

No. 8482

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
SINGAPORE**

Guarantee Agreement—*Singapore Port Project* (with related letter, annexed Loan Regulations No. 4 and Loan Agreement between the Bank and the Port of Singapore Authority). Signed at Washington, on 11 August 1966

Official text : English.

Registered by the International Bank for Reconstruction and Development on 21 December 1966.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
SINGAPOUR**

Contrat de garantie — *Projet relatif au port de Singapour* (avec lettre y relative et, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque et la Port of Singapore Authority). Signé à Washington, le 11 août 1966

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 21 décembre 1966.

No. 8482. GUARANTEE AGREEMENT¹ (*SINGAPORE PORT PROJECT*) BETWEEN THE REPUBLIC OF SINGAPORE AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 11 AUGUST 1966

AGREEMENT, dated August 11, 1966, between REPUBLIC OF SINGAPORE (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 The Port of Singapore Authority (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement, the Bank has agreed to make to the Borrower a loan in various currencies equivalent to fifteen million dollars (\$15,000,000), on the terms and conditions set forth in the Loan Agreement,² 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 subject, however, to the modification thereof set forth in Section 1.01 of the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Guarantee Agreement, unless the context shall otherwise require, the term defined in the Loan Agreement shall have the same meaning as therein set forth.

¹ Came into force on 22 September 1966, upon notification by the Bank to the Government of Singapore.

² See p. 50 of this volume.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Guarantee 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 Guarantee 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; or (ii) 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 assets of the Guarantor or of any statutory authority established by the Guarantor or of any agency of the foregoing or of any central bank of the Guarantor which may be established and any right, interest or share which the Guarantor has or may have in the assets of the Board of Commissioners of Currency, Malaya and British Borneo, or any successor thereof.

Section 3.02. (a) The Guarantor and the Bank shall cooperate 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 Guarantee 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
Ministry of Finance
Singapore

Alternative address for cablegrams and radiograms :

Finance
Singapore

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
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.

Republic of Singapore :

By GOH KOH PUI
Authorized Representative

International Bank for Reconstruction and Development :

By Simon ALDEWERELD
Vice President

LETTER RELATING TO THE GUARANTEE AGREEMENT

REPUBLIC OF SINGAPORE

August 11, 1966

International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

Re : *Loan No. 462 SI*
Singapore Port Project
Further Assurances

Dear Sirs :

In the Loan Agreement (the "Loan Agreement") between your Bank and the Port of Singapore Authority (the "Authority") for the Singapore Port Project, the Authority has given various undertakings.

We are pleased to confirm that :

- a) Singapore agrees that it is necessary that there be continuity in the management of the Authority and that the Authority possess the highest degree of autonomy compatible with the Ordinance. Singapore therefore agrees to keep in view such continuity in connection with the allocation of ministerial responsibility for port matters and in the appointment of the Chairman of the Authority. Singapore will also consult with the Bank before approving the appointment of a General Manager by the Authority. It is, and will continue to be, the policy of Singapore to allow the Authority to engage its senior staff, including department heads, on such terms and conditions as to attract and retain persons of requisite skill and experience. All of these undertakings are consistent with the existing Port of Singapore Authority Ordinance.
- b) We have discussed the financial and managerial implications for the Authority of transfers to or from the Authority of major port facilities. Having agreed to vest Telok Ayer Basin in the Authority upon terms and conditions yet to be determined, Singapore undertakes to consult the Bank to assure that such terms and conditions are satisfactory to the Bank. Singapore undertakes that it will not permit, without the prior agreement by the Bank of the terms and conditions therefor, any transfer to the Authority of the assets of, or responsibility for, the port of Jurong.
- c) Singapore also agrees to consult with the Bank before proposing amendment or repeal of the provisions of the Port of Singapore Ordinance, 1963 specified in Section 6.02 of the Loan Agreement.
- d) If in the future it is proposed to entrust the Authority with duties and functions in addition to those now specified in the Ordinance, Singapore undertakes to consult with the Bank before implementing such proposals.
- e) Singapore undertakes to consult with the Bank regarding the creation or expansion or utilization of port facilities for commercial purposes outside the Authority's area of operations.

- f) The Government has always borne in mind the need to coordinate development and rates at Jurong and at the Port of Singapore so as to avoid unnecessary duplication of facilities, wasteful competition and subsidization of one set of port facilities at the expense of the other. The Government undertakes to continue this policy. Arrangements for operating both ports will be made within this framework. This means that in fixing tariff rates and other terms for ships' dues and cargo handling both the Authority and the Economic Development Board will agree mutually, subject to the final approval or decision of Government in situations where interests cannot be resolved directly.

Very truly yours,

Republic of Singapore :

By GOH KOH PUI
Authorized Representative

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

(SINGAPORE PORT PROJECT)

AGREEMENT, dated August 11, 1966, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and THE PORT OF SINGAPORE AUTHORITY (hereinafter called the Borrower), a body established pursuant to the Port of Singapore Authority Ordinance, 1963, of the Republic of Singapore.

