

No. 10875

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

Guarantee Agreement—*Fifth Power Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements and Loan Agreement between the Bank and the National Electricity Board of the States of Malaya). Signed at Washington on 16 July 1970

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 2 December 1970.

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

Contrat de garantie—*Cinquième projet relatif à l'énergie électrique* (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie et le Contrat d'emprunt entre la Banque et le National Electricity Board of the States of Malaya). Signé à Washington le 16 juillet 1970

Texte authentique: anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 2 décembre 1970.

GUARANTEE AGREEMENT¹

AGREEMENT, dated July 16, 1970, between MALAYSIA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by the Loan Agreement of even date herewith² between the Bank and National Electricity Board of the States of Malaya (hereinafter called the Borrower) the Bank has agreed to make to the Borrower a loan in various currencies equivalent to twenty million dollars (\$20,000,000), 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

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,³ with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Section 1.01 of the Loan Agreement (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in Section 1.02 of the Loan Agreement have the respective meanings therein set forth.

¹ Came into force on 29 September 1970, upon notification by the Bank to the Government of Malaysia.

² See p. 12 of this volume.

³ *Ibid.*

Article II

GUARANTEE; BONDS; PROVISION OF FUNDS

Section 2.01. Without limitation or restriction upon any of its other obligations under the Guarantee Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan and the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds prior to their maturity and the punctual performance of all the other obligations of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. The Guarantor shall endorse, in accordance with the provisions of the General Conditions, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Guarantor for the purposes of Section 8.10 of the General Conditions.

Section 2.03. 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 the carrying out of 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

OTHER COVENANTS

Section 3.01. (a) It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan or the Bonds by way of a lien on governmental assets.

(b) To that end the Guarantor (i) represents that at the date of this Agreement no lien exists on any governmental assets as security for any external debt, and (ii) undertakes that if any such lien shall be created, it 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 in the creation of any such lien express provision will be made to that effect.

(c) The foregoing representation and undertaking shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for 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.

As used in this Section, the term "governmental assets" means assets of the Guarantor, of any of its political subdivisions, of any agency of the Guarantor or of any such political subdivision, and assets of the Bank Negara Malaysia or any institution performing the functions of a central bank, and any right, interest or share of the Guarantor in the Currency Fund administered under the Malaya British Borneo Currency Agreement, 1960.

Article IV

CONSULTATION AND INFORMATION

Section 4.01. The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end the Guarantor and the Bank shall from time to time, at the request of either party : (i) exchange views through their representatives with regard to the performance of the respective obligations under the Guarantee Agreement and other matters relating to the purposes of the Loan; and (ii) 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, including its balance of payments, and the external debt of the Guarantor, of any of its political subdivisions and of any agency of the Guarantor or of any such political subdivision.

Section 4.02. (a) 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.

(b) 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.

Article V

TAXES AND RESTRICTIONS

Section 5.01. 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 foregoing 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 5.02. (a) The Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the

Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 5.03. The payment of the principal of, and interest and other charges on, the Loan and the Bonds shall be free from all restrictions, regulations, controls or moratoria of any nature imposed under the laws of the Guarantor or laws in effect in its territories.

Article VI

REPRESENTATIVE OF THE GUARANTOR ; ADDRESSES

Section 6.01. The Minister of Finance of the Guarantor is designated as representative of the Guarantor for the purposes of Section 10.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 10.01 of the General Conditions :

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.

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

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[Not published herein. See *United Nations, Treaty Series, vol. 691, p. 300.*]

LOAN AGREEMENT

AGREEMENT, dated July 16, 1970, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and NATIONAL ELECTRICITY BOARD OF THE STATES OF MALAYA (hereinafter called the Borrower).

Article I

GENERAL CONDITIONS; DEFINITION

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,¹ with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified being hereinafter called the General Conditions) :

(a) Section 5.01 is deleted.

(b) Paragraph (d) of Section 7.01 is amended to read as follows :

“(d) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement² or the Bonds, or under any other loan agreement between the Borrower and the Bank or any guarantee agreement between the Guarantor and the Bank guaranteeing a loan to the Borrower, or under any bond issued pursuant to any such agreement, and such default shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor.”

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional term has the following meaning :

“Malaysian dollars” and “M\$” mean dollars in currency of the Guarantor.

¹ See above.

² See p. 4 of this volume.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to twenty million dollars (\$20,000,000).

