

No. 7060

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
FEDERATION OF MALAYA**

Guarantee Agreement—*Second CEB Project* (with annexed Loan Regulations No. 4 and Loan Agreement between the Bank and the Central Electricity Board of the Federation of Malaya). Signed at Washington, on 7 August 1963

Official text: English.

Registered by the International Bank for Reconstruction and Development on 9 January 1964.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
FÉDÉRATION DE MALAISIE**

Contrat de garantie — *Deuxième projet relatif à l'Office central de l'électricité* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque et l'Office central de l'électricité de la Fédération de Malaisie). Signé à Washington, le 7 août 1963

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 9 janvier 1964.

No. 7060. GUARANTEE AGREEMENT¹ (*SECOND CEB PROJECT*) BETWEEN THE FEDERATION OF MALAYA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 7 AUGUST 1963

AGREEMENT, dated August 7, 1963, between FEDERATION OF MALAYA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and Central Electricity Board of the Federation of Malaya (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in various currencies equivalent to fifty-one million nine hundred thousand dollars (\$51,900,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided ; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961,² with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) shall have the respective meanings therein set forth.

¹ Came into force on 25 October 1963, upon notification by the Bank to the Government of the Federation of Malaya.

² See p. 262 of this volume.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, upon representation by the Bank to the Guarantor that there is reasonable cause to believe that the Borrower is likely to fail to discharge or be unable to discharge any of its obligations or covenants under the Loan Agreement, the Guarantor shall take such appropriate action as may be required to ensure that satisfactory arrangements are made by the Borrower to enable it to discharge its obligations or covenants under the Loan Agreement.

Section 2.03. The Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for carrying out the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such funds as are needed to meet such expenditures.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect ; provided, however, that the foregoing provisions 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 sale of such commercial goods ; and (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Guarantor" as used in this Section includes : (i) assets of the Guarantor ; (ii) assets of any statutory authority of the Guarantor, including any present political subdivision of the Guarantor ; (iii) any agency of the Guarantor,

including the Bank Negara Tanah Melayu or any other institution at any time performing the functions of a central bank of the Guarantor ; and (iv) any right, interest or share of the Guarantor in the Currency Fund administered under the Malaya British Borneo Currency Agreement, 1960.

The Guarantor further undertakes that, within the limits of its constitutional powers, it will make the foregoing undertaking effective with respect to liens on the assets of each of its future political subdivisions and their agencies and statutory authorities.

Section 3.02. (a) The Guarantor and the Bank shall co-operate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes imposed under the laws of the Guarantor or laws in effect in its territories ; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Guarantor or laws in effect in its territories.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

Minister of Finance
The Treasury
Kuala Lumpur
Federation of Malaya

Alternative address for cablegrams and radiograms :

Treasury
Kuala Lumpur

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

Section 5.02. The Minister of Finance of the Guarantor is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Federation of Malaya :

By ONG YOKE LIN
Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN
MEMBER GOVERNMENTS

[Not published herein. See United Nations, *Treaty Series*, Vol. 400, p. 212.]

LOAN AGREEMENT

(SECOND CEB PROJECT)

AGREEMENT, dated August 7, 1963, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and CENTRAL ELECTRICITY BOARD OF THE FEDERATION OF MALAYA (hereinafter called the Borrower), a statutory authority incorporated under the Electricity Ordinance, 1949, of the Federation of Malaya.

Article I

LOAN REGULATIONS ; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961,¹ with the same force and effect as if they were fully set forth herein.

Section 1.02. Unless the context otherwise requires, the following terms shall have the following meanings :

The term "Malayan dollars" and the sign "M\$" mean dollars in the currency of the Guarantor.

