F.ROT./AID 06/011/00

FINANCIAL AGREEMENT

between

Ministry of Finance of the Socialist Republic of Vietnam

and

Artigiancassa S.p.A.

EURO 3.254.933,00

"Water Supply and Distribution in Ca Mau City"

The Ministry of Finance of the Socialist Republic of Vietnam (hereinafter referred to as the "Borrower") authorised by the Government of the Socialist Republic of Vietnam

on one side,

and

Artigiancassa – Cassa per il Credito alle Imprese Artigiane S.p.A., Gruppo Bancario BNL, listed on the Register of the Banks, share capital Euro 35,000,000.00 with registered office in Rome, Via Crescenzo del Monte 25, registered with the Companies Register, tax code no. 01158450583, VAT no. 00968081000 (hereinafter referred to as "Artigiancassa"), as administrator, on behalf of the Ministry of the Economy and Finance of the Italian Republic, of the Revolving Fund for Development Cooperation, established by Article 26 of Italian Law no. 227 of May 24, 1977, and further referred to in Article 6 of Italian Law no. 49 of February 26, 1987, represented by Mr. C. Larcinese

on the other side

(Artigiancassa and the Borrower together hereinafter referred to as the "Parties")

have decided to enter into this

FINANCIAL AGREEMENT

Article 1

Definitions

In this Agreement and in the Annexes thereto, the following terms shall have the following meanings:

- **"Acknowledgement of Indebtedness"**: means the statement, referred to under Article 10, by means of which the Borrower undertakes, in favour of Artigiancassa, to reimburse the capital plus interest altogether due with respect to the Soft Loan;
- **"Agent Bank"**: means the financial institution (Artigiancassa) which shall be involved in the following activities:
  contractual documentation review;
  disbursement operations;
  payment operations.
- **"Agreement"**: means the present Financial Agreement, the preamble and the annexes thereto forming an integral part thereof;

- **"Contractual Documentation"**: means the documentation referred to in the Supply Contract/s (i.e. invoices, bill of lading, packing list, work in progress, etc..);
- **"Grace Period"**: means the period, lasting 288 months, beginning on the date of the first disbursement;
- **"Italian Competent Authorities"**: means the Ministry of Economy and Finance and/or the Ministry of Foreign Affairs of the Italian Republic and/or any other competent entity of the Government of the Italian Republic, nominated for the purpose of this Agreement;
- **"MAE/DGCS"**: means the Ministry of Foreign Affairs of the Italian Republic – Directorate General for Development Cooperation;
- **"Project"**: means the project called "Water Supply and Distribution in Ca Mau City" to be financed through the Soft Loan in accordance with the MOU and this Agreement;
- **"Soft Loan"**: means the financing that Artigiancassa, on the basis of the authorisation issued by the Ministry of Economy and Finance and upon the proposal of the Ministry of the Foreign Affairs, will grant on the terms and the conditions provided for in the Article 3 of this Agreement;
- **"Supply Contract(s)"**: means the commercial contract(s) relating to the supply of goods and/or services by Italian exporters to Vietnamese importers, connected to the realisation of the Project.

Article 2

Preamble

2.1 By means of the agreement known as "Memorandum of Understanding" (hereinafter referred to as "MOU") signed on November 29th 2002 between the Government of the Socialist Republic of Vietnam and the Government of the Italian Republic, the latter has committed itself to finance the Project through a soft loan up to a maximum amount of Euro 3.325.046,25.

2.2 By means of this Agreement the parties intend to regulate their rights and obligations in accordance with the MOU.

2.3 The Ministry of Economy and Finance of the Government of the Italian Republic, on the proposal of the Ministry of Foreign Affairs of the Italian Republic, by decree n. 55532 dated May 24th, 2006 has authorised Artigiancassa to grant to the Borrower a soft loan on the terms and conditions set forth in the Article 3 of this Agreement (hereinafter referred to as the "Soft Loan") for the purpose of the financing the Project.