Section 2.02. Except as the Bank and the Borrower shall otherwise agree, the amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 3 to this Agreement and to be financed under the Loan Agreement; provided, however, that no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. The Closing Date shall be January 31, 1975 or such other date as shall be agreed between the Bank and the Borrower.

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 seven per cent (7%) per annum on the principal amount of the Loan withdrawn and 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.

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.

Section 2.08. 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 VIII of the General Conditions.

Section 2.09. The Chairman of the Borrower or such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

Article III

EXECUTION OF THE PROJECT

Section 3.01. The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound administrative, financial, engineering and public utility practices, and shall make available, promptly as needed, the funds, facilities, services and other resources required for the purpose.

Section 3.02. 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 the construction of the Project.

Section 3.03. (a) Except as the Bank shall otherwise agree, the goods and services (other than consultants' services) required for the Project and to be financed out of the proceeds of the Loan 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 August 1969, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Agreement.

(b) The Borrower undertakes to insure or make adequate provision for the insurance of the imported goods to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to the 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.

(c) Except as the Bank shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively for the Project.

Section 3.04. (a) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans, specifications and work schedules for the Project, and any material modifications or additions thereto, in such detail as the Bank shall reasonably request.

(b) The Borrower : (i) shall maintain records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Loan, and to disclose the use thereof in the Project; (ii) shall permit the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, all the plants, sites, works, properties and equipment of the Borrower, and any relevant records and documents; and (iii) shall furnish to the Bank all such information as the Bank shall reasonably request concerning the Project, the expenditure of the proceeds of the Loan and the goods and services financed out of such proceeds.

Article IV

MANAGEMENT AND OPERATIONS OF THE BORROWER

Section 4.01. The Borrower shall at all times conduct its business and operations and maintain its financial position in accordance with sound public utility practice under the supervision of experienced and competent management.

Section 4.02. The Borrower shall transmit to the Bank for its comments the names and qualifications of, and all other relevant information concerning, any persons the Borrower proposes to appoint as General Manager (or anyone charged with the duties of chief executive officer), Deputy General Manager (Engineering) (or anyone charged

with the duties of chief technical officer), and Controller (or anyone charged with the duties of chief financial officer).

Section 4.03. The Borrower shall take out and maintain with responsible insurers, or make other provisions satisfactory to the Bank, for insurance against such risks and in such amounts as shall be consistent with sound public utility practice.

Section 4.04. 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 practice.

Section 4.05. In order to assist the Borrower in the efficient conduct of its operations, the Borrower shall continue to employ management consultants acceptable to the Bank, upon terms and conditions satisfactory to the Bank. Upon receipt of the consultants' reports the Borrower shall consult with the Bank regarding the implementation of any recommendations included therein.

Article V

FINANCIAL COVENANTS

Section 5.01. The Borrower shall : (i) have its accounts and financial statements (balance sheets, statements of income and expenses and related-statements) for each fiscal year audited, in accordance with sound auditing principles consistently applied, by independent auditors acceptable to the Bank; (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and (iii) furnish to the Bank such other information concerning the accounts and financial statements of the Borrower and the audit thereof as the Bank shall from time to time reasonably request.

Section 5.02. 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 5.03. 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 eight per cent (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 5.04. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not repay prior to their agreed maturity all or any of its outstanding debt if as a result of so doing, the financial position or prospects of the Borrower would or might be impaired.

Section 5.05. 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 amount is the greater, shall not be less than 1.5 times the maximum debt service requirements on all long-term indebtedness (including the debt to be incurred) in any succeeding fiscal year. For the purposes of this Section :

- (a) the term " long-term indebtedness " 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, interest and other charges on debt, and amortization; and

(d) 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 5.06. 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) at any one time outstanding. 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

CONSULTATION AND INFORMATION

Section 6.01. 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 of their respective obligations under the Loan Agreement, the administration, operations and financial condition of the Borrower and other matters relating to the purpose of the Loan.

Section 6.02. The Bank and the Borrower shall promptly inform each other 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 either of them of its obligations under the Loan Agreement.

Article VII

TAXES

Section 7.01. 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 the 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 7.02. 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 the Loan Agreement, the Guarantee Agreement or the Bonds.

Article VIII

REMEDIES OF THE BANK

Section 8.01. If any event specified in Section 7.01 of the General Conditions or in Section 8.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower and the Guarantor declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately together with the interest and other charges thereon and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in the Loan Agreement or in the Bonds notwithstanding.

