LOAN NUMBER 3240-VIE

LOAN AGREEMENT
(Ordinary Operations)

(SOE Reform and Corporate Governance Facilitation Program - Project 2)

between

SOCIALIST REPUBLIC OF VIET NAM

and

ASIAN DEVELOPMENT BANK

DATED 10 NOVEMBER 2015

LOAN AGREEMENT
(Ordinary Operations)

LOAN AGREEMENT dated 10 November 2015 between SOCIALIST REPUBLIC OF VIET NAM ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a framework financing agreement dated 27 September 2010 between the Borrower and ADB, ADB has agreed to provide a multitranche financing facility to the Borrower for purposes of financing projects under the SOE Reform and Corporate Governance Facilitation Program;

(B) by a periodic financing request dated 27 June 2014 submitted by the Borrower, the Borrower has applied to ADB for loans for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(C) the Project will be carried out by the Construction Corporation No. 1 Company Limited ("CC1"), the Song Da Corporation ("SDC") and the Vietnam National Textile and Garment Group ("VINATEX"), and for this purpose the Borrower will make available to CC1, SDC and VINATEX the proceeds of the Loan provided for herein upon terms and conditions satisfactory to ADB;

(D) by an agreement of even date herewith between the Borrower and ADB ("Special Operations Loan Agreement"), ADB has agreed to lend to the Borrower from ADB's Special Funds resources an amount equivalent to six million seven hundred ninety thousand Special Drawing Rights (SDR6,790,000) in connection with the Project ("Special Operations Loan"); and

(E) ADB has agreed to make a loan to the Borrower from ADB's Ordinary Capital resources upon the terms and conditions hereinafter set forth and in the Project Agreement of even date herewith between CC1, SDC and VINATEX and ADB;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of the Ordinary Operations Loan Regulations Applicable to LIBOR-Based Loans Made from ADB's Ordinary Capital Resources, dated 1 July 2001 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

(a) Section 2.01(50) is deleted and the following is substituted therefor:

"Project Agreement" means the Project Agreement of even date herewith between ADB, the Construction Corporation No. 1 Company Limited, the Song Da Corporation and the Vietnam National Textiles and Garment Group.

(b) The term "Project Executing Agency" appearing in Section 7.04(b), 9.01(d), 9.01(f), 9.01(k), 10.01(c) and 10.02(c) of the Loan Regulations shall be substituted by the term "the Construction Corporation No. 1 Company Limited, the Song Da Corporation and the Vietnam National Textiles and Garment Group".

(c) Section 3.03 is deleted and the following is substituted therefor:

Commitment Charge; Credit; Maturity Premium. (a) The Borrower shall pay a commitment charge on the unwithdrawn amount of the Loan at the rate and on the terms specified in the Loan Agreement.

(b) ADB shall provide to the Borrower a credit at the rate specified in the Loan Agreement, which credit shall remain fixed for the term of the Loan. ADB shall apply the credit against the interest payable by the Borrower.

(c) The Borrower shall pay a maturity premium at the rate specified in the Loan Agreement, which maturity premium shall remain fixed for the term of the Loan. ADB shall add the maturity premium to the interest payable by the Borrower.

(d) Section 3.06 is deleted and the following is substituted therefor:

Rebate. (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be reduced, ADB shall provide a Rebate to any Borrower with an outstanding Loan on which a higher Fixed Spread is applicable. The amount of the Rebate shall be determined by multiplying (i) the difference between the Fixed Spread applicable to the outstanding Loan and the Fixed Spread that will be applied to new Loans (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the lower Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB achieving savings, ADB shall provide a Rebate to the Borrower. The amount of the Rebate shall be determined by

multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall apply the amount of the Rebate against the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

(e) Section 3.07 is deleted and the following is substituted therefor:

Surcharge. (a) Following any announcement by ADB that the Fixed Spread applicable to new Loans shall be increased, any Borrower with an outstanding Loan on which a lower Fixed Spread is applicable shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the difference between the Fixed Spread that will be applied to new Loans and the Fixed Spread applicable to the outstanding Loan (expressed as a percentage per annum), by (ii) the principal amount of the outstanding Loan on which the Borrower shall pay interest for all interest periods commencing on and after the effective date of the higher Fixed Spread that will be applied to new Loans.