2.4 Artigiancassa for the purpose of this Agreement will act also as the Agent Bank.

Article 3

Soft Loan

3.1 Artigiancassa grants to the Borrower, and the Borrower hereby accepts, the Soft Loan on the following conditions:

- Amount: EUR 3.254.933,00 (Euro three million two hundred fifty four thousand nine hundred thirty-three/00)
- Duration: 39 years
- Grace Period: 288 months (two hundred eighty-eight)
- Repayment: 30 (thirty) consecutive equal semi-annual principal instalments the first of which falling 288 (two hundred eighty-eight) months after the first disbursement
- Interest rate: 0,00% (zero point zero per cent)
- Credit Purpose: "Water Supply and Distribution in Ca Mau City"

3.2 The Soft Loan shall be used for purchasing equipment (and the related technical assistance) related to the Project of Italian origin. The Soft Loan must be used through bidding procedures, in accordance with the principles set out in the Manual of Instructions adopted by the European Commission on 10th November 1999. A maximum amount of 25% of the amount related to the Soft Loan may be used for acquiring equipment in Vietnam or in other developing countries.

Supply contracts shall be denominated in Euro.

3.3 The Soft Loan cannot be used to finance:

- local taxes, custom duties, VAT

3.4 The Soft Loan shall be available in accordance with the terms and conditions set forth in this Agreement.

Article 4

Coming into effect of the Financial Agreement

4.1 This agreement shall come into effect upon Artigiancassa having received from the Borrower through the Italian Embassy in Hanoi the following documents:

i) a copy of the Government Decree No. 17/2001/ND-CP dated 4th May 2001 on the Issuance of the Regulation on the Management and Utilisation of Official Development Office, which (Article 39.2) stated clearly that "The Ministry of Finance shall be assigned to prepare the contents of the negotiation with Donors on loan ODA projects/programmes and, upon authorisation by the President of the State or the Prime Minister, conducting the negotiation on international specific treaties on loan ODA,..." . In force of the mentioned Government Decree, this Agreement shall be signed, on

behalf of the Government of the Socialist Republic of Vietnam, by a duly authorised person/s pursuant to the laws and regulations in full force and effect in the Socialist Republic of Vietnam and shall undertakes the Borrower to the obligations arising out of this Agreement.

ii) the authorisation by Minister of Foreign Affairs of the Socialist Republic of Vietnam for Minister (or Vice Minister) of Finance of the Socialist Republic of Vietnam to sign this Agreement;

iii) the appointment in writing by the Minister of the person/s duly authorised to sign the request for financing of the supply contract in the form of Annex A) and the Acknowledgement of Indebtedness in the form of Annex E) referred to under Article 10 below. Such designation shall specify the name and the office of such person/s and contain the up to date "specimen form" of the signatures thereof. Any modifications thereof (if any) shall be transmitted in a timely manner by the Borrower to Artigiancassa.

4.2 Artigiancassa shall, upon receipt and full satisfaction of the aforementioned documents, notify the Borrower by letter or fax, to be subsequently confirmed by letter, of the date on which this Agreement shall have come into effect.

Article 5

Term for the Disbursement of the Soft Loan

5.1 The disbursement period of the Soft Loan will expire 36 months after the date of the first disbursement. Such period may be extended by Artigiancassa upon the proposal of the Borrower. Artigiancassa cannot extend the disbursement period in the event the Borrower or the Italian Competent Authorities disagree to such an extension and have so notified in writing Artigiancassa at least 30 (thirty)-calendar days before the expiry date of the disbursement period.

5.2 In the event that the disbursement period has expired and is not extendable, Artigiancassa, after having consulted with the Italian Competent Authorities, shall inform the Borrower of the cancellation of Artigiancassa's commitment relating to the unused funds.

Article 6

Conditions and modalities for the disbursement of the Soft Loan

6.1 The Soft Loan may be used by the Borrower upon satisfaction of the following conditions:

i) authorisation granted by the Italian Competent Authorities to allocate the Supply Contract/s to the Soft Loan;

ii) successful result of the inquiry made by Artigiancassa according to Article 6.2 (i)

below;

iii) Artigiancassa's receipt of the request for financing of the supply contract provided for by Article 7.1 below.

