



Signing of financing contract and credit agreement of Xekaman 3 Hydropower Project in Lao PDR

After the period of appraisal and negotiation in a goodwill on commercial credit agreement of Xekaman 3 Hydropower Project among Bank for Investment and Development of Vietnam (BIDV), Vietnam Commercial Bank (VCB) and Viet-Lao Power Joint Stock Company (VLPC), on July 28, 2007 the signing ceremony of credit agreement was held solemnly in Hanoi.

Xekaman 3 Hydropower Work has been a big scale project, plays an important role in economy, politics and security of the both countries Vietnam and Laos, and opens a new investment orientation for Vietnamese enterprises. The success of the project will contribute to promotion of implementation of energy cooperation plan between Vietnam and Laos as well as other sectors, strengthen the traditional cooperation relations with neighboring country Laos. According to the Power Purchase Agreement (PPA) signed with Electricity of Vietnam (EVN), 90% of average power output of the plant will be supplied to Vietnam, the remaining 10% will be sold to Electricité du Laos (EDL).

Xekaman 3 Hydropower Project has the installed capacity of 250MW, the annual average electricity output of nearly 1 billion KWh and the total investment capital of 273 million USD (equivalent to 4,260 billion VND). In order to ensure the capital source for implementing investment in the Project, the Vietnamese Prime Minister agreed in principle to allow commercial banks to loan the Investor exceeding 15% of his own capital. On that basis, VLPC submitted to Vietnam Development Bank (VDB), BIDV the documents asking for capital loan for the project.

On September 27, 2006 VLPC signed with VDB a credit financing agreement of 1,147 billion VND for Xekaman 3 Hydropower Project.

On March 19, 2007, the Transaction Office of BIDV issued the official letter No.617/CV-SGD agreeing to give the investor a maximum capital loan of 65,875,000 \$US to invest in Xekaman 3 Hydropower Project in Laos under the form of financing agreement between BIDV (as a lead bank) and VCB.

Implementing the Convention on economic, cultural, scientific and technological cooperation for the year 2006 and for the period of 2006 - 2010 signed between the Governments of Laos and Vietnam, the Vietnamese Prime Minister assigned VLPC to complete the construction of Xekaman 3 Hydropower Plant and continue investment in such hydropower projects as Xekaman 1, Xekaman 4. At the same time, VLPC also has been assigned to study investment in hydropower projects such as Nam Kan, Nam Mo, Sekong 3, Dak E Meule, Sekong 4, Sekong 5 etc to create a basis for synchronizing between the two countries. Thus, the total installed capacity of the hydropower plants in Laos that VLPC will invest in building will be 2,211MW, the total investment capital will be about 2.8 billion USD and the annual electricity output to be exported to Vietnam will be 10 billion KWh.

The signing ceremony of credit agreement was graced by the presence of Minister of Construction Nguyen Hong Quan and Lao Ambassador Extraordinary and Plenipotentiary to Vietnam

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