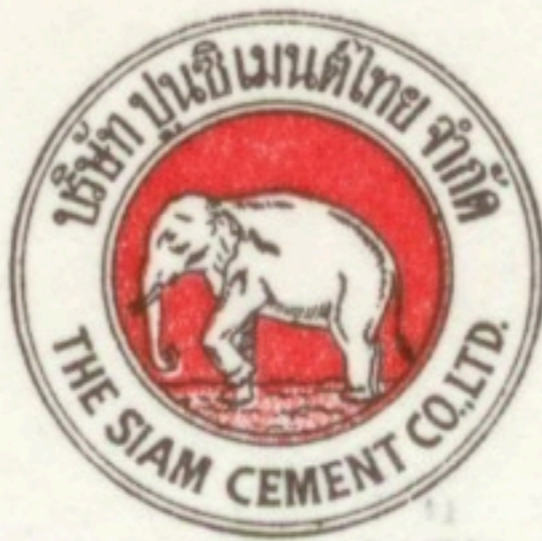


TEL. ADDRESS: SIAMENT
TELEX: SIAMENT BK 229



P.O. BOX 572
TEL. 48081-9
BANGKOK

To The Loan Committee

September 21, 1968.

Re: Loan from IFC.

Mr. Hemmingsen met with Mr. Rosen to discuss terms for the proposed IFC investment in the five Siam Group companies. Attending the meeting were Messrs. Raj, Richards, Fuchs, Hassan, Conner, Parmar and NaLamlieng. Mr. Rosen told Mr. Hemmingsen that due to the size of the investment, IFC would bring in at the outset participants in this investment. The terms and conditions outlined below are the basis on which IFC will seek participant interest.

Loan - US\$18 million

(a) The loan will be made to Siam Cement Company (SCC) which will in turn relend to the other four companies. These companies will guarantee on a joint and several basis the loan made by IFC to SCC. IFC will have an investment agreement with SCC and guarantee agreements with the other four companies. These guarantee agreements will require that the projects be carried out and will contain other covenants as required.

(b) The principal amount of the loan will be US\$18 million. The first repayment will be made two years after signing the loan, which if the Investment Agreement is signed this November, will be November 1970. Repayments will be made over eight years. The first six semi-annual installments will be of US\$1,750,000 each and the remaining ten semi-annual installments will be of US\$750,000 each.

(c) The interest rate will be determined at the time the Investment Agreement is to be concluded. An indication of the interest is 8-1/2% but the final interest rate will depend to some extent on the attractiveness of the share purchase price on the equity portion of the investment.

Equity Investment

The equity portion of the investment will be:

(i) 6-2/3% IFC ownership in each of the five companies. Accordingly, shares IFC will purchase in each of the companies as follows:

Siam Cement Company (SCC)	240,000 shares
Siam Fibre Cement Company (SFCC)	120,000 "
Concrete Products & Aggregate Co. (CPAC)	40,000 "
Construction Materials Marketing Co. (CMMC)	80,000 "
Siam Iron & Steel Company (SISCO)	120,000 "

-2-

September 21, 1968

The purchase price for each of the above shares will be Baht 150 except for shares of SISCO which will be Baht 100 per share.

(ii) IFC will have options to purchase 140,000 additional shares of CMMC which are currently held by Siam Industrial Credit Company. IFC will also have an option to purchase 120,000 additional shares of SISCO currently held by the group. The life of the option will be five years, or until 31/12 1973, the exact length of time to be determined later, and the option price will be Baht 225 per share for CMMC and Baht 125 per share for SISCO, which are the current market prices for these shares.

In order that IFC may proceed with their detailed preparation of the projects for final consideration by their Investment Committee, IFC would like to get an indication of the general acceptability in principle of the financial package deal proposed along the line stated above. However, the final terms and conditions will be subject to further negotiations between the Loan Committee on behalf of the Siam Cement Group.

Mr. V. F. Hemmingsen and I have gone over the proposal and feel that it is reasonable as the basis for negotiations. We therefore respectfully request your kind consideration, so that the Loan Committee will discuss in the meeting early next week.

Yours respectfully,

(Mr. S. Chandraprasert)