Section 8.02. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified :

- (a) Any loan or credit to the Borrower shall have become due and payable prior to its agreed maturity pursuant to the terms thereof, or any security constituted thereunder shall have become enforceable.
- (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 IX

TERMINATION

Section 9.01. The date September 30, 1970 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Article X

ADDRESSES

Section 10.01. The following addresses are specified for the purposes of Section 10.01 of the General Conditions :

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.

For the Borrower :

National Electricity Board of the States of Malaya

P. O. Box 1003

Kuala Lumpur, Malaysia

Cable address :

Trang

Kuala Lumpur

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 to be 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

WITHDRAWAL OF THE PROCEEDS OF THE LOAN

1. The table below sets forth the categories of items to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan to each category :

<i>Category</i>	<i>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</i>
I. Civil works.	5,000,000
II. Electrical and mechanical equipment, machinery and material excepting turboalternators and boilers for Tuanku Ja'afar (Port Dickson) Steam Station	3,000,000
III. Transmission line and substation equipment and material	6,500,000
IV. Consulting services	3,500,000
V. Unallocated	2,000,000
	<u>TOTAL 20,000,000</u>

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of :

(a) expenditures for goods produced in, or services supplied from, the territories of the Guarantor, or payments in the currency of the Guarantor;

- (b) expenditures prior to the date of this Agreement;
- (c) payments for taxes imposed by the Borrower or any of its political subdivisions on goods or services, or on the importation, manufacture, procurement or supply thereof; and
- (d) expenditures under Categories I and II until the Borrower shall have made arrangements for the financing of boilers and turbo-alternators for the Tuanku Ja'afar (Port Dickson) Steam Station.

3. Notwithstanding the allocation of an amount of the Loan set forth in the second column of the table in paragraph 1 above :

- (a) if the estimate of the expenditures under any Category shall decrease, the amount of the Loan then allocated to such Category and no longer required therefor will be reallocated by the Bank by increasing correspondingly the unallocated amount of the Loan;
- (b) if the estimate of the expenditures under any Category 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 the unallocated amount of the Loan, 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>
February 1, 1975	365,000	February 1, 1983	635,000
August 1, 1975	380,000	August 1, 1983	660,000
February 1, 1976	395,000	February 1, 1984	685,000
August 1, 1976	405,000	August 1, 1984	705,000
February 1, 1977	420,000	February 1, 1985	730,000
August 1, 1977	435,000	August 1, 1985	755,000
February 1, 1978	450,000	February 1, 1986	785,000
August 1, 1978	465,000	August 1, 1986	810,000
February 1, 1979	485,000	February 1, 1987	840,000
August 1, 1979	500,000	August 1, 1987	870,000
February 1, 1980	520,000	February 1, 1988	900,000
August 1, 1980	535,000	August 1, 1988	930,000
February 1, 1981	555,000	February 1, 1989	965,000
August 1, 1981	575,000	August 1, 1989	995,000
February 1, 1982	595,000	February 1, 1990	1,040,000
August 1, 1982	615,000		

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), 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 portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	1%
More than three years but not more than six years before maturity	2%
More than six years but not more than eleven years before maturity	3½%
More than eleven years but not more than sixteen years before maturity	5%
More than sixteen years but not more than eighteen years before maturity	6%
More than eighteen years before maturity	7%

SCHEDULE 3

DESCRIPTION OF THE PROJECT

The Project is part of the Borrower's 1970-78 program to meet forecast power demands in its service area and consists of :

1. The supply and installation at the Tuanku Ja'afar (Port Dickson) Steam Station of three 120 MW turbo-alternators, three 850,000 lbs. per hour reheat type boilers, cooling water facilities and control and auxiliary equipment, as well as power transformers, switchgear and associated equipment to connect the turbo-alternators to the transmission system.
2. The supply and installation of :
 - (i) 275 kV transmission lines from Kuala Lumpur south substation to Rawang substation and associated substation transformers and equipment.
 - (ii) 132 kV transmission lines between Woh and Papan and associated substation transformers and equipment.
 - (iii) Miscellaneous transmission lines and substation extensions associated with (i) and (ii) above.
3. The provision of consulting services.

The Project is expected to be completed by December 31, 1976.

SCHEDULE 4

PROCUREMENT PROCEDURES

1. With respect to contracts involving an amount of \$100,000 equivalent or more for the purchase of machinery, equipment or materials, 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, prior to the time of the submission of the first application for withdrawal from the Loan Account of expenditures on the contract in question.