Article I

LOAN REGULATIONS ; SPECIAL DEFINITION

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 for herein, subject, however, to the following modification thereof (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations): Section 9.04 of the Loan Regulations shall be deleted.

¹ See above.

Section 1.02. Unless the context otherwise requires, the following term shall have the following meaning whenever used in this Loan Agreement: the term "Ordinance" means the Port of Singapore Authority Ordinance, 1963.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount in various currencies equivalent to fifteen million dollars (\$15,000,000).

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 Agreement.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($\frac{3}{8}$ 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 six per cent (6%) 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 semi-annually on March 15 and September 15 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 1 to this Loan 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 2 to this Loan 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. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan 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 General Manager of the Borrower, signing jointly with such person as the Borrower shall authorize by resolution, is designated as authorized representative of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrower shall at all times operate under the supervision of competent management satisfactory to the Bank and shall conduct its business and operations in accordance with sound port practices.

Section 5.02. (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering, port and financial practices.

(b) In the carrying out of the Project, the Borrower shall employ competent and experienced consultants and contractors acceptable to the Bank, upon terms and conditions satisfactory to the Borrower and the Bank.

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

Section 5.03. 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 and all other plants, sites, works, property and equipment of the Borrower and any relevant records and documents.

Section 5.04. (a) The Bank and the Borrower shall cooperate 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, 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 5.05. 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 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; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 5.06. 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 Loan Agreement, the Guarantee Agreement¹ or the Bonds, or the payment of 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 5.07. 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 or registration of this Loan Agreement, the Guarantee Agreement or the Bonds.

Section 5.08. (a) The Borrower shall insure or cause to be insured with good and reputable 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 territories of the Guarantor and delivery thereof to the Borrower and shall be for such amounts as shall be consistent with sound commercial practices. Except as the Bank shall otherwise agree, any indemnity under 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 and the Borrower may otherwise agree, the Borrower shall take out and maintain, with good and reputable insurers, or make other adequate provisions for, insurance against such risks and in such amounts as shall be consistent with sound commercial practices.

Section 5.09. (a) The Borrower shall at all times take all requisite steps for the acquisition and retention by it of all such lands, interests in land and properties and all

¹ See p. 40 of this volume.

rights, powers, privileges and franchises as may be necessary or proper for the construction and operation of the Project and the carrying on of its business.

(b) The Borrower shall not do any act or thing which would prejudice its corporate existence and right to carry on operations and shall, except as the Bank may otherwise agree in writing, maintain and renew all rights, powers, privileges and franchises owned or held by it and necessary or useful in the conduct of its business.

Section 5.10. The Borrower shall have its accounts regularly audited, at least once a year, by independent auditors acceptable to the Bank.

Section 5.11. The Borrower shall so exercise its powers and perform its duties as to provide sufficient revenue :

- (a) to cover operating expenses, including taxes, if any, and to provide adequate maintenance and depreciation, and interest payments on borrowing ;
- (b) to meet periodic repayments on long-term indebtedness and sinking fund contributions to the extent that such repayments and contributions exceed the provisions for depreciation ; and
- (c) to create reasonable reserves.

Section 5.12. The Borrower agrees that it shall not, prior to the completion of the Project, enter into any financial commitments in respect of capital expenditures in excess of the financial resources which are available or which may reasonably be expected to be available to the Borrower to meet such commitments.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e), paragraph (f) of Section 5.02 of the Loan Regulations or in Section 6.02 (b) of this Loan Agreement 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 such declaration such principal shall become due and payable immediately, anything in this Loan Agreement or in the Bonds to the contrary notwithstanding.

Section 6.02. Pursuant to paragraph (j) of Section 5.02 of the Loan Regulations, the following are specified as additional events for the purposes of said Section :

- (a) failure by the Borrower or Guarantor to fulfill an obligation to make payment of principal or interest or any other payment required under this Loan Agreement or any other loan agreement between the Borrower and the Bank or under the Guarantee Agreement or any other guarantee agreement or under any loan agreement between the Guarantor and the Bank or under any bond delivered pursuant to any such agreement even though such payment has been made by other persons ;

- (b) any amendment or repeal of any of the provisions of Parts II, IV (except Sections 24 to 28 inclusive), V, but only Sections 32 to 35 (i), inclusive, VI, VII, but only Sections 48 to 51 and 53 to 55, inclusive, VIII, but only Sections 62 and 63, IX, but only Sections 71 to 74, inclusive, and XII, but only Section 110, and the First and Second Schedules, of the Ordinance which materially affects the powers, duties, functions or responsibilities of the Borrower shall have been brought into operation without the agreement of the Bank.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be December 31, 1970, or such other date as shall be agreed upon by the Borrower and the Bank.

Section 7.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

General Manager
The Port of Singapore Authority
P. O. Box 300
Singapore

Alternative address for cablegrams and radiograms :

Tanjong
Singapore

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

Section 7.03. If the Loan Agreement shall not have come into force and effect by October 31, 1966, the Loan Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purposes of this Section. The Bank shall promptly notify the Borrower of such date.

