

Annual Report 2013
CK Power Public Company Limited



CK Power

ENDLESS ENERGY

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First Holding Company in Thailand with the Overseas Core Asset

CKP is the first Thai holding company listed on the Stock Exchange of Thailand with its core asset overseas. We engage in businesses that create sustainable energy and focus on investments in power business, both in Thailand and the ASEAN region under efficient management. We are also committed to social responsibility for all stakeholders in order to develop sustainable energy while balancing the environment and the quality of life for the people and our society.





1. Vision and Mission

Vision :

To be a leading power business company in Thailand and ASEAN region with the efficient operation.

Mission :

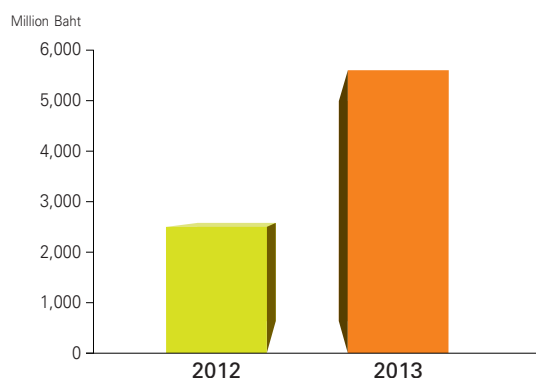
1. To create optimal, stable and fair return to shareholders.
2. To be responsible for the environment, community and all stakeholders.



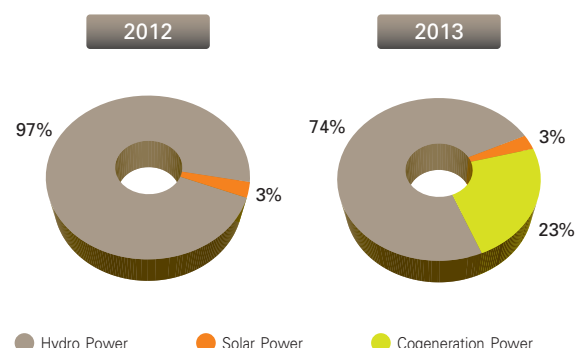
2. Financial Highlight

| Unit : Million Baht | Y. 2011 | Y. 2012 | Q1 2013 | Q2 2013 | Q3 2013 | Y. 2013 |
|--|----------|-----------|-----------|-----------|-----------|-----------|
| Total Revenue | 0.64 | 2,578.07 | 1,209.73 | 1,030.54 | 2,005.68 | 5,633.43 |
| Revenue from sales | - | 2,512.46 | 1,003.59 | 1,017.68 | 1,980.91 | 5,568.27 |
| Earnings before financial cost, income tax expenses, depreciation and amortization | 45.42 | 2,117.58 | 980.05 | 579.509 | 1,276.31 | 3,694.09 |
| Earnings before financial cost and income tax expenses | 45.41 | 1,049.39 | 579.13 | 175.395 | 804.52 | 1,944.79 |
| Net Profit | (38.83) | 112.06 | 251.69 | (148.161) | 449.43 | 602.61 |
| Profit attributable to Equity holders of the Company | (38.83) | 55.02 | 92.89 | (76.828) | 182.10 | 218.88 |
| Earnings per share (Baht) | (3.98) | 0.09 | 0.1 | (0.08) | 0.17 | 0.22 |
| Operating Cash Flow per share (Baht) | (8.2) | 2.20 | 0.95 | 0.94 | 0.58 | 3.97 |
| Assets | 6,495.06 | 45,153.88 | 44,680.41 | 50,076.00 | 50,611.60 | 50,481.51 |
| Liabilities | 6,433.90 | 22,881.12 | 22,155.96 | 27,000.37 | 24,940.08 | 25,067.89 |
| Shareholders' equity | 61.17 | 22,272.76 | 22,524.45 | 23,075.63 | 25,671.52 | 25,413.62 |
| Debt to Equity Ratio (times) | 105.18 | 1.03 | 0.98 | 1.17 | 0.97 | 0.99 |
| Net Debt to Equity Ratio (times) | 105.03 | 0.99 | 0.96 | 1.11 | 1.03 | 0.90 |
| Book Value per share (Baht) | 6.12 | 10.02 | 10.12 | 10.04 | 10.61 | 10.54 |

