

No. 9506

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

**Loan Agreement—*Kuala Lumpur Water Supply Project*
(with annexed Loan Regulations No. 3, as amended,
and Project Agreement between the Bank and the
State of Selangor). Signed at Washington on 27 Sep-
tember 1968**

Authentic text : English.

*Registered by the International Bank for Reconstruction and Development on
15 April 1969.*

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

**Contrat d'emprunt — *Projet relatif à l'approvisionnement
en eau de Kuala-Lumpur* (avec, en annexe, le
Règlement n° 3 sur les emprunts, tel qu'il a été
modifié, et le Contrat relatif au Projet entre la Banque
et l'État de Selangor). Signé à Washington le 27 sep-
tembre 1968**

Texte authentique : anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développe-
ment le 15 avril 1969.*

LOAN AGREEMENT ¹

AGREEMENT, dated September 27, 1968, between MALAYSIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Borrower has requested the Bank to provide financial assistance for a water supply project for Kuala Lumpur ;

WHEREAS the State of Selangor, to which such assistance would be made available by the Borrower, agrees to carry out such project under the terms and conditions of this Agreement and of a project agreement ² of even date herewith between the Bank and the State of Selangor (hereinafter called the Project Agreement) ; and

WHEREAS the Bank is willing to make a loan to the Borrower for the purpose and on the terms and conditions hereinafter set forth ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 3 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, subject, however, to the following modification thereof (said Loan Regulations No. 3, as so modified, being hereinafter called the Loan Regulations) :

The words “ and the Project Agreement ” are inserted immediately after the words “ the Loan Agreement ” wherever the latter occur in Sections 5.06 and 7.02 of 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 six hundred thousand dollars (\$ 3,600,000).

¹ Came into force on 15 January 1969, upon notification by the Bank to the Government of Malaysia.

² See p. 210 of this volume.

³ See p. 210 of this volume.

Section 2.02. (a) The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Loan Account the amount of the Loan.

(b) 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 and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Bank.

(c) Withdrawals from the Loan Account shall be limited to the foreign exchange component of the cost of goods or services to be financed out of the proceeds of the Loan, as determined by the Bank after review of the contracts for the procurement of such goods and services and of the analysis, prepared by the consultants of the State of Selangor, of the composition of their price.

(d) Where goods produced outside the territories of the Borrower are purchased through local importers for use in the Project and are invoiced and paid for in the currency of the Borrower, 70 % of the total expenditures for such goods will be eligible for withdrawal from the Loan Account, the balance of such expenditure being a reasonable estimate of the local currency costs for such goods.

(e) Withdrawals from the Loan Account in respect of expenditures in the currency of the Borrower shall be in such currency or currencies as the Bank shall from time to time reasonably select.

(f) Withdrawals from the Loan Account may be made on account of expenditures made before the Effective Date but not before the date of this Agreement.

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 withdrawn from time to time.

Section 2.04. The Borrower shall pay interest at the rate of six and one-half per cent ($6\frac{1}{2}$ %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Borrower and the Bank 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 2 to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall make the proceeds of the Loan available to the State of Selangor upon terms and conditions satisfactory to the Bank and shall cause such proceeds to be applied exclusively to financing the cost of goods required to carry out the Project, described in Schedule 3 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, the goods to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding as set forth in the *Guidelines for Procurement under World Bank Loans and IDA Credits* published by the Bank in February 1968, and in accordance with such other procedures supplemental thereto as shall be agreed between the Bank and the Borrower.

Section 3.03. 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 by the State of Selangor exclusively in the carrying out of 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 Minister of Finance of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations. The Minister of Finance may designate additional or other authorized representatives by appointment in writing notified to the Bank.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall cause the Project to be carried out by the State of Selangor in accordance with the provisions of the Project Agreement.

(b) In addition to the proceeds of the Loan, the Borrower shall make available to the State of Selangor, promptly as needed, all other funds,

facilities, services and resources which shall be required for carrying out the Project in accordance with paragraph (a) above.

Section 5.02. The Borrower shall take all reasonable action which shall be necessary on its part to enable the State of Selangor to perform all its obligations under the Project Agreement and shall not take any action that would interfere with the performance of such obligations by the State of Selangor.

Section 5.03. (a) The Borrower and the Bank shall cooperate fully to ensure 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 Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower 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 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 State of Selangor of its obligations under the Project Agreement.

