

**Letter of Intent on Hong Kong Special Administrative Region's
Second Stage Work in Support of Restoration and Reconstruction
in the Sichuan Earthquake Stricken Areas
Between the Hong Kong Special Administrative Region Government
and the Sichuan Provincial People's Government
(Translation)**

1. Preamble

- 1.1. To take forward the Hong Kong Special Administrative Region (HKSAR)'s work in support of restoration and reconstruction in the Sichuan Earthquake, the HKSAR Government (the Hong Kong side) and Sichuan Provincial People's Government (the Sichuan side), after deliberations, reached consensus on the basic principles, the list of 20 first stage reconstruction support projects, project management and funding arrangements, as well as communication and coordination mechanism, and signed the "Cooperation Arrangement on HKSAR's Support for Restoration and Reconstruction in the Sichuan Earthquake Stricken Areas between the HKSAR Government and Sichuan Provincial People's Government (the Cooperation Arrangement).
- 1.2. Since the signing of the Cooperation Arrangement, the Hong Kong and Sichuan sides have maintained close contact and communication to take forward the 20 confirmed first stage reconstruction support projects, and conducted a series of studies, site visits and discussions for the second stage reconstruction support projects. After deliberations, both sides agreed on 103 projects selected from Sichuan side's recommended list for implementation at the second stage. To take forward the initiative, on the basis of the Cooperation Arrangement, both sides agreed to sign this "Letter of Intent on HKSAR's Second Stage Work in Support of Restoration and

Reconstruction in the Sichuan Earthquake Stricken Areas Between the HKSAR Government and the Sichuan Provincial People's Government" (the Letter of Intent), which sets out both sides' initial agreement and the Hong Kong side's intent on the second stage reconstruction support work.

2. HKSAR's Second Stage Reconstruction Support Projects

2.1. The 103 second stage reconstruction support projects agreed between the Hong Kong and Sichuan sides cover 52 education, 21 medical and rehabilitation, 7 social welfare and 23 Wolong Nature Reserve related projects, with an estimated total commitment of about RMB 3.446 billion (HK\$3.938 billion)¹. The relevant details regarding project names, locations and rough project estimates are set out in Annex.

2.2. It is roughly estimated that as at mid March of 2009, the available funds from the "Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas" (the Fund) for the second stage reconstruction work was about HK\$ 3.806 billion² (about RMB 3.330 billion) . The Hong Kong and Sichuan sides will continue to work out further details of the second stage projects, including the compilation of project feasibility studies, and will make suitable adjustments on the scope of the projects as necessary. Meanwhile, the Hong Kong side will liaise with the Hong Kong Jockey Club and some local commercial enterprises and encourage them to sponsor some of the second stage projects. The overall target is

¹ Calculated on the basis of the exchange rate on 19 March 2009 at HK\$100: RMB 87.50.

² After deducting funds reserved for the 20 first stage reconstruction support projects, grants to non-government organisations, and the estimated staffing and operating expenditure for the period from 2009-10 to the first half of 2010-11. For exchange rate please see footnote 1.

for the Hong Kong side to utilise the Fund's existing available resources to implement all the concerned projects. The Hong Kong side's overall commitment regarding the second stage reconstruction support projects will not exceed HK\$3.806 billion (about RMB 3.330 billion).

- 2.3. As we proceed with the further work on the second stage reconstruction projects and the fine-tuning of project estimates, the Hong Kong and Sichuan sides will take into account all relevant factors such as the Fund's utilisation and commitment status, latest project estimates, and donation from the public and exercise flexibility in handling the list of second stage reconstruction projects. If because of the funding position the Hong Kong side cannot undertake all the 103 second stage projects as listed at the Annex, both sides will take into account the actual circumstances and conduct further discussion on HKSAR's second stage reconstruction support project list, and may delete some projects or defer the concerned projects for consideration at a later stage as necessary.