6.2 Upon receipt of the authorisation mentioned under 6.1 (i) above, Artigiancassa shall immediately proceed as follows:

i) to make the control, on the basis of the requirements provided for by the Italian Competent Authorities, over the Italian exporter and over Italian individuals/companies (if any) involved with the local organisation and over the Supply Contract/s. With respect of the Supply Contract/s Artigiancassa shall verify that they are in compliance with the terms and conditions of the Soft Loan and that they are sufficiently detailed with regard to costs/prices breakdown;

ii) to notify the Borrower of the acquisition of the authorisation under article 6.1 i) above and to require the Borrower to forward the request provided for under Article 7.1.

6.3 The successful result of the inquiry made by Artigiancassa as per art. 6.2 (i) above will cause the allocation of the Supply Contract/s to the Soft Loan. The financing of the Supply Contract/s shall only take place upon the satisfaction of the condition set forth under article 6.1 (iii).

6.4 Artigiancassa shall notify by letter or telex/facsimile the Borrower and the Italian exporter of the allocation as well as the financing of the Supply Contract/s.

Article 7

Request for financing of the Supply Contract

7.1 After the notification of the successful result of the inquiry according to Article 6.2 (i), the Borrower shall transmit to Artigiancassa a letter of request for financing of the Supply Contract necessary for the payments provided for in each Supply Contract. By means of such request, which shall be in the form of Annex A), the Borrower shall acknowledge that the Supply Contract is eligible to be financed and shall undertake to reimburse Artigiancassa the amount disbursed.

7.2 The letter of request for financing of the Supply Contract provided for under Article 7.1 shall be received in a timely manner and in no event later than six months from the date of the notice by Artigiancassa provided for under Article 6.4 above or the term (if any) provided for in the Supply Contract. After expiration of the above-mentioned period, Artigiancassa shall consider, after consultation with the Italian Competent Authorities, the possible cancellation of the Supply Contract/s allocated to the Soft Loan.

Article 8

Disbursement procedure

8.1 The Italian exporter shall deliver the Contractual Documentation to Artigiancassa, (telefax-copies of which have been already sent by the Italian exporter to the Vietnamese importer), and shall request the disbursement in compliance with the Supply Contract of the relevant amount in the form of Annex B). Artigiancassa shall inform the Borrower by telefax-message that the Contractual Documentation has been presented and shall review the mentioned documentation. Such review shall include compliance of the Contractual Documentation with the relevant Supply Contract.

8.2 In case the result of the review is successful, Artigiancassa within two up to seven business days after the date of Contractual Documentation's receipt, shall mail by courier an original copy of the Contractual Documentation to the Borrower that, if doesn't notice discrepancies, shall sent to Artigiancassa an authorisation to disburse in the form of Annex C) within 20 (twenty) business days after the date of mailing above mentioned. Elapsed 7 (seven)-calendar days from the above-mentioned expiring date, Artigiancassa will be irrevocably authorised to disburse the funds to the Italian exporter.

8.3 In case Artigiancassa notices some discrepancies in the Contractual Documentation, it shall inform by telefax, within two business days up to seven business days after the date of Contractual Documentation's receipt, the Italian exporter and the Borrower. The Italian exporter must send the corrected documents to Artigiancassa within 10 business days after the date of notice sent by Artigiancassa (a telefax-copy of these corrected documents must been already sent by the Italian exporter to the Vietnamese importer). Artigiancassa shall immediately mail by courier the original corrected documents to the Borrower. Henceforth it will be applied the procedure mentioned in the Article 8.2

8.4 In case the Borrower notices some discrepancies in the Contractual Documentation, it must inform Artigiancassa to that effect absolutely within 20 (twenty)-business days after the date of mailing of Contractual Documentation. Upon receipt of this notice, Artigiancassa shall inform immediately the Italian exporter about the discrepancies with the request of corrected documents. Henceforth it will be applied the procedure mentioned in the Articles 8.3 and subsequently 8.2.