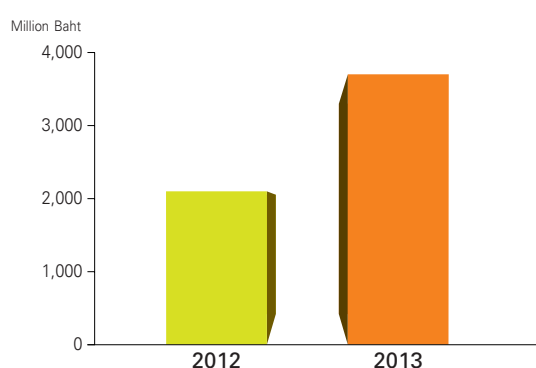
Revenue from sales



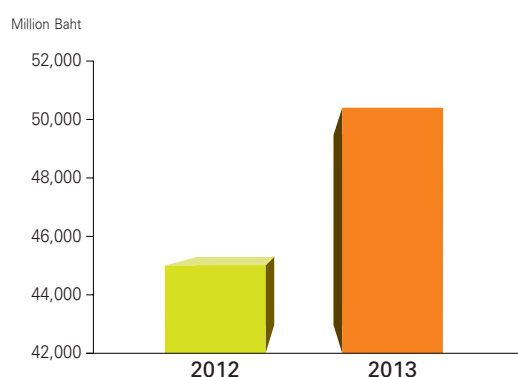
Revenue Sources



EBITDA



Asset





3. Message from the Chairman of the Board of Directors

In 2013, CK Power Public Company Limited was able to successfully achieve our targets. Significant events during the year included our conversion into a public company and the successful listing in the Stock Exchange of Thailand thereafter on July 18, 2013. We are Thailand's first holding company ever listed on the Stock Exchange of Thailand, having a hydropower plant

overseas as our core asset. At the end of 2013, we invested in a total of five power plants which have started commercial operation, i.e., a 615 MW Nam Ngum 2 Hydroelectric Power Plant; a 117.5 MW Bangpa-in Cogeneration Power Plant, Phase 1; and three solar power plants, namely, Bangkhenchai with a capacity of 8 MW, Nakhon Ratchasima Solar with a capacity of 6 MW, and Chiangrai Solar with a capacity of 8 MW, bringing the total capacity to 754.5 MW.



Our operational results in 2013 showed total assets of Baht 50,482 Million; total liabilities of Baht 25,068 Million; total revenues of Baht 5,633 Million, representing a 119 percent increase from 2012; gross profit of Baht 2,847 Million, representing a 95 percent increase; and net profit of Baht 219 Million, representing a 298 percent increase from 2012. Such growth was a result of good performance and efficient cost management in all power plants under our investments.

Continuing from 2013 to 2014, Thailand may suffer from an economic slow down due to political factor, and financial pressure from the US and Europe. We are certain that these factors will not give rise to any material impact on the energy sector given the continuing growth of electricity demand, not to mention our steady revenue streams from sales of electricity committed by long-term Power Purchase Agreements, which are unlikely susceptible to economic fluctuations. Furthermore, our future projects which are currently under development have made satisfactory progress. These projects are a 120 MW Bangpa-in Cogeneration Power Plant, Phase 2, which is expected to start construction in 2015 and commercial operation in 2017; a 160 MW Nam Bak Hydroelectric Power Plant in the Lao PDR, which is under contract negotiations; and the other project under construction by our shareholder, CH. Karnchang Public Company Limited, e.g., 1,285 MW Xayaburi Hydroelectric Power Plant in the Lao PDR. Both hydroelectric power plants have been carried out according to schedule and are expected to start commercial operation in 2018 and 2019, respectively, thereby ensuring our steady and sustainable growth. By 2019, our total capacity will reach up to 2,320 MW.