The term "Other Long-Term Debts" means the loans made to the Borrower in 1958 by the Colonial Development Corporation, The Commonwealth Development Finance Company Limited and by the Guarantor.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to fifty-one million nine hundred thousand dollars (\$51,900,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

¹ See above.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.04. The Borrower shall pay interest at the rate of five and one-half per cent ($5\frac{1}{2}\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semiannually on May 1 and November 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Project described in Schedule 2² to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

Section 3.02. The Borrower shall cause all goods financed out of the proceeds of the Loan to be imported into the territories of the Guarantor and there to be used exclusively in the carrying out of the Project.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The Chairman of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall construct and complete the Project with due diligence and efficiency and in conformity with sound engineering and financial practices

¹ See p. 274 of this volume.

² See p. 276 of this volume.

and shall employ consulting engineers and contractors, acceptable to the Bank, upon terms and conditions satisfactory to the Bank.

(b) Upon request from time to time by the Bank, the Borrower shall promptly furnish or cause to be furnished to the Bank the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall reasonably request.

Section 5.02. The Borrower shall at all times conduct its business and operations and maintain its financial position in accordance with sound business and public utility practices under the supervision of experienced and competent management.

Section 5.03. (a) The Bank and the Borrower shall co-operate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and other matters relating to the purposes of the Loan.

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the goods financed out of such proceeds, the Project, and the administration, operations and financial condition of the Borrower.

(c) The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

Section 5.04. The Borrower shall maintain records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower; and shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, all other plants, sites, works, properties and equipment of the Borrower and any relevant records and documents.

Section 5.05. The Borrower shall have its accounts regularly audited, at least once a year, by independent auditors acceptable to the Bank.

Section 5.06. The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provisions will be made to that effect; provided, however, that the foregoing provisions 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 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.

Section 5.07. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement¹ or the Bonds, or the payment of the principal, interest or other charges thereunder ; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 5.08. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery and registration of this Agreement, the Guarantee Agreement or the Bonds.

Section 5.09. (a) The Borrower shall insure or cause to be insured with responsible insurers all goods financed out of the proceeds of the Loan. Such insurance shall cover such marine, transit and other hazards incident to purchase and importation of the goods into the territory of the Borrower and delivery thereof to the site of the Project, and shall be for such amounts, as shall be consistent with sound commercial practices. Except as the Bank shall otherwise agree, such insurance shall be payable in the currency in which the cost of the goods insured thereunder shall be payable, or in dollars.

(b) In addition, except as the Bank may otherwise agree, the Borrower shall take out and maintain, with responsible insurers, or make other adequate provisions for, insurance against such risks and in such amounts as shall be consistent with sound public utility practices.

Section 5.10. The Borrower shall operate and maintain its plants, equipment and property, and from time to time make all necessary renewals and repairs thereof, all in accordance with sound engineering standards ; and shall, except as the Bank shall otherwise agree, take all practical steps which may be reasonably necessary to maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business ; and shall at all times operate its plants and equipment in accordance with sound public utility practices.

Section 5.11. The Borrower shall so exercise and perform its functions that the tariffs it prescribes will, together with revenues from other sources, provide sufficient revenues, taking one year with another :

¹ See p. 254 of this volume.

- (a) to cover operating expenses, including proper provision for taxes, if any, maintenance depreciation and interest ;
- (b) to meet repayment of indebtedness to the extent that such repayment exceed the Borrower's provisions for normal depreciation ; and
- (c) to make such contributions to reserves as will be sufficient, *inter alia*, to finance a reasonable proportion of any capital expenditures that may be undertaken within the scope of its responsibilities.

Section 5.12. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not, in any such manner as would or might adversely affect the interests of the Bank or the financial position or prospects of the Borrower, alter or abrogate, or grant any waiver in respect of, the terms and conditions of any of the agreements pursuant to which the Other Long-Term Debts were contracted ; nor shall the Borrower repay prior to maturity all or any debt (other than the Loan and debt incurred in the ordinary course of business and maturing by its terms less than one year after the date on which it is incurred) if as a result of so doing, the financial position or prospects of the Borrower would or might be impaired.