(b) Following any announcement by ADB that its Funding Cost Margin calculations with respect to any Loan Currency (or Approved Currency) in any Semester resulted in ADB incurring additional costs, the Borrower shall pay ADB a Surcharge. The amount of the Surcharge shall be determined by multiplying (i) the Funding Cost Margin (expressed as a percentage per annum) by (ii) the principal amount of the Loan on which the Borrower shall pay interest for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated. ADB shall add the amount of the Surcharge to the interest payable by the Borrower for the Interest Period commencing immediately after the Semester for which the Funding Cost Margin was calculated.

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

(a) "Consulting Guidelines" means the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (2013, as amended from time to time);

(b) "Consulting Services" means the services to be financed out of the proceeds of the Special Operations Loan to carry out Output 2 as described in paragraph 2 of Schedule 1 to this Loan Agreement;

(c) "Eligible Debt" means a debt (i) which exists in the books of the Implementing Agencies or Eligible Subsidiaries as of 31 October 2014; and (ii) other than debt availed for the Working Capital;

(d) "Eligible Subsidiary" means any subsidiary of the Implementing Agencies where the concerned Implementing Agency's holding is not less than 51%, or any affiliate or any other subsidiary to be agreed upon between the Borrower and ADB;

(e) "ESMS" means the environmental and social management strategy developed for each of the Implementing Agencies;

(f) "Facility" means the multitranche financing facility provided by ADB to the Borrower for purposes of financing projects under the Investment Program;

(g) "FFA" means the framework financing agreement dated 27 September 2010 between ADB and the Borrower with respect to the Facility;

(h) "Goods" means equipment and materials to be financed out of the proceeds of the Loan; and including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding consulting services;

(i) "Implementing Agencies" means CC1, SDC and VINATEX, or any successors thereto acceptable to ADB;

(j) "Investment Program" means the SOE Reform and Corporate Governance Facilitation Program;

(k) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2012, as amended from time to time);

(l) "MOF" means the Borrower's Ministry of Finance or any successor thereto;

(m) "Output" means the output of the Project, each of which is more fully described in Schedule 1 to this Loan Agreement;

(n) "PAM" means the project administration manual for the Project dated 7 November 2014 and agreed between the Borrower and ADB, as updated from time to time in accordance with the respective administrative procedures of MOF and ADB;

(o) "PFR" means the periodic financing request submitted or to be submitted by the Borrower, for the purposes of each loan under the Facility, and for the purpose of this Loan Agreement means the periodic financing request dated 27 June 2014;

(p) "Procurement Guidelines" means ADB's Procurement Guidelines (2013, as amended from time to time);

(q) "Procurement Plan" means the procurement plan for the Project dated 7 November 2014 and agreed between the Borrower and ADB, as updated from time to time in accordance with the Procurement Guidelines, the Consulting Guidelines, and other arrangements agreed with ADB;

(r) "Project Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means MOF or any legal successor thereto acceptable to ADB, which is responsible for the carrying out of the Project;

(s) "Project facilities" means any facilities to be constructed, provided and maintained under the Project;

(t) "SOE" means a state-owned enterprise, as defined in the Borrower's Law on the Enterprises in 2005;

(u) "Subsidiary Loan Agreement for the Ordinary Operations Loan" means a subsidiary loan agreement between the Borrower and each of the Implementing Agencies, as described in Section 3.01 of this Loan Agreement:

(v) "Subsidiary Loan Agreement for the Special Operations Loan" means a subsidiary loan agreement between the Borrower and each of the Implementing Agencies, as described in Section 3.01 of Special Operations Loan Agreement; and

(w) "Working Capital" means financial resources availed against raw materials, work-in-progress, finished goods inventory, and against receivables.

ARTICLE II

The Loan

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of three hundred ten million Dollars ($310,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.06 of this Loan Agreement.

(b) The Loan has a principal repayment period of 20 years, and a grace period as defined in subsection (c) hereinafter.

(c) The term "grace period" as used in subsection (b) hereinabove means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

(a) LIBOR;

(b) 0.60% as provided by Section 3.02 of the Loan Regulations less a credit of 0.10% as provided by Section 3.03 of the Loan Regulations; and

(c) a maturity premium of 0.20% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of the Loan (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. Interest and other charges on the Loan shall be payable semiannually on 1 June and 1 December in each year.