In addition to our commitment to creating good business returns, we focus on the sustainable development (SD) concept in our business operation, namely, compliance with the good corporate governance, code of conduct, fair treatment to staff, shareholders, business partners and stakeholders. Our business operation is carried out with social and environmental responsibility, which starts from the selection of projects for investment, project development, supervision of construction as well as project management in the long-run. We strive to balance the energy demand and the care for communities, environment as well as effective resource utilization and management, so as to promote sustainable energy and accountability for our future generation.

On behalf of the Board of Directors of CK Power Public Company Limited and our management team, I would like to extend our thanks to the shareholders, business partners, financial institutions and all public and private sectors for your continued trust and support. Special thanks to all of CKP staff for your concerted efforts and collaboration in listing CKP in the Stock Exchange of Thailand, as Thailand's first holding company with overseas core asset which is of great benefit to both Thailand and the Lao PDR. We are proud to be one of the leading companies in the ASEAN forum to demonstrate that we are ready to expand our business to the regional level to welcome the AEC launch next year. We are determined to develop all areas of our potentials for improved performance in order to ensure good and fair returns as well as steady and sustainable growth. We are committed to becoming the leading energy company in the region and will continue to help deliver good and sustainable energy to the society, Thailand and our world



Dr. Thanong Bidaya

Chairman of the Board of Directors

4. Board of Directors



Dr. Thanong Bidaya

Position:

- Chairman of the Board of Directors / August 23, 2012
- Independent Director

Age: 66 years

Education/Training:

- Doctor of Philosophy in Management, Northwestern University, U.S.A.
- Master of Economics, Northwestern University, U.S.A.
- Bachelor of Economics, Yokohama National University, Japan
- Directors Accreditation Program (DAP 25/2004), Thai Institute of Directors Association

Work Experience:

- 2012 - Present - Chairman of the Board of Directors and Independent Director
CK Power Public Company Limited
- 2012 - Present - Chairman of the Board of Directors
Thaisri Insurance Public Company Limited
- 2012 - Present - Chairman of the Board of Directors
Srisawad Power 1979 Public Company Limited
- 2012 - Present - Chairman of the Board of Directors
Scan-Inter Company Limited
- 2010 - Present - Chairman of the Board of Directors
Xayaburi Power Company Limited
- 2009 - Present - Chairman of the Board of Directors and Independent Director
Thai Tap Water Supply Public Company Limited

Shareholding in the Company (%):

None

Family Relationship with Executives:

None



Mr. Plew Trivisvavet

Position:

- Director / June 3, 2011
- Chairman of the Executive Committee / August 23, 2012

Age: 69 years

Education/Training:

- M.Sc. (Electrical Engineering), Osaka University, Japan
- B.Sc. (Electrical Engineering), Osaka University, Japan
- National Defence Course, Class 366
- Director Certification Program (DCP 50/2004), Thai Institute of Directors Association
- Directors Accreditation Program (DAP 18/2004), Thai Institute of Directors Association
- Finance for Non-Finance Directors Program (FND 13/2004), Thai Institute of Directors Association
- Capital Market Academy Leadership Program, Capital Market Academy (CMA Course), Class 4/2007

Work Experience:

- 2011 - Present - Director and Chairman of the Executive Committee
CK Power Public Company Limited
- 2010 - Present - Director and Chairman of the Executive Board
Xayaburi Power Company Limited
- 2006 - Present - Director and Chairman of the Executive Committee
Nam Ngum 2 Power Company Limited
- 2006 - Present - Director and Vice Chairman of the Board of Directors
Thai Tap Water Supply Public Company Limited
- 2004 - Present - Director and Chairman of the Executive Committee
SouthEast Asia Energy Limited
- 1998 - Present - Chairman of the Board of Directors and Chairman of the Executive Committee
Bangkok Metro Public Company Limited
- 1998 - Present - Director and Chairman of the Executive Board
Bangkok Expressway Public Company Limited
- 2003 - Present - Nomination and Remuneration Committee Member
- 2007 - Present - Corporate Governance and Risk Management Committee Member
- 1994 - Present - Chairman of the Executive Board and Chief Executive Officer
CH. Karnchang Public Company Limited

Shareholding in the Company (%):

None

Family Relationship with Executives:

Father of Mr. Thanawat Trivisvavet and Dr. Supamas Trivisvavet





Mr. Techapit Sangsingkeo

Position:

- Director / August 23, 2013
- Chairman of the Audit Committee
- Independent Director

Age: 69 years

Education/Training:

- Master of Economics, Keio University, Japan, by The Bank of Thailand scholarship
- Bachelor of Economics, Hitotsubashi University, Japan
- Directors Accreditation Program (DAP 34/2005), Thai Institute of Directors Association
- Audit Committee Program (ACP 22/2008), Thai Institute of Directors Association

Work Experience:

- 2012 - Present - Director, Chairman of the Audit Committee and Independent Director CK Power Public Company Limited
- 2011 - Present - Director and Chairman of the Audit Committee Star Sanitary Ware Company Limited
- 2007 - Present - Executive Director PathumThani Water Company Limited
- 2006 - Present - Independent Director, Corporate Governance Committee Member.
- Chairman of the Audit Committee and Chairman of the Risk Management Committee Thai Tap Water Supply Public Company Limited

Shareholding in the Company (%):

0.00018

Family Relationship with Executives:

None



Mr. Narong Sangsuriya

Position:

- Director / September 26, 2011
- Chairman of the Corporate Governance and Risk Management Committee / January 14, 2013

Age: 69 years

Education/Training:

- Bachelor of Engineering (Civil), Chulalongkorn University
- Director Certification Program (DCP 54/2005), Thai Institute of Directors Association

Work Experience:

- 2013 - Present - Chairman of the Corporate Governance and Risk Management Committee CK Power Public Company Limited
- 2011 - Present - Chairman of the Board of Directors Bangpa-in Cogeneration Limited
- 2009 - Present - Executive Director Nam Ngum 2 Power Company Limited
- 2012 - Present - Corporate Governance and Risk Management Committee Member
- 2007 - Present - Nomination and Remuneration Committee Member
- 2001 - Present - Director and Senior Executive Vice President: Operation Group
- 1994 - Present - Executive Director CH. Karnchang Public Company Limited
- 2004 - Present - Executive Director SouthEast Asia Energy Limited
- 2000 - Present - Director and Chairman of the Executive Committee Thai Tap Water Supply Public Company Limited

Shareholding in the Company (%):

None

Family Relationship with Executives:

None



Dr. Vicharn Aramvareekul

Position:

- Director / August 23, 2012
- Member of the Audit Committee / August 23, 2012
- Member of the Corporate Governance and Risk Management Committee / January 14, 2013
- Chairman of the Nomination and Remuneration Committee / January 14, 2013
- Independent Director

Age: 65 years

Education/Training:

- Doctorate of Business Administration, California Coast University, U.S.A.
- Master of Business Administration, Chulalongkorn University
- Bachelor of Business Administration, Sukhothai Thammathirat Open University
- Director Certification Program (DCP 170/2013), Thai Institute of Directors Association

Work Experience:

- 2013 - Present - Chairman of the Nomination and Remuneration Committee and Member of the Corporate Governance and Risk Management Committee
- 2012 - Present - Director, Member of the Audit Committee and Independent Director
CK Power Public Company Limited
- 2010 - Present - Chairman of the Advisory Board
Daika (Thai) Inc., Ltd.
- 2009 - Marketing Manager
Welltech Healthcare Co., Ltd.

Shareholding in the Company (%):

None

Family Relationship with Executives:

None



Mr. Supong Chayutsahakij

Position:

- Director / June 3, 2011

Age: 72 years

Education/Training:

- Honorable Doctorate of Business Administration (Management), Rajabhat Phranakorn University
- Master of Political Science (Politics and Government), Sukhothai Thammathirat Open University
- Master of Business Administration (Management), Sasin Graduate Institute of Business Administration
- Master of Engineering (Electrical), University of Tokyo, Japan
- Bachelor of Engineering (Electrical), University of Tokyo, Japan
- Director Certification Program (DCP 8/2001), Thai Institute of Directors Association
- Audit Committee Program (ACP 17/2007), Thai Institute of Directors Association
- Graduate Diploma in Management of Public Economy, Class 1 (2003), King Prajadhipok's Institute

Work Experience:

- 2011 - Present - Director
CK Power Public Company Limited
- 2009 - Present - Nomination and Remuneration Committee Member
- 2003 - Present - Corporate Governance and Risk Management Committee Member
- 1994 - Present - Vice Chairman of the Executive Board
Bangkok Expressway Public Company Limited
- 2009 - Present - Vice Chairman of the Board of Directors
- 2004 - Present - Executive Committee Member
- 2004 - 2009 - Director
Bangkok Metro Public Company Limited
- 2008 - Present - Director
SouthEast Asia Energy Limited
- 2008 - Present - Director
Nam Ngum 2 Power Company Limited
- 2006 - Present - Chairman of the Institute
Thai-Nichi Institute of Technology
- 2006 - Present - Director and Audit Committee Member
Siam Steel International Public Company Limited
- 2003 - Present - Director and Audit Committee Member
Northern Bangkok Expressway Company Limited

Shareholding in the Company (%):

None

Family Relationship with Executives:

None





Mr. Prawet Ingadapa

Position:

- Director / November 8, 2012
- Member of the Audit Committee / November 8, 2012
- Member of the Nomination and Remuneration Committee / January 14, 2013
- Independent Director

Age: 57 years

Education/Training:

- Master of Business Administration, Chulalongkorn University
- Barrister-at-Law, Institute of Legal Education of Thai Bar Association
- Bachelor of Laws (Honors), Chulalongkorn University
- Director Certification Program (DCP170/2013), Thai Institute of Directors Association

Work Experience:

- 2013 - Present - Member of the Nomination and Remuneration Committee
- 2012 - Present - Director, Member of the Audit Committee and Independent Director
CK Power Public Company Limited
- 1993 - Present - Manager of the Office of Managing Director
Bangkok Synthetics Co., Ltd.
Bangkok Cogeneration Co., Ltd.
Bangkok Industrial Gas Co., Ltd.
Foamtec International Co., Ltd.

Shareholding in the Company (%):

None

Family Relationship with Executives:

None



Mr. Prasert Marittanaporn

Position:

- Director / June 24, 2011
- Executive Director / August 23, 2012
- Member of the Nomination and Remuneration Committee / January 14, 2013

Age: 57 years

Education/Training:

- Master of Business Administration, Kasetsart University
- Bachelor of Accounting, Chulalongkorn University
- Director Certification Program (DCP 54/2005), Thai Institute of Directors Association
- Role of the Compensation Committee (RCC 6/2008), Thai Institute of Directors Association
- Capital Market Academy Leadership Program, Capital Market Academy CMACourse), Class 9/2009
- Successful Formulation & Execution of Strategy (SFE 6/2010), Thai Institute of Directors Association

Work Experience:

- 2013 - Present - Member of the Nomination and Remuneration Committee
- 2011 - Present - Director and Executive Director
CK Power Public Company Limited
- 2009 - Present - Senior Executive Vice President: Administration Group
- 2007 - Present - Executive Director
- 2010 - Present - Corporate Social and Environmental Responsibility Committee Member
- 2006 - Present - Director
CH. Karnchang Public Company Limited
- 2008 - Present - Director
Nam Ngum 2 Power Company Limited
- 2007 - Present - Director
CH. Karnchang-Tokyu Construction Co., Ltd.
- 2004 - Present - Director
SouthEast Asia Energy Limited
- 2000 - 2013 - Director
- Nomination and Remuneration Committee Member and Risk Management Committee Member
Thai Tap Water Supply Public Company Limited

Shareholding in the Company (%):

None

Family Relationship with Executives:

Father of Miss Piyanuch Marittanaporn



Mr. Sompodh Sripoom

Position:

- Director / September 26, 2011
- Executive Director / August 23, 2012

Age: 54 years

Education/Training:

- Master of Resource Planning and Management, Naval Postgraduate School, U.S.A.
- Master of Civil Engineering (Structural Engineering), University of California, Berkeley, U.S.A.
- Bachelor of Civil Engineering, Virginia Military Institute, U.S.A.
- Director Certification Program (DCP 73/2006), Thai Institute of Directors Association
- Building New Business in Established Organization, U.S.A.