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

Section 5.04. It is the mutual intention of the Borrower 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 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 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 Borrower" as used in this Section includes: (i) assets of the Borrower; (ii) assets of any statutory authority of the Borrower, including assets of any state or political subdivision of the Borrower;

(iii) assets of any agency of the Borrower, including the Bank Negara Malaysia or any other institution at any time performing the functions of a central bank for the Borrower ; and (iv) any right, interest or share of the Borrower in the Currency Fund and Currency Surplus Fund administered under the Malaya British Borneo Currency Agreement, 1960.

Section 5.05. 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 Borrower 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 Borrower.

Section 5.06. This Agreement, the Project Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof and the Borrower shall pay all such 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.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a) or paragraph (b) 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 or in Section 6.02 of this Agreement 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. The following additional event is specified for the purposes of Section 5.02 (i) of the Loan Regulations :

A default shall have occurred in the performance by the State of Selangor of any covenant or agreement on its part under the Project Agreement.

Article VII

EFFECTIVE DATE ; TERMINATION

Section 7.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (b) of the Loan Regulations :

- (a) the execution and delivery of the Project Agreement on behalf of the State of Selangor have been duly authorized or ratified by all necessary governmental action ;
- (b) the Borrower has made arrangements satisfactory to the Bank for making available to the State of Selangor the proceeds of the Loan in accordance with Section 3.01 of this Agreement.

Section 7.02. The following are specified as additional matters, within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank :

- (a) that the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the State of Selangor and constitutes a valid and binding obligation of the State of Selangor according to its terms ;
- (b) that the arrangements referred to in Section 7.01 (b) of this Agreement are valid and binding on the Borrower and the State of Selangor.

Section 7.03. If this Agreement shall not have come into force and effect by January 10, 1969, this 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.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be September 1, 1972, or such other date as shall be agreed between the Borrower and the Bank as the Closing Date.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

The Treasury
Kuala Lumpur
Malaysia

Cable address :

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

Cable address :

Intbafrad
Washington, D.C.

Section 8.03. The Minister of Finance of the Borrower 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 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 TAN SRI ONG YOKE LIN
Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP
Vice President

SCHEDULE 1

ALLOCATION OF PROCEEDS OF LOAN

<i>Category</i>	<i>Amount (expressed in Dollars equivalents)</i>
1. Construction of a weir, river intake, pumping stations, treatment works, balancing and terminal storage reservoirs and ancillary buildings and works	450,000
2. Supply and erection of electrical and mechanical equipment, instruments and pumps	850 000
3. Supply and installation of raw water mains, transmission distribution mains and accessories and supply of bulk and service meters	1,110,000
4. Management and engineering consulting services	180,000
5. Interest and other charges on the Loan	510,000
6. Unallocated	500,000
TOTAL	<u>3,600,000</u>

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories 1 to 5 shall decrease, the amount of the Loan then allocated to, and no longer required for, such Category will be reallocated by the Bank to Category 6.

2. If the estimate of the cost of the items included in any of the Categories 1 to 5 shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan will be allocated by the Bank, at the request of the Borrower, to such Category from Category 6, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of the cost of the items in the other Categories.

SCHEDULE 2

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, 1972	60,000	March 15, 1981	105,000
March 15, 1973	65,000	September 15, 1981	110,000
September 15, 1973	65,000	March 15, 1982	115,000
March 15, 1974	70,000	September 15, 1982	120,000
September 15, 1974	70,000	March 15, 1983	120,000
March 15, 1975	75,000	September 15, 1983	125,000
September 15, 1975	75,000	March 15, 1984	130,000
March 15, 1976	80,000	September 15, 1984	135,000
September 15, 1976	80,000	March 15, 1985	140,000
March 15, 1977	85,000	September 15, 1985	145,000
September 15, 1977	85,000	March 15, 1986	150,000
March 15, 1978	90,000	September 15, 1986	155,000
September 15, 1978	90,000	March 15, 1987	160,000
March 15, 1979	95,000	September 15, 1987	165,000
September 15, 1979	95,000	March 15, 1988	170,000
March 15, 1980	100,000	September 15, 1988	170,000
September 15, 1980	105,000		

