

法規名稱：LOAN AGREEMENT FOR TELECOMMUNICATION DEVELOPMENT PROJECT BETWEEN
THE REPUBLIC OF CHINA AND THE SAUDI FUND FOR DEVELOPMENT

簽訂日期：民國 67 年 03 月 17 日

生效日期：民國 67 年 03 月 17 日

LOAN NO: 3/65

AGREEMENT dated 8 Rabi Al-Thani

1398 A.H., corresponding to 17th March, 1978 A.D. between.

1 THE REPUBLIC OF CHINA (herein-after called the Borrower) represented by His Excellency W.H. Fei, Minister of Finance.

and

2 SAUDI FUND FOR DEVELOPMENT, Riyadh, Kingdom of Saudi Arabia (hereinafter called the Fund) represented by His Excellency Dr. Mahsoun B. Jalal, Vice Chairman of the Board of Directors of the Fund and Managing Director

PREAMBLE

WHEREAS the Borrower has requested the Fund to grant it a loan to assist in the financing of the Telecommunication Development Project described in Schedule (2) to this Agreement (hereinafter called the Project.).

WHEREAS the purpose of the Fund is to assist developing countries in developing their economies and to provide them with loans necessary for the execution of their development projects and programs.

WHEREAS the Fund is convinced of the importance of the Project and its beneficial effects for the economic development of the friendly people of the Republic of China; and

WHEREAS the Board of Directors of the Fund has agreed, in view of the foregoing, by its Resolution No. 6/23-25/1/1398 A.H. to grant the Borrower a loan on the terms and conditions set forth in this Agreement.

NOW THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan Agreements of the Fund issued by Resolution of the Board of Directors of the Fund No. 11/14 dated Rajab 29, 1396 A.H. Corresponding to July 26, 1976 A.D., with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan Agreements of the Fund being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

- (a) "Directorate" means the Directorate General of Telecommunications established pursuant to the Borrower's Telecommunication Act 1985, as amended to date, or may successor to that Directorate acceptable to the Fund.
- (b) "Subsidiary Loan Agreement" means the Agreement to be entered into between the Borrower and the Directorate pursuant to the provisions of Section 3.01 (b) of this Agreement, as the same may be amended from time to time.

ARTICLE II

The Loan

Section 2.01. The Fund agrees to lend to the Borrower on the terms and conditions in the Loan Agreement set forth or referred to, an amount of One hundred Five million (105,000,000) Saudi Riyals.

Section 2.02. The Borrower shall be entitled to withdraw the amount of the Loan from the Loan Account in accordance with the provisions of Schedule (1) to this Agreement, as such Schedule may be amended from time to time by agreement between the Fund and the Borrower, for expenditures made (or, if the Fund shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan.

Section 2.03. The Borrower shall apply the proceeds of the Loan exclusively to financing the reasonable cost of the goods required for the carrying out of the Project. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for the procurement thereof, shall be determined by agreement between the Fund and the Borrower subject to modification by further agreement between them. The Borrower shall obtain the Fund's approval before awarding the contracts to be financed out of the proceeds of the Loan and before effecting any material modification thereto in the future.

Section 2.04. The Closing Date shall be 30th June 1982 or such later date as shall be agreed between the Fund and the Borrower.

Section 2.05. The Borrower shall pay a loan charge at the rate of Five per cent (5%) per annum on the principal amount of the loan withdrawn and outstanding from time to time.

Section 2.06. Loan Charge and other charges shall be payable semi-annually on 15th March and 15th September in each year.

Section 2.07. The term of the loan shall be twenty years including a five-year grace period. The Borrower shall repay the principal amount of the loan in accordance with the Amortization Schedule set forth in Schedule (3) to this Agreement.

ARTICLE III

Execution of the Project

Section 3.01 (a) The Borrower shall carry out the Project through the Directorate with due diligence and efficiency and in conformity with appropriate engineering, financial and administrat-

ive practices and shall provide or cause the Directorate to provide, promptly as needed, the funds, facilities, services and other resources required for this purpose.

- (b) The Borrower shall relend the proceeds of the Loan to the Directorate under a subsidiary loan agreement to be entered into between the Borrower and the Directorate, under terms and conditions which shall have been approved by the Fund. The Subsidiary Loan Agreement shall provide for the execution by the Directorate of all the obligations and conditions which the Borrower undertakes by virtue of the provisions of this Agreement to cause the Directorate to comply with.
- (c) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Fund and to accomplish the purposes of the Loan, and except as the Fund shall otherwise agree, the Borrower shall not assign, nor amend, abrogate, or waive the Subsidiary Loan Agreement or any provision thereof.
- (d) In addition to be proceeds of the Loan, the Borrower shall make available to the Directorate, promptly as needed, all other funds which shall be required for the carrying out of the Project (including any funds that may be required to meet any increase in cost beyond the estimated cost of the project at the time of signing this Agreement), all such sums to be made available on terms and conditions acceptable to the Fund.