Work Experience:

- 2011 - Present - Director and Executive Director
CK Power Public Company Limited
- 2010 - Present - Director
Thai Water Operations Co., Ltd.
- 2009 - Present - Managing Director
- 2007 - Present - Director
PathumThani Water Company Limited
- 2005 - Present - Director
 - Executive Committee Member
 - Corporate Governance Committee Member and Risk Management Committee Member
 - Managing Director
Thai Tap Water Supply Public Company Limited

Shareholding in the Company (%):

None

Family Relationship with Executives:

None



Mr. Thanawat Trivisvavet

Position:

- Director / June 3, 2011
- Executive Director / August 23, 2012

Age: 35 years

Education/Training:

- Master of Economics, Northwestern University, U.S.A.
- Bachelor of Economics, Duke University, U.S.A.
- Director Certification Program (DCP 116/2009), Thai Institute of Directors Association

Work Experience:

- 2011 - Present - Director
- 2012 - Present - Executive Director
CK Power Public Company Limited
- 2012 - Present - Director
 - Executive Director and Managing Director
Xayaburi Power Company Limited
- 2008 - Present - Director
Cholavet Civil Co., Ltd.
- 2006 - Present - Director and Executive Director
- 2006 - 2011 - Managing Director
Nam Ngum 2 Power Company Limited
- 2006 - 2011 - Managing Director
- 2006 - 2011 - Deputy Managing Director, Finance and Administration Department
SouthEast Asia Energy Limited

Shareholding in the Company (%):

None

Family Relationship with Executives:

- Son of Mr. Plew Trivisvavet
- Younger brother of Dr. Supamas Trivisvavet





Mr. Alvin Gee

Position:

- Director / February 26, 2013

Age: 43 years

Education/Training:

- Bachelor of Science in Finance, Boston College 1993, Chestnut Hill, Massachusetts, U.S.A.
- Director Certification Program (DCP 165/2012), Thai Institute of Directors Association

Work Experience:

- 2013 - Present - Director
CK Power Public Company Limited
- 2013 - Present - Director, Executive Director and Managing Director
- 2011 - 2013 - Deputy Managing Director,
Accounting and Finance Department
SouthEast Asia Energy Limited
- 2013 - Present - Director, Executive Director and Managing Director
- 2011 - 2013 - Deputy Managing Director
Nam Ngum 2 Power Company Limited
- 2008 - 2011 - Investor Relations Officer
Bangkok Metro Public Company Limited
- 2007 - 2008 - Business Analyst, Corporate Finance
TMB Maquarie Securities (Thailand)

Shareholding in the Company (%):

None

Family Relationship with Executives:

Spouse of Dr. Supamas Trivisvavet



Dr. Supamas Trivisvavet

Position:

- Executive Director and Managing Director / August 23, 2012
- Member of the Corporate Governance and Risk Management Committee / January 14, 2013
- Company Secretary

Age: 39 years

Education/Training:

- Doctor of Philosophy in Public Administration, University of Southern California, U.S.A.
- Master of Public Policy, Duke University, U.S.A.
- Bachelor of Arts, Chulalongkorn University
- Director Certification Program (DCP 106/2008)
- Corporate Secretary Program (CSP 37/2010)
- Developing Corporate Governance Policy, Thai Institute of Directors Association
- Effective Minute Taking (EMT 16/2010) Thai Institute of Directors Association
- Board Reporting Program (BRP 3/2010) Thai Institute of Directors Association

Work Experience:

- 2013 - Present - Corporate Governance and Risk Management Committee
- 2012 - Present - Director, Executive Director, Managing Director and Company Secretary
CK Power Public Company Limited
- 2011 - Present - Director
Bangkhenchai Co., Ltd.
- 2009 - 2013 - Executive Vice President:
Office of President
CH. Karnchang Public Company Limited
- 2009 - 2011 - Director
Bangpa-in Cogeneration Limited
- 2008 - Present - Director
Bang Pa-in Land Development Co., Ltd.