Section 5.13. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall not incur any long-term indebtedness unless its net revenues for any twelve consecutive months out of the fifteen-month period last preceding the date of such incurrence shall not be less than 1.5 times the maximum debt service requirements on all long-term indebtedness (including the debt to be incurred) in any succeeding fiscal year. For the purposes of this Section :

- (a) the term "long-term indebtedness" shall mean any debt maturing by its terms more than one year after the date on which it is originally incurred ;
- (b) debt shall be deemed to be incurred on the date of execution and delivery of the contract or loan agreement providing for such debt ;
- (c) the term "net revenues" shall mean gross revenues from all sources adjusted to take account of tariffs in effect at the time of incurrence of debt even though they were not in effect during the twelve consecutive months to which such revenues related, less operating and administrative expenses, including provision for taxes, if any, but before provision for depreciation and debt service requirements ;
- (d) the term "debt service requirements" shall mean the aggregate amount of amortization (including sinking fund contributions), interest and other charges on debt ; and
- (e) whenever it shall be necessary to value in the currency of the Guarantor debt payable in another currency, such valuation shall be made on the basis of the rate of exchange at which such other currency is obtainable by the Borrower, at the time such valuation is made, for the purposes of servicing such debt or, if such other currency is not so obtainable, at the rate of exchange that will be reasonably determined by the Bank.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) or paragraph (f) or pursuant to paragraph (j) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Section 6.02. For the purpose of Section 5.02 (j) of the Loan Regulations the following additional events are specified : (a) demand shall have been made, for repayment in advance of maturity, of any of the Other Long-term Debts, by reason of any default under the relative agreements ; and (b) any amendment of the Electricity Ordinance, 1949, as amended, which in the judgment of the Bank materially affects the Borrower's powers, duties, functions or responsibilities, shall have become effective without the agreement of the Bank.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be August 31, 1968.

Section 7.02. A date 90 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Section 7.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Central Electricity Board of the Federation of Malaya
P.O. Box No. 1003
Kuala Lumpur
Federation of Malaya

Alternative address for cablegrams and radiograms :

Trang
Kuala Lumpur

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

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 and delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Bank for Reconstruction and Development :

By J. Burke KNAPP
Vice President

Central Electricity Board of the Federation of Malaya :

By ONG YOKE LIN
Authorized Representative

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
May 1, 1968	\$700,000	November 1, 1978	\$1,235,000
November 1, 1968	720,000	May 1, 1979	1,270,000
May 1, 1969	740,000	November 1, 1979	1,305,000
November 1, 1969	760,000	May 1, 1980	1,340,000
May 1, 1970	780,000	November 1, 1980	1,380,000
November 1, 1970	800,000	May 1, 1981	1,415,000
May 1, 1971	825,000	November 1, 1981	1,455,000
November 1, 1971	845,000	May 1, 1982	1,495,000
May 1, 1972	870,000	November 1, 1982	1,535,000
November 1, 1972	895,000	May 1, 1983	1,580,000
May 1, 1973	915,000	November 1, 1983	1,620,000
November 1, 1973	940,000	May 1, 1984	1,665,000
May 1, 1974	970,000	November 1, 1984	1,710,000
November 1, 1974	995,000	May 1, 1985	1,760,000
May 1, 1975	1,020,000	November 1, 1985	1,805,000
November 1, 1975	1,050,000	May 1, 1986	1,855,000
May 1, 1976	1,080,000	November 1, 1986	1,905,000
November 1, 1976	1,110,000	May 1, 1987	1,960,000
May 1, 1977	1,140,000	November 1, 1987	2,015,000
November 1, 1977	1,170,000	May 1, 1988	2,065,000
May 1, 1978	1,205,000		

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	½%
More than three years but not more than six years before maturity	1%
More than six years but not more than eleven years before maturity	1½%
More than eleven years but not more than sixteen years before maturity	2½%
More than sixteen years but not more than twenty-one years before maturity	3½%
More than twenty-one years but not more than twenty-three years before maturity	4½%
More than twenty-three years before maturity	5½%

