

No. 8884

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

Guarantee Agreement—*Telecommunication Project* (with annexed Loan Regulations No. 4 as amended, and Loan Agreement between the Bank and the Singapore Telephone Board). Signed at Washington, on 15 September 1967

Official text : English.

Registered by the International Bank for Reconstruction and Development on 29 December 1967.

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

Contrat de garantie — *Projet relatif aux télécommunications* (avec, en annexe, le Règlement n° 4 sur les emprunts, tel qu'il a été modifié, et le Contrat d'emprunt entre la Banque et le Singapore Telephone Board). Signé à Washington, le 15 septembre 1967

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 29 décembre 1967.

No. 8884. GUARANTEE AGREEMENT¹ (*TELECOMMUNICATION PROJECT*) BETWEEN THE REPUBLIC OF SINGAPORE AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 15 SEPTEMBER 1967

AGREEMENT, dated September 15, 1967, 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 Singapore Telephone Board (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 three million dollars (\$3,000,000), 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 as amended February 9, 1967,³ with the same force and effect as if they were fully set forth herein (said Loan Regulations No. 4 being hereinafter called the Loan Regulations).

¹ Came into force on 27 October 1967, upon notification by the Bank to the Government of Singapore.

² See p. 304 of this volume.

³ See p. 302 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 and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, 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 promptly 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 ; and (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 the Board of Commissioners of Currency, Singapore, 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.

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 shall be reasonably requested 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 management, operations and financial condition of the Borrower and other 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 and free from all restrictions 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.

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 for 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 for Finance
Ministry of Finance
Singapore

Alternative address for cables :

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 cables :

Intbafrad
Washington, D.C.

Section 5.02. The Minister for 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 WONG Lin Ken
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,
AS AMENDED 9 FEBRUARY 1967

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

[*Not published herein. See United Nations, Treaty Series, Vol. 598, p. 270.*]

LOAN AGREEMENT

(TELECOMMUNICATION PROJECT)

AGREEMENT, dated September 15, 1967, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and SINGAPORE TELEPHONE BOARD, a statutory authority established pursuant to the *Singapore Telephone Board Ordinance, 1953*, as amended, of Singapore (hereinafter called the Borrower).

Article I

LOAN REGULATIONS

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, as amended February 9, 1967,¹ with the same force and effect as if they were fully set forth herein (said Loan Regulations No. 4 being hereinafter called the Loan Regulations).

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower an amount in various currencies equivalent to three million dollars (\$3,000,000).

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, this Agreement and the Loan Regulations.

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 withdrawn from time to time from the Loan Account.

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 February 1 and August 1 in each year.

¹ See p. 302 of this volume.

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 in accordance with the provisions of this Agreement to expenditures on the Project described in Schedule 2 to this Agreement. The specific allocation of the proceeds of the Loan, and the methods and procedures for procurement of the goods to be financed out of such proceeds, 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 carrying out the Project.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of the Loan Regulations.

Section 4.02. The General Manager of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations. The Borrower may by resolution notified in writing to the Bank designate additional or other representatives for such purposes.

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering, public utility and financial practices.

Section 5.02. (a) The Borrower shall furnish or cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications and construction schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(b) 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 ; shall enable the Bank's representatives to inspect the Project, the goods, all other properties and equipment of the Borrower and any relevant records and documents ; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods, and the management, operations and financial condition of the Borrower.

Section 5.03. (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 management, operations and financial condition of the Borrower and other matters relating to the purposes of the Loan.

(b) 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. (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 any indemnity under such insurance shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

Section 5.05. (a) The Borrower shall operate its business and conduct its affairs in accordance with sound business, public utility and financial practices under the supervision of qualified and experienced management and shall operate, maintain, renew and repair its plants, equipment and property, including the Project, in accordance with sound engineering and public utility practices.

(b) The Borrower shall take all action reasonably required to maintain and renew all rights, powers, privileges and franchises necessary or useful in the conduct of its business.

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 provision will be made to that effect ; provided however, that the foregoing provisions of this Section shall not apply to : (i) the lien created by the Indenture of Statutory Mortgage dated September 28, 1962 between the Borrower and the Minister of Finance of the Guarantor ; (ii) 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 (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. (a) The Borrower shall have its financial statements (balance sheet and related statement of earnings and expenses) certified annually by an independent accountant or accounting firm acceptable to the Bank and shall promptly after their preparation, and not later than six months after the close of the fiscal year to which they apply, transmit to the Bank certified copies of such statements and a signed copy of each of the accountant's or accounting firm's reports.

(b) The Borrower shall submit annually to the Bank, not later than four months after the close of the Borrower's fiscal year, the unaudited financial statements of the Borrower.

Section 5.08. The Borrower shall take all action necessary to establish and maintain telecommunication rates and charges as will provide sufficient revenues to : (i) cover operating expenses, including taxes and levies, if any, adequate maintenance and depreciation, and (ii) produce a reasonable return on its net fixed assets in operation.