Shareholding in the Company (%):

None

Family Relationship with Executives:

Daughter of Mr. Plew Trivisvavet
Elder sister of Mr. Thanawat Trivisvavet
Spouse of Mr. Alvin Gee

5. Information of Directors and Executives Holding Positions as Directors or Executives in Subsidiaries and Associated Companies

| Company Name | Subsidiaries | | | | Associated Companies | | Related Companies | | | | | | | | | | | | | | |
|--------------|---------------------------------|-------------------------------|----------------------------------|--------------------------------|------------------------|-----------------------------------|---------------------------|--------------------------------------|---|---------------------------------------|--|--------------------------------|------------------------------|------------------------------------|---|--------------------------------|-------------------------|--------------------------------|--|--|----------------------------|
| Name | CK Power Public Company Limited | SouthEast Asia Energy Limited | Nam Ngum 2 Power Company Limited | Bangpa-in Cogeneration Limited | Bangkhenchai Co., Ltd. | Nakhon Ratchasima Solar Co., Ltd. | Chiangrai Solar Co., Ltd. | CH. Kamchhang Public Company Limited | Bangkok Expressway Public Company Limited | Bang Pa-in Land Development Co., Ltd. | Thai Tap Water Supply Public Company Limited | TMB Asset Management Co., Ltd. | Pathum Thani Water Co., Ltd. | Star Sanitary Ware Company Limited | Siam Steel International Public Company Limited | Bangkok Metro Networks Limited | Daika (Thai) Inc., Ltd. | Kayaburi Power Company Limited | Srisawad Power 1979 Public Company Limited | Thaisri Insurance Public Company Limited | Scan-Inter Company Limited |
| | | X, ID | | | | | | | | | X, ID | V, / | | | | | | X | X | X | X |
| | | I, // | I, // | | | | | I, //, /// | I, // | | / | | | | | | | / | | | |
| | | I, AC, ID | | | | | | | | | I, AC, ID | | // | I, AC | | | | | | | |
| | | I, AC, ID | | | | | | | | | | | | | | | V | | | | |
| | | / | I, // | X | | | | / | I, // | | / | | | | | I, AC | | | | | |
| | | / | / | | | | | | I, // | | | | | | I, AC | X | | | | | |
| | | I, AC, ID | | | | | | | | | | | | | | | | | | | |
| | | I, // | / | / | | | | I, // | | | / | | | | | | | | | | |
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| | | / | I, //, /// | I, //, /// | | / | | | | | | | | | | | | | | | |
| | | I, //, ///, O | | | | | | | | | / | | | | | | | | | | |
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| | | O | | | | | | | | | | | | | | | | | | | |
| | O | | | | O | | | | | | | | | | | | | | | | |
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| | O | | | | | | | | | | | | | | | | | | | | |
| | O | | | | | | | | | | | | | | | | | | | | |

Remarks: X = Chairman of the Board of Directors,

/ = Director,

// = Executive Director,

/// = Managing Director,

O = Executive,

V = Chairman of the Advisory Board,

AC = Audit Committee Member,

ID = Independent Director



Information of Directors and Executives Holding Positions as Directors or Executives in Subsidiaries and Associated Companies (continued)