8.5 Artigiancassa shall make the payments in favour of the Italian exporter/s and shall obtain from such Italian exporter/s the discharge receipt provided for in Annex D) in two originals, one of which shall be remitted to the Borrower.

8.6 Following each payment in favour of the Italian exporter/s, Artigiancassa shall send in writing to the Borrower an up-to-date repayment schedule which states all the amounts disbursed up to and including the latest disbursement indicating the due dates relating thereto in compliance with Article 9 below. The Borrower shall confirm in writing its

acceptance of the above mentioned repayment schedule.

Article 9

Repayment of the Soft Loan

9.1 Each amount disbursed shall be repaid according to the repayment schedule in n. 30 (thirty) consecutive equal deferred semi-annual instalments (hereinafter referred to as "Principal Instalments"), the first of which falling due 288 (two hundred eighty-eight) months from the date of the first disbursement. Artigiancassa shall send to the Borrower the repayment schedule in compliance with Article 8.6.

9.2 On the outstanding Principal Instalments effectively credited, deferred interest shall be calculated at a nominal annual rate of 0,00% (zero point zero per cent).

9.3 The Borrower undertakes to make all payments and repayments due under this Agreement as well as under the Acknowledgement of Indebtedness without delay: on the actual due date, for the corresponding amount in Euro, in favour of Artigiancassa or the person/s entitled thereto. Such amounts shall be credited without deduction of any Bank and/or exchange fee and/or taxes and without notice thereof by Artigiancassa or the persons entitled thereto being required. For each repayment the Borrower shall indicate to Artigiancassa the Financial Agreement number and the total amount of the Soft Loan, and shall detail for each due date the amounts paid.

Article 10

Delivery of the Acknowledgement of Indebtedness

10.1 Within 60 (sixty) calendar days from the last Soft Loan disbursement expiry date set forth in Article 5.1 the Borrower shall deliver to Artigiancassa the Acknowledgement of Indebtedness duly signed and initialled by the Borrower on each page, in the form of Annex E).

10.2 The repayment schedule set forth in the Acknowledgement of Indebtedness shall be completed by summing up all principal instalments not yet matured and the instalments which have matured but not paid at the date of delivery of the Acknowledgement of Indebtedness, provided for in the relevant repayment schedule for each disbursement, in accordance with the provisions of Article 8.6.

10.3 Artigiancassa shall deposit the Acknowledgement of Indebtedness for record and administration thereof and shall from time to time register on the Acknowledgement of Indebtedness any payment of amount of principal, as soon as all payments

contemplated in the Acknowledgement of Indebtedness shall have been made, Artigiancassa shall return the Acknowledgement of Indebtedness to the Borrower duly signed for receipt.

Article 11

Borrower's commitment

The Borrower's commitment to pay the sums due under this Agreement and the Acknowledgement of Indebtedness relating thereto is independent, absolute, unconditional and irrevocable.

Article 13

Impediments and force majeure

In case of impediments to the implementation of the Project due to causes of force Majeure (such as war, flood, fire, typhoon, earthquake, labour conflicts and strikes, acts of any government, unexpected transportation difficulties and other causes), Artigiancassa shall follow the instructions by the competent Italian Authorities related to the Project activities.

Article 14

Disbursement Suspension

14.1 During the Soft Loan's disbursement period, Artigiancassa reserves the right to suspend any Request of Disbursement under Article 8, in case of an Event of Default occurs or in case a default occurs under any other soft loans granted by the Government of the Italian Republic to the Government or to the Central Bank or to State Agencies of the Socialist Republic of Vietnam, pursuant to Article 6 of Law no. 38 of February 9, 1979 and Article 6 of Law no. 49 of February 26, 1987 of the Italian Republic as amended from time to time. Artigiancassa shall timely inform the Borrower of such suspension.