Section 5.09. (a) Except as the Bank shall otherwise agree, the Borrower shall not incur any debt unless the Borrower's net revenues for the twelve consecutive months immediately preceding the month in which such debt is to be incurred shall be not less than two times the maximum debt service requirements on all the Borrower's debt (including the debt to be incurred) in any succeeding fiscal year (including the fiscal year in which such debt is to be incurred).

(b) For the purposes of this Section :

- (i) The term " debt " shall not include debt payable on demand or maturing not more than one year after its date ;
- (ii) The term " incur " with reference to any debt shall include any modification or extension of the terms of payment of such debt. 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, and debt guaranteed by the Borrower shall be deemed to be incurred by it on the date of the agreement for such guarantee ;
- (iii) The term " net revenues " shall mean gross revenues from all sources (excluding interest on sinking fund investments), adjusted to take account of rates 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 relate, less operating and administrative expenses, including provision for taxes, if any,

but before provision for depreciation and debt service requirements;

- (iv) The term “debt service requirements” shall mean the aggregate amount of amortization (including sinking fund contributions), interest and other charges on debt; and
- (v) 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.

Section 5.10. The Borrower shall not, without the consent of the Bank, sell, lease, transfer, or otherwise dispose of any of its properties or assets which shall be required for the efficient carrying on of its business.

Section 5.11. If the Borrower establishes or acquires any subsidiary or subsidiaries, the Borrower shall cause any such subsidiary to observe and perform the obligations of the Borrower hereunder to the extent the same may be applicable thereto, as though such obligations were binding upon such subsidiary. For the purposes of this Section the term “subsidiary” means any corporation, firm or association directly or indirectly controlled by the Borrower.

Section 5.12. 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 Agreement 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 5.13. 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.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations or in Section 6.02 of this Agreement shall occur and shall continue for a period of thirty days; or (ii) if a default shall occur in the payment of principal or interest or any other payment required under any other loan agreement between the Bank and the Borrower or

under any bond delivered pursuant thereto or under any credit agreement between the Association and the Borrower and such default shall continue for a period of thirty days ; or (iii) if a default shall occur in the payment of principal or interest or any other payment required under any loan agreement or under any guarantee agreement between the Guarantor and the Bank or under any bond delivered pursuant to any such agreement or under any credit agreement between the Association and the Guarantor under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Guarantee Agreement and such default shall continue for a period of thirty days ; or (iv) 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. Pursuant to Section 5.02 (l) of the Loan Regulations, the following is specified as an additional event for the purpose of said Section :

Any amendment or repeal of any of the provisions of the *Singapore Telephone Board Ordinance, 1953*, of Singapore as amended at the date of this Agreement, which materially and adversely affects the operations or financial condition of the Borrower or the performance by the Borrower of its obligations under the Loan Agreement, shall have been brought into force and effect without the prior agreement of the Bank.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be July 31, 1970 or such later date as may be agreed by the Bank.

Section 7.02. The date of November 30, 1967 is 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 :

General Manager
Singapore Telephone Board
15/33 Hill Street
Singapore 6

Alternative address for cablegrams :

Otecfon
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 :

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

Singapore Telephone Board :

By WONG Lin Ken
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>
August 1, 1970	\$50,000	August 1, 1979	\$85,000
February 1, 1971	50,000	February 1, 1980	85,000
August 1, 1971	55,000	August 1, 1980	90,000
February 1, 1972	55,000	February 1, 1981	90,000
August 1, 1972	55,000	August 1, 1981	95,000
February 1, 1973	60,000	February 1, 1982	100,000
August 1, 1973	60,000	August 1, 1982	100,000
February 1, 1974	60,000	February 1, 1983	105,000
August 1, 1974	65,000	August 1, 1983	105,000
February 1, 1975	65,000	February 1, 1984	110,000
August 1, 1975	65,000	August 1, 1984	115,000
February 1, 1976	70,000	February 1, 1985	115,000
August 1, 1976	70,000	August 1, 1985	120,000
February 1, 1977	75,000	February 1, 1986	125,000
August 1, 1977	75,000	August 1, 1986	130,000
February 1, 1978	75,000	February 1, 1987	130,000
August 1, 1978	80,000	August 1, 1987	135,000
February 1, 1979	80,000		

* 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>Premium</i>
Not more than three years before maturity.....	1½%
More than three years but not more than six years before maturity....	1½%
More than six years but not more than eleven years before maturity..	2½%
More than eleven years but not more than sixteen years before maturity	3½%
More than sixteen years but not more than eighteen years before maturity	5%
More than eighteen years before maturity.....	6%

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project forms part of the investment program of the Borrower for the three-year period 1967 through 1969. The construction program is designed to overcome telephone plant shortages and to meet the estimated demand for telephone services during the period of the program.

The Project includes the following:

1. Expansion of the equipment in existing automatic telephone exchanges by approximately 36,000 lines.
2. The installation of an automatic trunk exchange to handle toll traffic between Singapore and Malaysia.
3. Extension of the distribution networks, including subscriber installations, in all exchange areas to give the necessary increased capacity to correspond with equipment extensions.
4. Purchase of land and construction of buildings and building extensions, where needed, for the installation of switching equipment.

The Project is expected to be completed by December 31, 1969.