Section 3.02. The Borrower shall cause the Directorate to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Directorate to replace or repair such goods.

Section 3.03. The Borrower shall ensure that all goods and services financed out of the proceeds of the Loan shall be used exclusively for the project.

Section 3.04. The Borrower shall cause the Directorate to furnish to the Fund, promptly upon their preparation, the plans, specifications, reports, contract documents and construction and procurement schedules for the Project, and any modifications thereof or additions thereto, in such detail as the Fund shall request.

Section 3.05. (a) The Borrower shall cause the Directorate (i) maintain records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Loan, and to disclose the use thereof in the project; (ii) enable the Fund's accredited representatives to visit the facilities and construction sites included in the Project and to examine the goods financed out

of the proceeds of the loan and any relevant records and documents; and (iii) furnish to the Fund all such information as the Fund shall request concerning the Project, the expenditure of the proceeds of the Loan and the goods and services financed out of such proceeds.

(b) The Borrower shall cause the Directorate to enable the Fund's representatives to examine the plants, installations, sites, works, buildings, property and equipment of the Directorate and any relevant records and documents.

ARTICLE IV

Particular Covenants

Section 4.01. The Borrower shall cause the Directorate to have at all times qualified and experienced management and staff.

Section 4.02. The Borrower shall cause the Directorate to:

- (i) operate and maintain its equipments and property, and from time to time make all necessary renewals and repairs thereof, all in accordance with appropriate engineering standards and telecommunication practices;
- (ii) take all steps necessary to maintain and renew all rights, powers privileges and franchises which are necessary or useful in the conduct of its business; and
- (iii) at all times carry on its operations and maintain its financial position in accordance with appropriate business practices.

Section 4.03. The Borrower shall cause the Directorate to take out and maintain with responsible insurers, or make other provision satisfactory to the Fund for insurance, against such risks and in such amounts as shall be consistent with appropriate business practices.

Section 4.04. The Borrower shall cause the Directorate to maintain records adequate to reflect in accordance with consistently maintained appropriate accounting practices its operations and financial condition.

Section 4.05. The Borrower shall cause the Directorate to: (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Fund; (ii) furnish to the Fund as soon as available, but in any case not later than six months after the end of each such year, (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said auditors, of such scope and in such detail as the Fund shall have requested; and (iii) furnish to the Fund such other information concerning the accounts and financial statements of the Directorate and the audit thereof as the Fund shall from time to time request.

Section 4.06.

- (a) The Borrower and the Fund confirm their agreement that no other external debt shall enjoy any priority over the Loan by way of a lien created on governmental assets. To that end, the Borrower undertakes that, except as the Fund shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will ipso facto and at no cost to the Fund equally and ratably secure the payment of the principal of the Loan, the Loan charge and other charges on the Loan and that in the creation of any such lien express provision will be made to that effect.
- (b) The undertaking provided for in paragraph (a) of this Section shall not apply to:
 - (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property;
 - (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of the sale of such commercial goods; or
 - (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.
- (c) As used in this Section, the term "governmental assets" means assets of the Borrower, of any political or administrative subdivision thereof and of any entity owned or controlled by, or operating for the account or benefit of, the Borrower or any such subdivision, including gold and foreign exchange assets held by any institution performing the functions of a central bank or exchange stabilization fund, or similar functions for the Borrower.

ARTICLE V

Remedies of the Fund

Section 5.01. For the purposes of Section 6.02 of the General Conditions, the following additional event is specified pursuant to paragraph (f) thereof, namely that:

The Telecommunication Act of 1958 A.D. referred to in Subsection (a) of Section 1.02 of this Agreement has been amended, suspended, abrogated, repealed or waived in such a way as to, materially and adversely affect the ability of the Directorate to carry out and operate the Project.

Section 5.02. For the purposes of Section 7.01 of the General Conditions, the following event is specified pursuant to paragraph (d) thereof, namely, that the event specified in Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following event is specified as an additional

condition to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely, that the execution and delivery of the Subsidiary Loan Agreement on behalf of the Borrower and the Directorate, respectively, have been duly authorized or ratified by all necessary governmental and corporate action.

Section 6.02. The following is specified as an additional matter, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the legal opinion or opinions to be furnished to the Fund, namely, that the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and the Directorate, respectively, and is legally binding upon the Borrower and the Directorate in accordance with its terms.

Section 6.03. The date June 15, 1978 is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Fund:

The Saudi Fund for Development
P.O. Box 5711
Riyadh
Kingdom of Saudi Arabia.

Cable Address:

SAUDI FUND FOR DEVELOPMENT
RIYADH
KINGDOM OF SAUDI ARABIA

Telex:

20145 SUNDQQ SJ

For the Borrower:

Ministry of Finance
2Al Kuo West Road
Taipei, Taiwan
Republic of China

Telex:

11840 TAIPEI

In WITNESS WHEREOF, the parties hereto, acting through their representative thereunto duly authorized, have caused this agreement to be signed in their respective names in Taipei, Republic of China, as of the day and year first above written, in two counterparts in the Arabic language, each of which shall be an original.