* 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	$\frac{1}{2}$ %
More than three years but not more than six years before maturity	$1\frac{1}{2}$ %
More than six years but not more than eleven years before maturity	$2\frac{1}{2}$ %
More than eleven years but not more than sixteen years before maturity ..	$3\frac{3}{4}$ %
More than sixteen years but not more than eighteen years before maturity .	$5\frac{1}{4}$ %
More than eighteen years before maturity	$6\frac{1}{2}$ %

SCHEDULE 3

DESCRIPTION OF PROJECT

The Project consists of (i) improvements and expansions to the water supply facilities in the Kuala Lumpur area, (ii) a study of the reorganization of the Water Division of the Public Works Department of the State of Selangor and (iii) a study of water charges for the State of Selangor, including methods for valuation and depreciation of assets of said Water Division. The improvements and expansions include :

- (a) the construction of a weir structure across the Langat River, with necessary river intake works, raw water conduit, raw water pumping station, and ancillary buildings to enable abstraction of about 28 million Imperial gallons per day ;
- (b) the provision of raw water pumps and pumping main to convey the river water to the treatment plant, construction of treatment works, filtered water pumping station, ancillary buildings and the provision and installation of treatment plant equipment, pumping equipment and instrumentation to provide a plant capacity adequate for average flows of about 14 million Imperial gallons per day ;
- (c) construction of a balancing reservoir near the treatment plant site and two terminal storage reservoirs in the supply area ;
- (d) provision of new transmission mains to the supply area, new distribution mains and the purchase of bulk and service water meters required up to the end of 1971.

The Project is expected to be completed by October 1, 1971.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961,
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK
TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 615, p. 98.*]

PROJECT AGREEMENT

AGREEMENT, dated September 27, 1968, between the STATE OF SELANGOR (hereinafter called Selangor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by a loan agreement¹ of even date herewith (hereinafter called the Loan Agreement) between Malaysia (hereinafter called the Borrower) and the Bank, the Bank has agreed to assist in the financing of a water supply project for Kuala Lumpur and to make a loan to the Borrower in an amount in various currencies equivalent to three million six hundred thousand dollars (\$ 3,600,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that Selangor agree to undertake certain obligations to the Bank as hereinafter in this Project Agreement set forth ; and

WHEREAS Selangor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

DEFINITIONS

Section 1.01. Wherever used in this Project 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 and the term "Water Division" shall mean the Water Supply Division of the Public Works Department of Selangor or any successor thereto performing water supply services in Selangor.

Article II

PARTICULAR COVENANTS

Section 2.01. (a) Selangor, through the Water Division, shall carry out the Project with due diligence and efficiency and in accordance with sound engineering and financial practices and shall make available, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) Selangor shall employ competent and experienced consultants acceptable to the Bank on terms and conditions mutually agreed to by the Bank and Selangor for the purpose of assisting the Water Division in the carrying out the Project.

(c) Selangor shall, in the carrying out of the Project, employ contractors acceptable to the Bank on terms and conditions mutually agreed to by the Bank and Selangor.

Section 2.02. (a) Selangor shall at all times conduct the operations of the Water Division in accordance with sound engineering, financial and administrative standards and practices under competent management.

(b) Selangor shall at all times operate, maintain, renew and repair its water supply facilities and equipment and machinery therefor in accordance with sound engineering practices.

¹ See p. 191 of this volume.

(c) Selangor shall, on the basis of the study included in the Project, promptly reorganize and thereafter maintain the Water Division as a financially separate unit responsible for construction, operation and maintenance of all water supply systems in the State of Selangor with its own system of accounting and financial management and all revenues from the supply of water by the Water Division shall be made available for the use by the Water Division to the extent necessary for the conduct of its operations.

(d) Selangor shall annually, or at such other interval as the Bank shall request, review with the Bank the program of investments for future expansion of the facilities of the Water Division.

Section 2.03. (a) Selangor shall have the accounts of the Water Division audited annually by the Auditor General of the Borrower or by an independent accountant acceptable to the Bank and shall promptly after preparation, transmit to the Bank a certified statement of such accounts, together with a certified copy of the Auditor General's or independent accountant's report thereon.

(b) After the reorganization referred to in Section 2.02 (c) of this Agreement shall have been completed, Selangor shall transmit annually to the Bank the audited statement of accounts and the report referred to in subsection (a) hereof not later than five months following the close of the financial year of Selangor.

Section 2.04. (a) Selangor 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.

(b) Selangor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan. Selangor shall promptly inform the Bank of any proposed material changes in the structure, organization, power and responsibilities of the Water Division and of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the performance by Selangor of its obligations under this Project Agreement or any condition which shall increase or threaten to increase materially the estimated cost of the Project.

