

No. 9594

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
MALAYSIA

Guarantee Agreement—*Fourth Power Project* (with annexed Loan Regulations No. 4, as amended, and Loan Agreement between the Bank and the National Electricity Board of the States of Malaya). Signed at Washington on 9 January 1969

Authentic text : English.

Registered by the International Bank for Reconstruction and Development on 30 May 1969.

BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
MALAISIE

Contrat de garantie — *Quatrième projet relatif à l'électrification* (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 National Electricity Board of the States of Malaya). Signé à Washington le 9 janvier 1969

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 30 mai 1969.

GUARANTEE AGREEMENT ¹

AGREEMENT, dated January 9, 1969, 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, ² the Bank has agreed to make to the Borrower a loan in various currencies equivalent to eleven million five hundred thousand dollars (\$11,500,000), 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).

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.

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

¹ Came into force on 4 March 1969, upon notification by the Bank to the Government of Malaysia.

² See p. 290 of this volume.

³ See p. 290 of this volume.

unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds and the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, all as set forth in the Loan Agreement and in the Bonds.

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

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

Article III

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

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

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 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 TAN SRI ONG YOKE LIN
Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961,
AS AMENDED 9 FEBRUARY 1967REGULATIONS 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

AGREEMENT, dated January 9, 1969, 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 ; DEFINITIONS

Section 1.01. The parties to this 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).

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 by the Colonial Development Corporation, The Commonwealth Development Finance Company Limited and by the Guarantor.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to eleven million five hundred thousand dollars (\$11,500,000).

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 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,

¹ See above.

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 Bank and the Borrower, provided that no withdrawals shall be made for any expenditures under Categories IV, V or VI of said Schedule 1 until the Borrower shall have made arrangements satisfactory to the Bank for obtaining supplementary financing to cover the foreign exchange costs of those items for the Port Dickson Thermal Power Station that are specifically excluded from said Categories IV and V.

Section 2.03. 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 2.04. 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 2.05. 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 withdrawn and outstanding from time to time.

Section 2.06. 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 commitment outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on June 15 and December 15 in each year.

Section 2.08. 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 apply the proceeds of the Loan in accordance with the provisions of this Agreement to expenditures on 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, except for consultants' services, shall be procured on the basis of international competitive bidding in accordance with 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 supplementary thereto as are set forth in Schedule 4 to this Agreement and as shall be agreed between the Bank and the Borrower.

Section 3.03. Except as the Bank 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. 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, administrative and financial practices and shall make available, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) In carrying out the Project, the Borrower shall employ, upon terms and conditions satisfactory to the Bank, consultants acceptable to the Bank to design and supervise construction of the Project.

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

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

Section 5.03. (a) The Bank and the Borrower shall 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 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 purpose 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 promptly after their preparation and not later than six months after the close of the Borrower's fiscal year 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 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; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

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

Section 5.08. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries

¹ See p. 282 of this volume.

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 of make other provision satisfactory to the Bank for insurance against such risks and in such amounts 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 ; 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. Except as the Bank shall otherwise agree, the Borrower shall so exercise and perform its functions that the tariffs it prescribes will, together with revenues from other sources, provide sufficient revenues to yield an annual return which shall be no less than 8 %. For the purposes of this Section :

- (a) the annual rate of return shall be calculated in respect of each fiscal year by relating net income for that year to the average of the net value of fixed assets in operation at the beginning and at the end of that year ;
- (b) the term “ net income ” means all electric power revenue plus revenues from other sources, less all operating expenses ;
- (c) the term “ operating expenses ” includes : direct costs of operation ; administrative, overhead and adequate maintenance expenses ; straight-line depreciation based on the useful life of major categories of assets ; taxes (if any) ; but does not include interest and other charges on debt ; and
- (d) the term “ net value of fixed assets in operation ” means the gross value of the fixed assets less the accumulated depreciation, Government contributions for rural electrification and consumers’ contributions towards construction, all determined in accordance with methods of valuation and revaluation acceptable to the Bank and the Borrower.

Section 5.12. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not, in any such manner as would or might adversely affect the

interests of the Bank or the financial position or prospects of the Borrower, alter or abrogate, or grant any waiver in respect of, the terms and conditions of any of the agreements pursuant to which the Other Long-Term Debts were contracted; nor shall the Borrower repay prior to maturity all or any debt 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 Bank and the Borrower 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 are 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" means 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" means 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" means 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.