Section 2.05. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 2.06. (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, whether withdrawn and outstanding 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 Floating Rate to a Fixed Rate, or vice versa; and

(iii) the setting of limits on the Floating 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 said Floating Rate.

(b) Any conversion requested pursuant to subsection (a) hereinabove that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(6) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. (a) The Borrower shall relend the proceeds of the Loan equivalent to (i) one hundred five million Dollars ($105,000,000) to CC1, (ii) one hundred million Dollars ($100,000,000) to SDC and (iii) one hundred five million Dollars ($105,000,000) to VINATEX under the respective Subsidiary Loan Agreements for Ordinary

Operations Loan upon terms and conditions satisfactory to ADB, and, if appropriate, shall cause the Implementing Agencies to make the Loan proceeds available to their Eligible Subsidiaries.

(b) The Borrower shall cause the proceeds of the Loan to be applied to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement.

Section 3.02. The proceeds of the Loan shall be allocated and withdrawn in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. The Loan Closing Date for the purposes of Section 9.02 of the Loan Regulations shall be 31 December 2017 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound applicable technical, financial, business, and development practices.

(b) In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 4 to this Loan Agreement and the Project Agreement.

Section 4.02. The Borrower shall make available, or cause to be made available, promptly as needed, the funds, facilities, services and other resources, as required, in addition to the proceeds of the Loan, for the carrying out of the Project.

Section 4.03. The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in accordance with sound administrative policies and procedures.

Section 4.04. The Borrower shall take all actions which shall be necessary on its part to enable the Implementing Agencies to perform their obligations under the Project Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.

Section 4.05. (a) The Borrower shall exercise its rights under the respective Subsidiary Loan Agreement for Ordinary Operations Loan in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.

(b) No rights or obligations under the respective Subsidiary Loan Agreement for Ordinary Operations Loan shall be assigned, amended, abrogated or waived without the prior concurrence of ADB.

ARTICLE V

Suspension; Acceleration of Maturity

Section 5.01. The following are specified as additional events for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 9.01(l) of the Loan Regulations.

(a) The Borrower shall have failed to perform any of its obligations under the Special Operations Loan Agreement.

(b) Any of the Implementing Agencies shall have failed to perform any of its obligations under the respective Subsidiary Loan Agreement for the Ordinary Operations Loan.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 9.07(a)(iv) of the Loan Regulations: any events specified in Section 5.01 of this Loan Agreement shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following is specified as an additional condition to the effectiveness of this Loan Agreement for the purposes of Section 10.01(f) of the Loan Regulations: the Special Operations Loan Agreement shall have been duly executed and delivered on behalf of the Borrower and shall have become fully effective and binding upon the Borrower in accordance with its terms, subject only to the effectiveness of this Loan Agreement.

Section 6.02. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of this Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VII

Delegation of Authority

Section 7.01. The Borrower hereby designates the Implementing Agencies as its agents for the purposes of taking any action or entering into any agreement required or permitted under Sections 3.02 of this Loan Agreement and under Sections 6.01, 6.02 and 6.03 of the Loan Regulations.

Section 7.02. Any action taken or any agreement entered into by the Implementing Agencies pursuant to the authority conferred under Section 7.01 of this Loan Agreement shall be fully binding on the Borrower and shall have the same force and effect as if taken by the Borrower.

Section 7.03. The authority conferred on the Implementing Agencies under Section 7.01 of this Loan Agreement may be revoked or modified by agreement between the Borrower and ADB.

ARTICLE VIII

Miscellaneous

Section 8.01. The Governor of the State Bank of Vietnam is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 8.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

State Bank of Vietnam
47 – 49 Ly Thai To
Hanoi, Viet Nam

Facsimile Numbers:

(84-4) 38250-612
(84-4) 38258-385.

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2331.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

SOCIALIST REPUBLIC OF VIET NAM

By _____
NGUYEN VAN BINH
Governor
State Bank of Viet Nam

ASIAN DEVELOPMENT BANK

By _____
ERIC SIDGWICK
Country Director
Viet Nam Resident Mission

SCHEDULE 1

Description of the Project

1. The objective of the Investment Program is transformation of several general corporations and their subsidiaries into focused, efficient businesses with strong balance sheets, and improved corporate governance, and as the second project under the Investment Program, the Project will transform the Implementing Agencies into focused, efficient business with strong balance sheets and improved corporate governance.