Section 2.05. (a) Selangor shall furnish to the Bank the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, promptly upon their preparation and in such detail as the Bank shall request.

(b) Selangor 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 Water Division; shall enable the Bank's representatives to inspect the Project and all properties of the Water Division, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure

of the proceeds of the Loan, the Project, and the goods, and operations and financial condition of the Water Division.

Section 2.06. Except as shall be otherwise agreed by Selangor and the Bank :

(a) Selangor shall cause all goods financed out of the proceeds of the Loan to be used exclusively in the carrying out and subsequent operation of the Project ; and

(b) Selangor shall obtain title to all such goods free and clear of all encumbrances.

Section 2.07. Until such time as the study of water charges included in the Project shall have been completed and revised charges shall have been adopted, Selangor shall maintain the charges in force on the date of this Project Agreement for the supply of water throughout its territory.

Section 2.08. (a) Upon completion of the study of water charges included in the Project, Selangor shall establish and thereafter maintain charges for water supply by the Water Division throughout the territory of Selangor, including supplies through public standpipes, which will provide revenues sufficient :

- (i) to cover the operating expenses of the Water Division, including adequate maintenance and depreciation ; and
- (ii) to produce out of the revenues from the supply of water in the Kuala Lumpur area an annual return on the current value of the net fixed assets operated by the Water Division in such area at such rate as shall be agreed between Selangor and the Bank, on the basis of such study, or, failing such agreement, at a rate of not less than 8 %.

(b) For the purposes of this Section :

- (i) The required annual return will be calculated by using as the denominator the average between the current value of net fixed assets operated by the Water Division for the supply of water in the Kuala Lumpur area at the beginning and at the end of the year in question and, as the numerator, the operating income of the Water Division in the Kuala Lumpur area for that year.
- (ii) The term “ current value of net fixed assets ” means the gross value of fixed assets less accumulated depreciation, based on appropriate valuation and depreciation methods approved by the Bank.
- (iii) The term “ operating income ” means the difference between operating revenues and operating expenses.
- (iv) The term “ operating revenues ” means all revenues from the sale of water in the Kuala Lumpur area and other incidental revenues, excluding customers’ deposits, and the term “ operating expenses ” means all direct costs of operation by the Water Division of the facilities for the Kuala Lumpur area, including

a reasonable portion of overhead costs, maintenance and adequate provision for depreciation but excluding interest and other charges on debt.

(c) Without limitation on the obligation set forth in paragraph (a) of this Section, Selangor undertakes that, except as shall be otherwise agreed between Selangor and the Bank, charges for water supply by the Water Division outside the Kuala Lumpur area shall not be lower than the charges for similar categories of consumers in the Kuala Lumpur area.

Article III

EFFECTIVE DATE ; TERMINATION

Section 3.01. The Project Agreement shall come into force and effect on the Effective Date. If, pursuant to Section 7.03 of the Loan Agreement, the Bank shall promptly notify Selangor thereof and, upon the giving of such notice, this Project Agreement and all obligations of the parties hereunder shall forthwith terminate.

Section 3.02. This Project Agreement and all obligations of the parties hereunder shall terminate when the entire principal amount relented by the Borrower to Selangor in accordance with Section 3.01 of the Loan Agreement shall have been repaid by Selangor to the Borrower in accordance with the terms and conditions of such relending.

Article IV

MISCELLANEOUS PROVISIONS

Section 4.01. Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are :

For Selangor :

State Secretary, Selangor
Kuala Lumpur (Malaysia)

Cable address :

Statesec
Selangor

For the Bank :

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

Cable address :

Intbafrad
Washington, D.C.

Section 4.02. Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement on behalf of Selangor may be taken or executed by the State Secretary of Selangor or such other person or persons as he shall designate in writing.

Section 4.03. Selangor shall furnish to the Bank sufficient evidence of the authority of the person or persons, who will, on behalf of Selangor, take any action or execute any documents required or permitted to be taken or executed by Selangor pursuant to any of the provisions of this Project Agreement and the authenticated specimen signature of each such person.

Section 4.04. This Project Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

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

State of Selangor :

By TAN SRI ONG YOKE LIN
Authorized Representative

International Bank for Reconstruction and Development

By J. Burke KNAPP
Vice President