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project consists of : The Batang Padang Hydroelectric Scheme (the second stage of the Cameron Highlands Hydroelectric Scheme) ; the first stage of the Prai Thermal Power Station ; and the expansion and interconnection of electric power transmission facilities. The principal works to be constructed are :

I. *The Batang Padang Scheme*

A. An earth dam about 140 feet high and about 500 feet long and an earth saddle dam about 50 feet high and 500 feet long immediately below the confluence of the Sungei Batang Padang and the Sungei Sekam to impound their waters and the tailrace waters of the Jor Power Station to create a reservoir with live storage of about 1,700 acre feet ;

B. The Menglang Tunnel about 9 miles in length, from the above reservoir to a surge chamber near Kuala Woh ;

C. The Woh Tunnel, about 2 miles in length, to bring the waters of the Sungei Woh into the Menglang Tunnel ;

D. Twin steel-lined pressure shafts about 1,500 feet in length from the surge chamber near Kuala Woh to an underground station, the Woh Power Station, with two 50 MW turbo-generating sets utilizing a gross head of about 1,380 feet. Space will be provided for the installation of another 50 MW set at a later date ;

E. A tailrace tunnel about 5,000 feet long discharging into a tailrace basin with some 290 acre feet live storage to provide re-regulation of tailrace waters before they enter the Batang Padang River ;

F. The Odak Power Station to utilize the discharge from the tailrace basin, with an initial installation of two 1.4 MW turbo-generating sets ; and provision of space for the installation of another 1.4 MW set at a later date ; and

G. A switchyard, complete with all necessary switchgear and ancillary equipment, adjacent to the entrance to Woh Power Station access tunnel to control the output of the Woh and Odak Power Stations and the first stage of the Cameron Highlands Hydroelectric Scheme.

II. *The Prai Thermal Power Station*

A. The Prai Thermal Power Station located in Province Wellesley with an initial capacity of 60 MW. The station will be designed for an ultimate capacity of 270 MW and many features will be suitable for this capacity.

B. The generating plant consisting of two 30 MW turbo-alternator sets designed to operate with steam conditions of 900 lbs. per sq. inch and 900°F, and two 300,000 lb. per hour boilers using Bunker "C" fuel oil. Sea water will be used for cooling purposes.

C. Switchgear and control equipment and two 37.5 MVA transformers to step up the output at the station from 11 KV to 132 KV.

III. *Transmission Facilities*

The interconnection of all major generating stations, including the Woh and Odak Hydroelectric Stations and the Prai Thermal Power Station, and of all major transmission systems in Western Malaya and the expansion of such systems in northwestern and southwestern areas by the erection of additional switchyards and transformer stations, the installation of additional equipment in existing switchyards and transformer stations, and the construction of approximately 100 miles of double circuit and 110 miles of single circuit 132 KV transmission lines and 13 miles of 33 KV submarine cable.

The Project is scheduled for completion in December, 1967.

LETTER RELATING TO THE LOAN AGREEMENT

CENTRAL ELECTRICITY BOARD OF THE FEDERATION OF MALAYA
KUALA LUMPUR

August 7, 1963

International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington 25, D.C.

Re : Loan No. 350 MA (Second CEB Project)
Closing Date

Gentlemen :

We refer to Section 7.01 of the Loan Agreement of even date¹ between us. As we explained to you during our negotiations, if the closing date were to prevent us from exercising full retention rights toward our contractors or suppliers, we would pay them the full amounts due provided that we would obtain acceptable guarantees in respect of any defects discovered during the one year following payment.

We therefore undertake to repay the Loan in advance of maturity pursuant to the terms of the Loan Agreement to the extent of any amount we might be paid under the terms of any such guarantees and not used for correcting such defects.

Please confirm your agreement with the foregoing by signing the enclosed copy of this letter and returning it to us.

Yours faithfully,

Central Electricity Board
of the Federation of Malaya :

By ONG YOKE LIN
Authorized Representative

Confirmed :

International Bank for
Reconstruction and Development

By I. P. M. CARGILL

¹ See p. 262 of this volume.