3. Basic Principles, Funding and Project Management Arrangements

- 3.1. The basic principles, project management and fund management arrangements applicable to HKSAR's second stage reconstruction support projects will follow the relevant contents as set out under the Cooperation Arrangement. The basic principles and arrangements as set out under the Cooperation Arrangement will also apply to the second stage projects, including but not limited to the following :

- (a) The reconstruction work will be implemented on a project basis.
- (b) Funding transfer will be made by instalment in accordance with the actual progress of work.
- (c) The technical standards of projects should comply with the relevant Mainland laws and regulations, and with suitable monitoring mechanism. Consideration should be given to raise the qualification requirements for contracting enterprises as appropriate.
- (d) The Hong Kong side being the sponsor of reconstruction support projects will not be liable for any legal responsibilities relating thereto.

3.2. Under the framework of the Cooperation Arrangement, the Hong Kong and Sichuan sides will discuss and sign cooperation arrangements on individual projects in due course. The content will normally cover the project description of individual projects, and details on project funding and management arrangements, project procurement management, project construction management and so on.

3.3. The scope of Hong Kong side's reconstruction support does not include land requisition and resumption costs, and any other costs relating to works conducted before signing of this Letter of Intent, such as those relating to completed demolition, repair or reinforcement of damaged building structures. In special circumstances, for instance if according to actual circumstances

the Sichuan side has an urgent need to commence some initial project preparatory work before completion of the project feasibility studies, such as demolition, repair or reinforcement of damaged building structures, and conducting preparatory studies and site investigations etc, the Sichuan side may, before commencement of such work, make a request to the Hong Kong side regarding the related initial project start-up costs. The Sichuan side should provide details on the related scope of work and justification for such request. Taking into account the actual circumstances, the Hong Kong side may exercise discretion in considering the request.

This Letter of Intent is signed on 27th March 2009 in Chengdu.

Signed by:

(Representative of the
Sichuan Provincial
People's Government,
People's Republic of China)

Joshua Law
Permanent Secretary of
Constitutional and Mainland
Affairs

Date: 27th March 2009

(Representative of the
Government of the Hong Kong
Special Administrative Region,
People's Republic of China)

Liu Jie
Director of Sichuan
Development and Reform
Commission

Date: 27th March 2009

**Proposed Second Stage Reconstruction Support Projects of
HKSAR Government**

No.	Location		Project Title	Estimated Project Cost (100m RMB)
	City	County		
Education facilities				
1	Deyang City	Jingyang District	Dongqi Primary School	0.5034
2	Mianyang City	Youxian District	Weicheng Town Central Primary School	0.3052
3	Mianyang City	Yanting County	Yunxi Junior Secondary School	0.4082
4	Nanchong City	Nanbu County	Nanlong Town Number 1 Primary School	0.2920
5	Meishan City	Renshou County	Baofei Town Junior Secondary School	0.0954
6	Chengdu City	Pengshan County	Qinglong Town Junior Secondary School	0.1460
7	Meishan City	Renshou County	Shuyuan Road Junior Secondary School	0.1200
8	Yaan City	Yucheng District	Xingxian Primary School	0.1745
9	Yaan City	Baoxing County	Longdong Secondary School	0.0624
10	Yaan City	Baoxing County	Fengtongzhai Primary School	0.1500
11	Yaan City	Baoxing County	Wulong Central School	0.0585
12	Deyang City	Luojiang County	Jinshan Town Number 1 Primary School	0.2858
13	Deyang City	Luojiang County	Lueping Primary School	0.1636
14	Yaan City	Yucheng District	Hejiang Central School	0.0568
15	Yaan City	Lushan County	Longxing Central School	0.1064
16	Mianyang City	Zitong County	Wuchang Junior Secondary School	0.4654
17	Leshan City	Jiajiang County	Jiajiang Secondary School	0.2038