14.2 Artigiancassa will execute any Request of Disbursement provided for under Article 8 in the event that the corresponding sums are made available by the Italian Competent Authorities. Artigiancassa shall not be deemed responsible vis-à-vis the Borrower in case the sums to be disbursed under the Soft Loan will not be made available by the Italian Competent Authorities.

Article 15

Default Interest

15.1 If for any reason whatsoever Artigiancassa does not receive the sums due for principal within the due date, the Borrower shall be bound to pay to Artigiancassa, on said sums,

default interest from the due date up to the date of actual crediting in favour of Artigiancassa or of the person/s entitled thereto.

15.2 Such default interest shall be calculated by applying the simple interest formula. Default interest shall not be calculated for the period of 35 (thirty-five) days immediately subsequent to the original due date and, thereafter, it shall be calculated at the rate of 2,5% (two point five per cent) up to the date of actual crediting in favour of Artigiancassa. The latter default interest shall be periodically updated by the Italian Competent Authorities.

15.3 The revision is aimed at bringing the default interest in line with, and for any reason not higher the Commercial Interest Reference Rate (CIRR), published monthly by OECD.

Article 16

Taxes

16.1 Any present or future tax, which may be due in Vietnam for any reason whatsoever related to this Agreement and to the Acknowledgement of Indebtedness, shall be exclusively borne by the Borrower.

16.2 Any tax due in Italy related to this Agreement shall not be borne by the Borrower.

16.3 Artigiancassa declares that it will avail itself of the tax status provided for under Article 19 of the Decree of the President of the Republic n. 601 of September 29, 1973, as amended from time to time.

Article 17

Governing Law

This Agreement is governed and construed in accordance with Italian law.

Article 18

Settlement of Disputes

18.1 The parties hereto shall endeavour to settle amicably any dispute arising out or from the interpretation and/or performance of this Agreement.

18.2 If these efforts should not lead to a settlement of the dispute within a reasonable period of time, the dispute shall be settled at a governmental level.

18.3 Should this effort also fail or (if the attempt is made) it does not result in a satisfactory result, all disputes arising from or in connection with this Agreement shall be finally settled under the Rules Arbitration of the International Chamber of commerce, Paris, France, by an Arbitration Tribunal of three Arbitrators:

- one arbitrator appointed by the Borrower;
- one arbitrator appointed by Artigiancassa;
- the third arbitrator shall be appointed by the above mentioned arbitrators or, in case of their disagreement, by the Chairman of the International Chamber of Commerce, Paris.

18.4 If the Borrower or Artigiancassa does not appoint its arbitrator within 30 (thirty) days from the request of the other party, this arbitrator shall be appointed by the Chairman of the International Chamber of Commerce, Paris.

18.5 The decision of the Arbitration Tribunal, who shall decide according to the Law of the Italian Republic, shall be final and unconditionally binding on both parties without any possibility of appeal.

18.6 No disagreement nor dispute which may arise between the parties hereto shall suspend the obligation of the Borrower to pay, on the agreed due dates, all the amounts due under this Agreement and in particular all the amounts resulting from the repayment schedules set forth in Article 8 above and from the Acknowledgement of indebtedness relating thereto.

Article 19

Notices

Notices to be given pursuant to this Agreement shall be addressed as follows:

- Ministry of Finance of the Socialist Republic of Vietnam – External Finance Department – 8 Phan Huy Chu – HANOI – SOCIALIST REPUBLIC OF VIETNAM
  Telephone +84.4.8241430; Fax +84.4.8262266/9331251
- Artigiancassa S.p.A. -Via Crescenzo del Monte 25, 00153 ROME ITALY
  Office Telephone +39-06.5845509/414/489; Fax +39.06.845466

Article 20

Original Texts of the Financial Agreement

This Agreement is signed in three originals in English, Artigiancassa keeps two originals and Ministry of Finance of the Socialist Republic of Vietnam one original.

Artigiancassa S.p.A.

C. Larcinese

Signed in Roma on 13.7.2006

Ministry of Finance of the
Socialist Republic of Vietnam

TRẦN XUÂN HÀ

Signed in Hanoi on 30.06.2006