2. The Project shall comprise the following output.

Output 1. Debt restructuring combining financial and corporate restructuring: Restructuring a part of existing debt of the Implementing Agencies into less expensive and/or longer-term debt, and implementing corporate restructuring.

Output 2. Operational restructuring and enhancing corporate governance: Carrying out comprehensive operational or management restructuring for the Implementing Agencies to enhance their efficiency and corporate governance.

3. Output 1 shall be financed by the Loan, and Output 2 shall be financed by the Special Operations Loan.

4. The Project is expected to be completed by 30 June 2017.

SCHEDULE 2

Amortization Schedule

(SOE Reform and Corporate Governance Facilitation Program – Project 2)

1. 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 shall 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 ADB by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Date Payment Due	Installment Share (Expressed as a % based on 10% annuity)
1 June 2020	0.827816
1 December 2020	0.869207
1 June 2021	0.912667
1 December 2021	0.958301
1 June 2022	1.006216
1 December 2022	1.056526
1 June 2023	1.109353
1 December 2023	1.164820
1 June 2024	1.223061
1 December 2024	1.284214
1 June 2025	1.348425
1 December 2025	1.415846
1 June 2026	1.486639
1 December 2026	1.560971
1 June 2027	1.639019
1 December 2027	1.720970
1 June 2028	1.807019
1 December 2028	1.897369
1 June 2029	1.992238
1 December 2029	2.091850
1 June 2030	2.196442
1 December 2030	2.306264
1 June 2031	2.421578
1 December 2031	2.542657
1 June 2032	2.669789
1 December 2032	2.803279

Schedule 2

Date Payment Due	Installment Share (Expressed as a % based on 10% annuity)
1 June 2033	2.943443
1 December 2033	3.090615
1 June 2034	3.245146
1 December 2034	3.407403
1 June 2035	3.577773
1 December 2035	3.756662
1 June 2036	3.944495
1 December 2036	4.141720
1 June 2037	4.348806
1 December 2037	4.566246
1 June 2038	4.794558
1 December 2038	5.034286
1 June 2039	5.286000
1 December 2039	5.550311
Total	**100.000000**

2. If the proceeds of the Loan shall not 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 as follows:

(a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule.

(b) Any withdrawal made 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 ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. Withdrawals made within two 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.

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

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

SCHEDULE 3

Allocation and Withdrawal of Loan Proceeds

General

1. The table attached to this Schedule sets forth the Categories of items of expenditure to be financed out of the proceeds of the Loan and the allocation of the Loan proceeds to each such Category ("Table"). (Reference to "Category" in this Schedule is to a Category or Categories of the Table.)

Basis for Withdrawal from the Loan Account

2. Except as ADB may otherwise agree, the proceeds of the Loan shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Interest and Commitment Charges

3. The amount allocated to Category 4 is for financing interest and commitment charges on the Loan during the implementation period of the Project. ADB shall be entitled to withdraw from the Loan Account and pay to itself, on behalf of the Borrower, the amounts required to meet payments, when due, of such interest and commitment charges.

Reallocation

4. Notwithstanding the allocation of Loan proceeds and the withdrawal percentages set forth in the Table,

(a) if the amount of the Loan allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the [Borrower], (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the Loan which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and

(b) if the amount of the Loan allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Borrower, reallocate such excess amount to any other Category.

Disbursement Procedures

5. Except as ADB may otherwise agree and as provided in the PAM, the Loan proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Schedule 3

Condition for Withdrawals from Loan Account

6. Notwithstanding any other provision of this Loan Agreement and except for Category 4, no withdrawals shall be made from the Loan Account for:

(a) Category 1A, until;

(i) the Subsidiary Loan Agreement for the Ordinary Operations Loan between the Borrower and CC1 shall have been duly executed and delivered on behalf of the Borrower and CC1, and shall have become fully effective and binding upon its parties in accordance with its terms, subject only to the effectiveness of this Loan Agreement; and

