date of the Facilities.



**Transferability**

The Facility Agreement shall contain specific provisions for the transferability of commitments and participations in respect of the Lenders without the consent of the Borrower.

**Governing Law:**

English Law, except that certain Security Documents may be governed by local law.

**Confidentiality**

The indicative terms and conditions set forth in this Appendix are intended for your exclusive use and are made on the express understanding that the indication and the information contained herein will be treated as strictly confidential and shall not be given to any third party without the prior consent of the MLA.

**Validity**

This Indicative Term Sheet shall remain valid until close business in Beijing on March 25, 2016 at which time it will lapse unless extended in writing by the MLA.

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