

No. 8504

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

**Guarantee Agreement—*National Electricity Board Project*  
(with annexed Loan Regulations No. 4 and Loan Agree-  
ment between the Bank and the National Electricity  
Board of the States of Malaya). Signed at Washington,  
on 26 July 1966**

*Official text : English.*

*Registered by the International Bank for Reconstruction and Development on 30 Decem-  
ber 1966.*

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

**Contrat de garantie — *Projet relatif à l'Office national de  
l'électricité* (avec, en annexe, le Règlement n° 4 sur les  
emprunts et le Contrat d'emprunt entre la Banque et  
l'Office national de l'électricité des États de Malaisie).  
Signé à Washington, le 26 juillet 1966**

*Texte officiel anglais.*

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

No. 8504. GUARANTEE AGREEMENT<sup>1</sup> (*NATIONAL ELECTRICITY BOARD PROJECT*) BETWEEN MALAYSIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 26 JULY 1966

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AGREEMENT, dated July 26, 1966, between MALAYSIA (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 National Electricity Board of the States of Malaya (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,<sup>2</sup> the Bank has agreed to make to the Borrower a loan in various currencies equivalent to thirty-seven million dollars (\$37,000,000), 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,<sup>2</sup> 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 Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement shall have the respective meanings therein set forth.

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<sup>1</sup> Came into force on 30 August 1966, upon notification by the Bank to the Government of Malaysia.

<sup>2</sup> See p. 204 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 obligation or covenant 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 Malaysia 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 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 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  
Malaysia

Alternative address for cablegrams and radiograms :

Treasury  
Kuala Lumpur

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.

Malaysia :

By ONG YOKE LIN  
Authorized Representative

International Bank for Reconstruction and Development :

By George D. WOODS  
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

## (NATIONAL ELECTRICITY BOARD PROJECT)

AGREEMENT, dated July 26, 1966, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and NATIONAL ELECTRICITY BOARD OF THE STATES 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,<sup>1</sup> with the same force and effect as if they were fully set forth 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 is deleted and the following Section substituted therefor :

"SECTION 9.04. *Termination of Guarantee Agreement Upon Termination of Loan Agreement.* If, in accordance with the provisions thereof, the Loan Agreement shall be terminated for failure to become effective, the Guarantee Agreement and all obligations of the parties thereunder shall also terminate. The Bank shall promptly give notice of such termination to the Guarantor."

*Section 1.02.* Unless the context otherwise requires, the term "Other Long-Term Debts" wherever used in this Loan Agreement means the loans made to the Borrower in 1958 by the Colonial Development Corporation, The Commonwealth Development Finance Company Limited and by the Guarantor.

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<sup>1</sup> See above.

*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 thirty-seven million dollars (\$37,000,000).

*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 April 15 and October 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 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 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 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 Borrower shall co-operate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank and 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 conditions 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 and shall send to the Bank certified copies of such accounts and the auditor's report.

*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 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; 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 Agreement 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 take out and maintain with responsible insurers or make other provision satisfactory to the Bank for insurance against such risks and in such amount as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the Borrower undertakes to insure the imported goods to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to 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 Borrower to replace or repair such goods.

*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 :

- (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 repayments 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 effect 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 the fiscal year next preceding such incurrence or, for a later twelve-month period ended prior to such incurrence, whichever is the greater, 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 it is drawn down pursuant to 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) of Section 5.02 of the Loan Regulations or in Section 6.02 (b) or (c) of this 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 any such declaration such principal shall become due and payable immediately, anything in the 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 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 Bank and the Borrower or under any bond delivered pursuant to any such agreement even though such payment has been made by other persons.
- (b) 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.
- (c) 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 September 30, 1970, or such other date as may from time to time be agreed between the Bank and the Borrower.

*Section 7.02.* If this Loan Agreement shall not have come into force and effect by September 30, 1966, this 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 purposes of this Section. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

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

For the Borrower :

National Electricity Board of the States of Malaya  
P.O. Box No. 1003  
Kuala Lumpur  
Malaysia

Alternative address for cablegrams and radiograms :

Trang  
Kuala Lumpur

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.

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* George D. Woods  
President

National Electricity Board of the States of Malaya :

*By* Dato OSMAN  
*By* Raja ZAINAL  
Authorized Representatives

## 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>
October 15, 1970. . . . .	670,000	April 15, 1979. . . . .	1,110,000
April 15, 1971. . . . .	690,000	October 15, 1979. . . . .	1,145,000
October 15, 1971. . . . .	715,000	April 15, 1980. . . . .	1,180,000
April 15, 1972. . . . .	735,000	October 15, 1980. . . . .	1,215,000
October 15, 1972. . . . .	755,000	April 15, 1981. . . . .	1,250,000
April 15, 1973. . . . .	780,000	October 15, 1981. . . . .	1,285,000
October 15, 1973. . . . .	800,000	April 15, 1982. . . . .	1,325,000
April 15, 1974. . . . .	825,000	October 15, 1982. . . . .	1,365,000
October 15, 1974. . . . .	850,000	April 15, 1983. . . . .	1,405,000
April 15, 1975. . . . .	875,000	October 15, 1983. . . . .	1,450,000
October 15, 1975. . . . .	905,000	April 15, 1984. . . . .	1,490,000
April 15, 1976. . . . .	930,000	October 15, 1984. . . . .	1,535,000
October 15, 1976. . . . .	960,000	April 15, 1985. . . . .	1,585,000
April 15, 1977. . . . .	985,000	October 15, 1985. . . . .	1,630,000
October 15, 1977. . . . .	1,015,000	April 15, 1986. . . . .	1,680,000
April 15, 1978. . . . .	1,045,000	October 15, 1986. . . . .	1,735,000
October 15, 1978. . . . .	1,080,000		

\* 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 . . . . .	1/2 %
More than three years but not more than six years before maturity. . . . .	1 1/2 %
More than six years but not more than eleven years before maturity. . . . .	2 1/2 %
More than eleven years but not more than sixteen years before maturity. . . . .	3 1/2 %
More than sixteen years but not more than eighteen years before maturity. . . . .	5 %
More than eighteen years before maturity. . . . .	6 %

## SCHEDULE 2

## DESCRIPTION OF THE PROJECT

The Project consists of the construction of additional generating and transmission facilities in the power system of the Borrower in the States of Malaya during the years 1966-69 inclusive. The Project includes:

- (a) Construction of the first stage of the Port Dickson thermal station with a capacity of 120 MW ;
- (b) Installation of a 30 MW generating unit and, subject to the prior approval of the Bank, a second 30 MW generating unit at the Johore Bahru thermal station ;
- (c) Installation of 51.4 MW additional generating capacity in the power stations comprising the Batang Padang hydroelectric scheme ;
- (d) Construction of 330 KV and 132 KV transmission lines aggregating about 250 circuit miles.

The Project is scheduled for completion by September 30, 1969.

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