(ii) CC1 shall have engaged consultants who carry out the valuation to ensure equitization of CC1, and have commenced such valuation process;

(b) Category 1B, until the Borrower's Ministry of Construction shall have approved CC1's equitization plan and CC1 shall have completed the initial public offering under its equitization process;

(c) Category 2A, until;

(i) the Subsidiary Loan Agreement for the Ordinary Operations Loan between the Borrower and SDC shall have been duly executed and delivered on behalf of the Borrower and SDC, and shall have become fully effective and binding upon its parties in accordance with its terms, subject only to the effectiveness of this Loan Agreement;

(ii) SDC shall have completed divestment from the Ha Long Cement;

(iii) SDC shall have reached an agreement with MOF that (A) upon approval by the Prime Minister, loans of $29 million under the Project 1 of the Investment Program in the books of Ha Long Cement shall be repaid with its accrued interests to SDC, and SDC shall be free of any liabilities of Ha Long Cement; and (B) loan proceeds referred to in subparagraph (A) above shall be used for either replacing SDC's Eligible Debts or being repaid to MOF; and

(iv) loan under the Project 1 of the Investment Program amounting $21 million shall have been fully utilized and related transactions for share buyback and new share subscriptions shall have been completed;

(d) Category 2B, until SDC shall have completed the initial public offering under its equitization process;

(e) Category 3A, until;

(i) the Subsidiary Loan Agreement for the Ordinary Operations Loan between the Borrower and VINATEX shall have been duly

executed and delivered on behalf of the Borrower and VINATEX, and shall have become fully effective and binding upon its parties in accordance with its terms, subject only to the effectiveness of this Loan Agreement;

(ii) VINATEX shall have completed the initial public offering under its equitization; and

(iii) VINATEX shall have acquired shares in Phong Phu to increase its share holding to 51% and above; and

(f) Category 3B, until VINATEX shall have commenced the procurement process for consultants through advertisement for capacity building for corporate governance and management under Output 2.

Attachment to Schedule 3

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (SOE Reform and Corporate Governance Facilitation Program-Project 2)				
		Total Amount Allocated For ADB Financing ($ equivalent)		Percentage and Basis for Withdrawal from the Loan Account
Number	Item	Category	Subcategory	
1	Debt Restructuring for CC1	99,388,000		
1A	Debt Restructuring Phase 1**		76,529,000	100% of total expenditure claimed*
1B	Debt Restructuring Phase 2**		22,859,000	100% of total expenditure claimed*
2	Debt Restructuring for SDC	94,655,000		
2A	Debt Restructuring Phase 1**		72,884,000	100% of total expenditure claimed*
2B	Debt Restructuring Phase 2**		21,771,000	100% of total expenditure claimed*
3	Debt Restructuring for VINATEX	99,388,000		
3A	Debt Restructuring Phase 1**		76,529,000	100% of total expenditure claimed*
3B	Debt Restructuring Phase 2**		22,859,000	100% of total expenditure claimed*
4	Interest and Commitment Charge	16,569,000		100% of total amount due
	Total	310,000,000		

*Exclusive of taxes and duties imposed within the territory of the Borrower.

**Subject to the condition for withdrawal described in paragraph 6 of Schedule 3 of the Loan Agreement.

SCHEDULE 4

Execution of Project; Financial and Other Matters

Implementation Arrangements

1. The Borrower and the Implementing Agencies shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Borrower and ADB. In the event of any discrepancy between the PAM and this Loan Agreement, the provisions of this Loan Agreement shall prevail.

Safeguards

2. The Borrower shall ensure, and cause the Implementing Agencies to ensure, that the Project does not have any environmental, indigenous peoples or involuntary resettlement impacts, all within the meaning of ADB's Safeguard Policy Statement (2009). In the event that the Project does have any such impact, the Borrower shall take, and cause the Implementing Agencies to take, all steps required to ensure that the Project complies with the applicable laws and regulations of the Borrower and with ADB's Safeguard Policy Statement.

3. Without limiting the generality of Paragraph 2 above, the Borrower shall cause each of the Implementing Agencies to ensure that measures are put in place to improve the existing ESMS, and that, if necessary, the required ESMS is put in place, based on the audit assessment of each selected SOE's ability to manage all relevant social and environmental risks to and impacts on its business and operations, in particular the issues identified in the ADB safeguard requirements.