Section 5.14. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not permit its short-term debt to exceed ten million Malaysian dollars (M\$10,000,000). If, due to unforeseen circumstances, such debt should exceed the indicated amount, the Borrower shall promptly inform the Bank and take appropriate measures to reduce that debt as quickly as possible. For the purposes of this Section "short-term debt" means debt for money borrowed, including bank overdrafts, maturing on demand or by its terms within 12 months after the date on which it is originally incurred.

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 (a) 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, in the judgment of the Bank, 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 or in Section 6.02 (b) 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. Pursuant to paragraph (l) of Section 5.02 of the Loan Regulations, the following are specified as additional events for the purposes of said Section :

- (a) Demand shall have been made, for repayment in advance of maturity, of any of the Other Long-Term Debts, by reason of any default under the relative agreements.
- (b) Any amendment of the Electricity Ordinance, 1949, as amended, which in the judgment of the Bank materially affects the Borrower's powers, duties, functions or responsibilities, shall have become effective without the agreement of the Bank.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be March 31, 1973, 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 March 15, 1969, 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

Cable address :

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

Cable address :

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

National Electricity Board of the States of Malaya :

By TAN SRI ONG YOKE LIN
Authorized Representative

SCHEDULE 1

ALLOCATION OF PROCEEDS OF LOAN

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Prai Station and transmission lines—civil works	110,000
II. Prai Station and transmission lines—equipment	3,840,000
III. Prai Station and transmission lines—consultants' services	280,000
IV. Port Dickson Station and transmission lines—civil works, excepting steel structures	920,000
V. Port Dickson Station and transmission lines—equipment, excepting turbines and boilers	3,010,000
VI. Port Dickson Station and transmission lines—consultants' services	1,250,000
VII. Interest and other charges on the Loan during construc- tion	1,230,000
VIII. Unallocated	860,000
TOTAL	11,500,000

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories I to VII 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 VIII.

2. If the estimate of the cost of the items included in any of the Categories I to VII 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 VIII, 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>
June 15, 1973	210,000	June 15, 1981	350,000
December 15, 1973	215,000	December 15, 1981	360,000
June 15, 1974	225,000	June 15, 1982	375,000
December 15, 1974	230,000	December 15, 1982	385,000
June 15, 1975	240,000	June 15, 1983	395,000
December 15, 1975	245,000	December 15, 1983	410,000
June 15, 1976	255,000	June 15, 1984	425,000
December 15, 1976	260,000	December 15, 1984	435,000
June 15, 1977	270,000	June 15, 1985	450,000
December 15, 1977	280,000	December 15, 1985	465,000
June 15, 1978	290,000	June 15, 1986	480,000
December 15, 1978	300,000	December 15, 1986	495,000
June 15, 1979	310,000	June 15, 1987	515,000
December 15, 1979	320,000	December 15, 1987	530,000
June 15, 1980	330,000	June 15, 1988	545,000
December 15, 1980	340,000	December 15, 1988	565,000

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

SCHEDULE 3

DESCRIPTION OF THE PROJECT

The Project is part of the Borrower's 1968-72 program to meet forecasted power demands in its service area and consists of :

1. The supply and installation at the Prai Thermal Power Station of a 30 MW turbo-alternator and 300,000 lbs per hour boiler set, together with cooling water facilities, control and other related auxiliary equipment, and of a second 132 KV transmission line and necessary substations between such Station and the load center at Papan ; and

2. The supply and installation at the Port Dickson Thermal Power Station of two 60 MW turbo-alternator and 550,000 lbs per hour boiler sets, together with cooling water facilities, control and other related auxiliary equipment, and the conversion to 275 KV capacity of the transmission line and necessary substations between such Station and the load center at Kuala Lumpur,

The Project is expected to be completed by December 31, 1972.

SCHEDULE 4

PROCUREMENT PROCEDURES

1. With respect to contracts for civil works involving an amount of \$100,000 equivalent or more or for the purchase of machinery, equipment or materials involving an amount of \$50,000 equivalent or more, the following procedures shall apply :

- (a) Before bids are invited, the Borrower shall submit to the Bank for approval the invitations to bid, specifications and all other tender documents, together with a description of advertising procedures.
- (b) After bids have been received and analyzed, the bid analysis and recommendation for award, together with the reasons for such recommendation, will be submitted by the Borrower to the Bank for approval prior to the award or the issuance of a letter of intent.
- (c) As soon as a contract is signed, the Borrower shall furnish to the Bank a certified copy thereof.

2. With respect to other contracts (excepting contracts for consultants' services), the Borrower shall furnish to the Bank any invitation to bid, bid evaluation report and copy of signed contract, and any other material relevant thereto that the Bank shall request, at the time of the submission of an application for withdrawal from the Loan Account on account of expenditures on the contract in question.