No.	Location		Project Title	Estimated Project Cost (100m RMB)
	City	County		
18	Yaan City	Tianquan County	Renyi Junior Secondary School	0.0665
19	Yaan City	Tianquan County	Tianquan County Junior Secondary School	0.3086
20	Yaan City	Tianquan County	Leying Junior Secondary School	0.0886
21	Yaan City	Yingjing County	Yingjing Secondary School	0.4375
22	Yaan City	Yingjing County	Yingjing County Siping Secondary School	0.0786
23	Yaan City	Yucheng District	Yanqiao Sanjiu School	0.0921
24	Nanchong City	Gaoping District	Fujiang Road Primary School	0.2050
25	Yaan City	Shimian County	Chengbei Secondary School	0.1074
26	Yaan City	Shimian County	Xiaoheba Secondary School	0.1044
27	Yaan City	Mingshan County	Yongxing Town Junior Secondary School	0.1294
28	Bazhong City	Bazhou District	Bazhong Secondary School	0.3200
29	Bazhong City	Bazhou District	Bazhou District Number 1 Primary School	0.2239
30	Bazhong City	Bazhou District	Yujing Central Primary School	0.1468
31	Bazhong City	Pingchang County	Qiujiia Primary School	0.1200
32	Bazhong City	Pingchang County	Pingchang County Number 2 Secondary School	0.1885
33	Bazhong City	Pingchang County	Pingchang Secondary School	0.1898
34	Bazhong City	Pingchang County	Pingchang County Experimental Primary School	0.1500
35	Bazhong City	Tongjiang County	Mashi Town Central Primary School	0.1713
36	Bazhong City	Tongjiang County	Tongjiang County Number 2 Secondary School	0.3800
37	Nanchong City	Yilong County	Maan Secondary School	0.0950
38	Nanchong City	Yilong County	Xinzheng Junior Secondary School	0.0960

No.	Location		Project Title	Estimated Project Cost (100m RMB)
	City	County		
39	Dazhou City	Tongchuan District	Xigang School	0.1250
40	Dazhou City	Tongchuan District	Beiwai Central School	0.1050
41	Dazhou City	Qu County	Qu County Secondary School	0.1620
42	Suining City	Shehong County	Shehong County Taihe Number 1 Primary School	0.1100
43	Yaan City	Shimian County	Shimian County Nursery School	0.1116
44	Bazhong City	Bazhou District	Enyang Secondary School	0.5215
45	Bazhong City	Bazhou District	Bazhou District Number 4 Secondary School	0.4845
46	Bazhong City	Nanjiang County	Chaoyang Secondary School	0.3180
47	Nanchong City	Nanbu County	Nanbu Secondary School	0.4900
48	Mianyang City	Fucheng District	Mianyang Secondary School	0.7436
49	Nanchong City	Yilong County	Yilong Secondary School	0.3600
50	Bazhong City	Nanjiang County	Xiaohe Vocational School	0.4600
51	Yaan City	Lushan County	Lushan County Junior Secondary School	0.3137
52	Nanchong City	Gaoping District	Baita Secondary School	0.3530
			Sub-total	11.9547

Medical facilities				
53	Guangyuan City	Chaotian District	Chaotian District People's Hospital	0.5545
54	Guangyuan City	Wangcang County	Wangcang County Chinese Medicine Hospital	0.3955
55	Guangyuan City	Yuanba District	Yuanba District Chinese Medicine Hospital	0.1249
56	Mianyang City	Yanting County	Yanting County Chinese Medicine Hospital	0.9650
57	Deyang City	Jingyang District	Deyang City Integrated Chinese and Western Medicine Hospital	0.3149
58	Deyang City	Luojiang	Luojiang County Chinese Medicine	0.0899

No.	Location		Project Title	Estimated Project Cost (100m RMB)
	City	County		
		County	Hospital	
59	Mianyang City	Fucheng District	Fucheng District Wujia Town Central Health Clinic	0.0525
60	Mianyang City	Santai County	Santai County Chinese Medicine Hospital	0.3500
61	Mianyang City	Zitong County	Zitong County Chinese Medicine Hospital	0.4307
62	Deyang City	Zhongjiang County	Zhongjiang County Mental Health Recovery Centre	0.0851
63	Yaan City	Yingjing County	Yingjing County People's Hospital	0.2400
64	Yaan City	Mingshan County	Mingshan County People's Hospital	0.4220
65	Yaan City	Mingshan County	Baizhang Central Health Clinic	0.0482
66	Nanchong City	Yilong County	Yilong Health Care Centre	0.0905
67	Meishan City	Renshou County	Renshou County Mental Health Recovery Centre	0.1400
68	Dazhou City	Xuanhan County	Xuanhan County Hospital	0.3500
69	Ziyang City	Lezhi County	Shituan Central Health Clinic	0.0773
70	Bazhong City	Pingchang County	Pingchang County People's Hospital	0.2898
71	Bazhong City	Nanjiang County	Nanjiang County People's Hospital	0.4725
72	Deyang City	Jingyang District	Deyang City Hospital for workers and staff of Dongfang Steam Turbine Works (Deyang City Number 6 Hospital)	1.1570
73	Deyang City	Jingyang District	Deyang City Number 2 People's Hospital (Phase 2 Works)	0.4529
			Sub-total	7.1032