SOE Management

4. The Borrower shall ensure that the SOE roadmap shall continue to be monitored by MOF.

5. Within 12 months of the Effective Date, the Government of the Borrower shall have submitted to its National Assembly the Law on Management of Investments of State Capital, and develop an enhanced framework for improved management of the state's capital invested in the SOE sector.

6. Within 18 months of the Effective Date, the Government of the Borrower shall have issued a decree, establishing the legal framework to (a) carry out effective debt resolution, and (b) enhance operational effectiveness of the Debt and Asset Trading Corporation.

Restructuring of the Implementing Agencies

7. The Borrower shall ensure, and cause each of the Implementing Agencies to ensure, that the Implementing Agencies continue to implement their respective restructuring plans as agreed and to the satisfaction of ADB.

8. The Borrower, through MOF, shall start implementing the monitoring and evaluation framework for the Implementing Agencies within the period as agreed for each of the Implementing Agencies, and continue thereafter. The Borrower shall expand the implementation of such monitoring and evaluation framework to the other SOEs.

Financial Matters

9. For the purposes of this paragraph, all financial calculations, ratios and financial covenants shall be applied in respect of the Implementing Agencies' operations only.

(a) Except as ADB shall otherwise agree, the Borrower shall ensure that for each of its fiscal years after its fiscal year ending 31 December 2014 the Implementing Agencies meet the following requirements:

(i) CC1 will generate funds from internal sources equivalent to not less than 25% in its fiscal year 2017 and thereafter of the annual average of CC1's capital expenditures incurred, or expected to be incurred, for that fiscal year.

(ii) The net revenues of CC1 will be at least the following relative to the debt service requirements of CC1: 1.5 times in its fiscal year 2017 and thereafter.

(iii) CC1's ratio of debt to equity will be maximum of 75:25 in its fiscal year 2017 and thereafter.

(iv) SDC will generate funds from internal sources equivalent to not less than 25% in its fiscal year 2016 and thereafter of the annual average of SDC's capital expenditures incurred, or expected to be incurred, for that fiscal year.

(v) The net revenues of SDC will be at least the following relative to the debt service requirements of SDC: 1.04 times in its fiscal year 2016 and 1.5 times in its fiscal year 2020 and thereafter.

(vi) SDC's ratio of debt to equity will be maximum of 75:25 in its fiscal year 2016 and thereafter.

(vii) VINATEX will continue to generate funds from internal sources equivalent to not less than 25% of the annual average of VINATEX's capital expenditures incurred, or expected to be incurred, for all fiscal years during the Project implementation period and thereafter.

(viii) VINATEX's ratio of net revenues to the debt service requirements will be maintained at least 1.5 times in its fiscal year during the Project implementation period and thereafter.

(ix) VINATEX's ratio of debt to equity will continue to be maintained maximum of 75:25 during the Project implementation period and thereafter.

(x) Ratio of current assets to current liabilities of all the Implementing Agencies will continue to be maintained more than 1.

(xi) Before December 31 in each of its fiscal years, the Implementing Agencies will, on the basis of forecasts satisfactory to ADB, review whether it would meet the requirements set forth in paragraphs 9(a)(i) to (x) above in respect of such year and the next following fiscal year and will furnish to ADB a copy of such review upon its completion.

(xii) If any such review shows that the Implementing Agencies would not meet the requirements set forth in paragraphs 9(a)(i) to (x) above for their fiscal years covered by such review, the Borrower will promptly take all necessary measures to enable the Implementing Agencies to meet their requirements, including but not limited to, adjustments of financial and institutional restructuring.

(b) For purposes of paragraph 9(a)(i), (iv), (vii) and (x) above:

(i) The term "funds from internal sources" means the difference between: (A) the sum of cash flows from all sources related to operations, plus cash generated from consumer deposits and consumer advances of any kind, sale of assets, cash yield of interest on investments, and net non-operating income; and (B) the sum of all expenses related to operations, including administration, adequate maintenance and taxes and payments in lieu of taxes (excluding provision for depreciation and other non-cash operating charges), debt service requirements, all cash dividends paid and other cash distributions of surplus, increase in working capital other than cash and other cash outflows other than capital expenditures.