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 SIMON ALDEWERELD
Vice President

The Port of Singapore Authority :

By GOH KOH PUI
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>
September 15, 1971	\$190,000	March 15, 1982	\$355,000
March 15, 1972	195,000	September 15, 1982	365,000
September 15, 1972	200,000	March 15, 1983	375,000
March 15, 1973	210,000	September 15, 1983	390,000
September 15, 1973	215,000	March 15, 1984	400,000
March 15, 1974	220,000	September 15, 1984	410,000
September 15, 1974	230,000	March 15, 1985	425,000
March 15, 1975	235,000	September 15, 1985	435,000
September 15, 1975	240,000	March 15, 1986	450,000
March 15, 1976	250,000	September 15, 1986	465,000
September 15, 1976	255,000	March 15, 1987	475,000
March 15, 1977	265,000	September 15, 1987	490,000
September 15, 1977	270,000	March 15, 1988	505,000
March 15, 1978	280,000	September 15, 1988	520,000
September 15, 1978	290,000	March 15, 1989	535,000
March 15, 1979	295,000	September 15, 1989	555,000
September 15, 1979	305,000	March 15, 1990	570,000
March 15, 1980	315,000	September 15, 1990	585,000
September 15, 1980	325,000	March 15, 1991	605,000
March 15, 1981	335,000	September 15, 1991	625,000
September 15, 1981	345,000		

* To the extent that any portion 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>Premiums</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	2 %
More than eleven years but not more than sixteen years before maturity	3 %
More than sixteen years but not more than twenty-one years before maturity	4 %
More than twenty-one years but not more than twenty-three years before maturity	5 %
More than twenty-three years before maturity	6 %

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project for the expansion and improvement of the Port of Singapore includes the following :

A. *East Lagoon Scheme*

The construction of four new deep-water berths as the second part of the East Lagoon Scheme, the first part of which was completed in 1962. The new berths will be of reinforced concrete and dredged initially to 34 feet at Mean Low Water but designed for future deepening to 43 feet. Each berth will be about 600 feet long and will have a steel-framed transit shed about 450 feet by 120 feet adjacent to it. Two warehouses will be provided having a total of about 165,000 square feet covered accommodation together with ancillary buildings and adequate road and rail services.

B. *Port Engineer's Plantyard*

Construction of about 100,000 square feet of covered area to provide for stores, offices, work-shops for artisans and accommodation for machinery and goods. Purchase and installation of work-shop machinery and equipment.

C. *Floating Craft*

Acquisition and utilization of the following floating equipment :

- a. One fire-float
- b. One bucket dredger
- c. Three water boats
- d. Three tug boats

D. *Data Processing Equipment*

Procurement and installation of data processing equipment of a type to be selected for improving management finance and costing procedures.

E. *Mechanical Equipment*

Procurement and utilization of mobile cranes and forklift trucks and the necessary mobile equipment for equipping the East Lagoon Scheme.

F. *Engineering Services*

Employment of engineering services, including supervision.

LETTER RELATING TO THE LOAN AGREEMENT

PORT OF SINGAPORE AUTHORITY

August 11, 1966

International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

Re : *Loan No. 462 SI*
Singapore Port Project
Finances

Dear Sirs :

We refer to Section 5.11 of the Loan Agreement (*Singapore Port Project*) of even date between us which provides that this Authority shall so exercise its powers and perform its duties as to provide sufficient revenue *inter alia* to create reasonable reserves.

The purpose of this letter is to record our agreement upon a mutually acceptable means of testing the adequacy of such revenues.

We have agreed that revenues yielding an over-all rate of return of not less than 6% over-all on the average value of the Authority's total net fixed assets (reasonably valued) in operation in any financial year will be adequate.

In computing such over-all rate of return, all operating costs of the Authority including adequate maintenance, straight-line depreciation and taxes (if any) or payments in lieu of taxes will be deducted from the Authority's total revenues and the resulting net income will be related to the average of the value of the Authority's total net fixed assets (reasonably valued on a basis acceptable to the Bank) in operation at the beginning and at the closing of the Authority's financial year in respect of which such computation is made.

Although this over-all rate of return will be based on revenue received from all services rendered by it, the Authority accepts the principle that each type of service should bear charges which are reasonably related to costs attributable to such service. In furtherance of this objective the Authority makes monthly costs analyses which the Authority will use as the bases for revising its charges from time to time.

The Authority undertakes that it will not transfer its dockyard facilities to an incorporated private company pursuant to the Port of Singapore Authority Ordinance, 1963 unless the terms and conditions of such transfer are mutually satisfactory to the Bank and the Authority.

Please confirm your agreement with the foregoing by signing copies of this letter, retaining a copy for your records, and returning another to us.

Very truly yours,

Port of Singapore Authority :

By GOH KOH PUI
Authorized Representative

Confirmed :

International Bank
for Reconstruction and Development :

By R. J. GOODMAN
Deputy Director, Asia Department