FOR

THE REPUBLIC OF CHINA

(Signed)

W.H. FEI

Minister of Finance and Authorized Representative

FOR

THE SAUDI FUND FOR DEVELOPMENT

(Signed)

MAHSOUN B. JALAL

Vice Chairman and

Managing Director

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

A. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Saudi Riyals)	% of Expenditures to be Financed
1. Installation of Metaconta 10C Electronic Switching Equipment of 210,000 Lines in Taichung, Kaohsuing and Tainan (Under Part A of the Project)	38,220,000	100% of Foreign Expenditure
2. Expansion of Toll and Rural Telephone Circuits (Under Part B of the Project)	64,750,000	100% of Foreign Expenditure
3. Contingencies	2,030,000	
Total:	105,000,000	

B. For the purpose of this Schedule, the term "foreign expenditures" means expenditures in the currency of any country other than the Borrower and for goods or services supplied from the territory of any country other than the Borrower.

c. Notwithstanding the provisions of paragraph A above no withdrawal shall be made in respect of payments made for:

(a) Expenditures prior to the date of this Agreement.

(b) taxes levied by, or in the territory of, the Borrower on goods or services, or on the importation, manufacture, procurement or supply thereof.

SCHEDULE 2

Description of the Project

The Project is a part of the Directorate's 1975-81 Medium-Range Telecommunications Development Plan, described in the Annex to

this Schedule, for expansion of local and long distance telecommunication facilities.

The project consists of the following parts:

PART A:

Installation of Metaconta 10C Electronic Switching Equipment of 210,000 lines in:

1. Taichung 70,000 lines
2. Kaohsiung 120,000 lines
3. Tainan 20,000 lines

PART B:

Expansion of Toll and Rural Telephone Circuits

1. Expansion of Microwave System, 80 sets.
2. Expansion of Rural Telephone System, 40 HOPS.
3. Installation of digital coaxial cable system between Hsinchu and Kaohsiung, 8 tube system.
4. Telephone management and services system.

The total cost of the project is estimated at US\$ 94.78 million equivalent to SR 331.73 million.

The project is expected to be completed by December 1981.

ANNEX TO SCHEDULE 2

Medium-Range Telecommunication

Development Plan

June 1975-June 1981

A. LOCAL TELEPHONE SERVICE

Installation of 2,049,100 lines of local telephone exchange, and 2,680,000 pairs of local telephone line plant as well as an addition of 1,443,900 subscribers and 2,185,000 telephone stations. The breakdown will be as follows:

Area	Added Exchange's Lines	Added Line Plant (Pairs)	Added Subscribers	Added Telephone Stations
Taipei	803,300	1,171,000	629,900	958,200
Kaohsiung	290,000	416,000	220,700	330,900
Taichung	211,000	325,000	175,400	261,600
Other	744,800	768,000	417,900	634,300
Total	2,049,100	2,680,000	1,443,900	2,185,000

B. NATIONAL LONG-DISTANCE SERVICE

Installation of 36,566 domestic toll telephone circuits and 42,290 lines of toll exchange.

C. INTERNATIONAL SERVICE

Establishment of the third earth station for satellite communication and submarine cable system, to increase 1,115 circuits for international communications, 3,000 lines of international automatic telephone exchange and 23,500 lines of inte-

rnational telex exchange.

D. MISCELLANEOUS ITEMS

1. Land acquisition of 0.475km

2. Buildings

3. Power Supply

4. Air Conditioning Equipment

5. Vehicles

6. Others

SCHEDULE 3

Amortization Schedule

Allotment No.	Date of Payment	Payment of Principal (Expressed in Saudi Riyals)
1.	March 15, 1983	3,500,000
2.	September 15, 1983	3,500,000
3.	March 15, 1984	3,500,000
4.	September 15, 1984	3,500,000
5.	March 15, 1985	3,500,000
6.	September 15, 1985	3,500,000
7.	March 15, 1986	3,500,000
8.	September 15, 1986	3,500,000
9.	March 15, 1987	3,500,000
10.	September 15, 1987	3,500,000
11.	March 15, 1988	3,500,000
12.	September 15, 1988	3,500,000
13.	March 15, 1989	3,500,000
14.	September 15, 1989	3,500,000
15.	March 15, 1990	3,500,000
16.	September 15, 1990	3,500,000
17.	March 15, 1991	3,500,000
18.	September 15, 1991	3,500,000
19.	March 15, 1992	3,500,000
20.	September 15, 1992	3,500,000
21.	March 15, 1993	3,500,000
22.	September 15, 1993	3,500,000
23.	March 15, 1994	3,500,000
24.	September 15, 1994	3,500,000
25.	March 15, 1995	3,500,000
26.	September 15, 1995	3,500,000
27.	March 15, 1996	3,500,000
28.	September 15, 1996	3,500,000
29.	March 15, 1997	3,500,000
30.	September 15, 1997	3,500,000
		105,000,000