(ii) The term "net non-operating income" means the difference between: (A) revenues from all sources other than those related to operations, after making adequate provisions for uncollectible debts; and (B) expenses, including taxes and payments in lieu of taxes, incurred in the generation of revenues in (A) above.

(iii) The term "working capital other than cash" means the difference between current assets excluding cash and current liabilities at the end of each fiscal year.

(iv) The term "current assets" means all assets which could in the ordinary course of business be converted into cash within 12 months, including cash, accounts receivable, marketable securities, inventories and prepaid expenses properly chargeable to operating expenses within the next fiscal year.

(v) The term "current assets excluding cash" means all assets other than cash which could in the ordinary course of business be converted into cash within 12 months, including accounts receivable, marketable securities, inventories and prepaid expenses properly chargeable to operating expenses within the next fiscal year.

(vi) The term "current liabilities" means all liabilities which will become due and payable or could under circumstances then existing be called for payment within twelve months, including accounts payable, customer advances, debt service requirements taxes and payments in lieu of taxes, and dividends.

(vii) The term "debt service requirements" means the aggregate amount of repayments (including sinking fund payments if any) of, and interest and other charges on, debt, excluding interest charged to construction and financed from loans.

(viii) The term "capital expenditures" means all expenditures incurred on account of fixed assets, including interest charged to construction, related to operations.

(ix) The term "annual average of capital expenditure" means the average of the capital expenditure incurred for the previous year, current year, and projected for next year on account of fixed assets, including interest charged to construction, related to operations.

(x) The terms "operations" or "operating" refer to all operations of the concerned Implementing Agency.

(c) For purposes of paragraphs 9(a)(ii), (iii), (v), (vi), (viii) and (ix) above:

(i) The term "debt" means any indebtedness of the concerned Implementing Agency maturing by its terms more than one year after the date on which it is originally incurred.

(ii) Debt shall be deemed to be incurred: (A) under a loan contract or agreement, or other instrument providing for such debt or for the modification of its terms of payment on the date of such contract, agreement or instrument; and (B) under a guarantee agreement, on the date the agreement providing for such

guarantee has been entered into. Financial liabilities incurred by a borrower who is a lessee under finance leasing agreements may also be included as debt.

(iii) The term "net revenues" means the difference between: (A) the sum of revenues from all sources related to operations, after making adequate provisions for uncollectible debts, adjusted to take account of concerned Implementing Agency's rates in effect at the time of the incurrence of debt even though they were not in effect during the twelve-month period to which such revenues relate and net non-operating income; and (B) the sum of all expenses related to operations including administration, adequate maintenance, taxes and payments in lieu of taxes, but excluding provision for depreciation, other non-cash operating charges and interest and other charges on debt.

(iv) The term "net non-operating income" means the difference between: (A) revenues from all sources other than those related to operations; and (B) expenses including taxes and payments in lieu of taxes, incurred in the generation of revenues in (A) above.

(v) The term "debt service requirements" means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest and other charges on debt. Interest charges which are incurred in financing capital expenditures during development should be excluded, if such charges are capitalized. However, if the concerned Implementing Agency's policy is to meet the cost from operating income, such interest charges should be included in "debt service requirements". Lease payments under finance leases should also be included.

(vi) The term "equity" means the sum of the total unimpaired paid-up capital, retained earnings and reserves of the concerned Implementing Agency not allocated to cover specific liabilities.

(vii) Whenever for purposes of this paragraph it shall be necessary to value, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such currency is, at the time of valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to ADB.

(viii) The terms "operations" or "operating" refer to all operations of the concerned Implementing Agency.

(d) The Borrower shall monitor the reduction of volume of the short-term debts for long-term assets of the Implementing Agencies, as agreed with each

of the Implementing Agencies. For the purpose of this paragraph, the term "short-term debts" means any indebtedness of the concerned Implementing Agency maturing by its terms not more than one year after the date on which it is originally incurred, and the term "long-term asset" means a long-term tangible piece of property that a firm owns and uses in the production of its income and is not expected to be consumed or converted into cash any sooner than at least one year's time.

Governance and Anticorruption

10. The Borrower and the Implementing Agencies shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

11. The Borrower and the Implementing Agencies shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.