Social welfare facilities				
74	Guangyuan City	Wangcang County	Wangcang County Integrated Social Welfare Services Centre	0.2994
75	Guangyuan City	Cangxi County	Cangxi County Integrated Social Welfare Services Centre	0.2980
76	Deyang City	Luojiang County	Luojiang County Integrated Social Welfare Services Centre	0.1732

No.	Location		Project Title	Estimated Project Cost (100m RMB)
	City	County		
77	Deyang City	Guanghan City	Guanghan City Integrated Social Welfare Services Centre	0.2400
78	Chengdu City	Dayi County	Dayi County Yuelai Home for the Elderly	0.0778
79	Mianyang City	Jiangyou City	Jiangyou City Recovery Centre for the Handicapped	0.1500
80	Deyang City	Mianzhu County	Mianzhu County Recovery Centre for the Handicapped	0.1200
Sub-total				1.3584

Wolong Nature Reserve				
81	Chengdu City	Dujiangyan City	Dujiangyan Giant Panda Conservation and Disease Control Centre	0.9133
82	Aba Prefecture	Wolong Nature Reserve	Post-quake resumption and reconstruction of power supply	3.2377
83	Aba Prefecture	Wolong Nature Reserve	China Conservation and Research Centre for the Giant Pandas	1.3328
84	Aba Prefecture	Wolong Nature Reserve	Offices and service buildings of the Administrative Bureau	1.1472
85	Aba Prefecture	Wolong Nature Reserve	Wolong Central School	0.3796
86	Aba Prefecture	Wolong Nature Reserve	Gengda Central Primary School	0.1909
87	Aba Prefecture	Wolong Nature Reserve	Reconstruction of medical and health care facilities	0.2469
88	Aba Prefecture	Wolong Nature Reserve	Construction of a new social welfare institution in Wolong Town	0.0585
89	Aba Prefecture	Wolong Nature Reserve	Construction of a new social welfare institution in Gengda Village	0.0570
90	Aba Prefecture	Wolong Nature Reserve	Refuse disposal and transfer system	0.0837
91	Aba Prefecture	Wolong Nature Reserve	Building and reconstruction of water piping facilities	1.1125
92	Aba Prefecture	Wolong Nature Reserve	Reconstruction of "51 shed" – giant panda wildlife observation post	0.0845
93	Aba Prefecture	Wolong Nature Reserve	Reconstruction of Dengsheng conservation station	0.3650
94	Aba Prefecture	Wolong Nature Reserve	Reconstruction of Mujiangping conservation station	
95	Aba	Wolong Nature	Reconstruction of Sanjiang conservation	

No.	Location		Project Title	Estimated Project Cost (100m RMB)
	City	County		
	Prefecture	Reserve	station	
96	Aba Prefecture	Wolong Nature Reserve	Wolong Qionglai Mountain Range World Natural Heritage Nature and Earthquake Museum	0.5380
97	Aba Prefecture	Wolong Nature Reserve	Reconstruction of patrol, conservation and monitoring road network	0.0527
98	Aba Prefecture	Wolong Nature Reserve	Restoration of vegetation of the sanctuaries of giant pandas	1.1131
99	Aba Prefecture	Wolong Nature Reserve	Reconstruction and building of road network	0.1725
100	Aba Prefecture	Wolong Nature Reserve	Geological hazards prevention and management	1.5360
101	Aba Prefecture	Wolong Nature Reserve	Restoration of ethnic culture heritage	0.2703
102	Aba Prefecture	Wolong Nature Reserve	Erection of signs and stakes	0.0142
103	Aba Prefecture	Wolong Nature Reserve	"Digital Wolong" Project	1.1353
			Sub-total	14.0417

Total	About RMB3.446 billion (HK\$3.938 billion*)
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* The exchange rate of HK\$100 to 87.50 RMB on 19 March 2009 is adopted.