| Company Name | Related Companies | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------------|---------------------------------|--------------------------------------|----------------------------------|----------------------------|--|--------------------------------|---------------------------------------|-------------------------|-------------------------------------|--|---------------------------------|--------------------------|---------------------------------|--------------------------|------------------------|---|-----------------------------|---|--|-------------------------------------|--|--|
| Name | CK Power Public Company Limited | Bangkok Metro Public Company Limited | Expert Transport Company Limited | CK. Office Tower Co., Ltd. | Royal Rayong Real-Estate International Company Limited | Suankaset Prompratan Co., Ltd. | Rojana Suankaset and Resort Co., Ltd. | Mahasiri Siam Co., Ltd. | Bangkok Polymer Marketing Co., Ltd. | Wind Energy Generating Company Limited | Thai Water Operations Co., Ltd. | Cholavet Civil Co., Ltd. | CH. Karnchang Holding Co., Ltd. | Mahasiri Company Limited | Thai Prachar Co., Ltd. | MSG Insurance (Thailand) Public Company Limited | Bangna Park Company Limited | Northern Bangkok Expressway Company Limited | Ch. Karnchang-Tokyu Construction Co., Ltd. | Ch. Karnchang Real Estate Co., Ltd. | Construction Material Supply Company Limited | |
| Dr. Thanong Bidaya | X, ID | | | | | | | | | | | | | | | X | | | | | | |
| Mr. Plew Trivisavet | I, II | X, II | / | / | / | / | / | / | / | / | | / | / | / | / | | / | / | / | / | / | |
| Mr. Techapit Sangsingkeo | I, AC, ID | | | | | | | | | | | | | | | | | | | | | |
| Dr. Vicharn Aramvareekul | I, AC, ID | | | | | | | | | | | | | | | | | | | | | |
| Mr. Narong Sangsuriya | / | | | | / | | | | | | | | | | | | | | / | | / | |
| Mr. Supong Chayutsahakij | / | I, II | | | | | | | / | / | | | | | | | | I, AC | | | | |
| Mr. Prawet Ingadapa | I, AC, ID | | | | | | | | | / | | | | | | | | | | | | |
| Mr. Prasert Marittanaporn | I, II | | / | | / | | | | | / | | / | | | | | | | | / | / | |
| Mr. Sompoth Sripoom | I, II | | | | | | | | | / | | | | | | | | | | | | |
| Mr. Thanawat Trivisavet | I, II | | | | | | | | | | / | / | | | | | | | | | | |
| Mr. Alvin Gee | / | | | | | | | | | | | | | | | | | | | | | |
| Dr. Supamas Trivisavet | I, II, III, O | | | | | | | | | | | / | | | | | | | | | | |
| Miss Nithawadee Limpodom | O | | | | | | | | | | | | | | | | | | | | | |
| Miss Piyanuch Marittanaporn | O | | | | | | | | | | | | | | | | | | | | | |
| Mrs. Aranya Thong-aranyik | O | | | | | | | | | | | | | | | | | | | | | |
| Mr. Phongsathorn Kanchana-akkaradet | O | | | | | | | | | | | | | | | | | | | | | |
| Mrs. Sudarat Phoyanjit | O | | | | | | | | | | | | | | | | | | | | | |

Remarks: X = Chairman of the Board of Directors, / = Director, // = Executive Director, /// = Managing Director,
O = Executive, V = Chairman of the Advisory Board, AC = Audit Committee Member, ID = Independent Director

Award and Recognition



Nam Ngum 2 Hydropower Project received an International Milestone Award as a Concrete Face Rockfill Dam. Organized by the International Commission on Large Dams (ICOLD), the Chinese National Committee on Large Dams (CHINCOLD), and the Brazilian Committee on Large Dams (CBDB), this Milestone Award was presented at CHINCOLD 2013 Annual Meeting and the 3rd International Symposium on Rockfill Dams, in Kunming, China on November 1 - 3, 2013. Criteria considered by this panel included

- (1) Technical innovation in design, construction, and operation
- (2) Good performance after completion
- (3) Attention paid to the advance of experience and technical achievements.

Chiangrai Solar Company Limited and Nakhon Ratchasima Solar Company Limited received the Crown Standard Award from Thailand Greenhouse Gas Management Organization (Public Organization) on August 21, 2013. This award will be given to projects that meet the criteria of the sustainable development criteria assessment.





Part 1 Business Operations

6. Business Policy and Overview

CK Power Public Company Limited (the “Company” or “CKP”) registered its incorporation as a limited company on June 8, 2011, converted into a public limited company on February 6, 2013, and started trading on the Stock Exchange of Thailand (SET) on July 18, 2013.

The Company was founded by the group of CH. Karnchang Public Company Limited (“CK”), with the objective to have the Company become the center of those companies focusing on investment in the business of production and distribution of electricity generated from various types of energy sources. The Company operates its core business as a holding company by holding shares in other companies engaging in core business of production and distribution of electricity generated from various types of energy. The Company’s core revenue is derived from dividends from investment by holding shares in its subsidiaries and associated companies.

6.1 Vision, Objectives, Goals and Strategies in the Operations

Vision:

To be a leading power business company in Thailand and ASEAN region, with the efficient operation.

Mission:

1. To create optimal, stable and fair return to shareholders;
2. To be responsible to the environment, community and all stakeholders.

6.2 Significant Changes and Development

2011

- On June 1, 2011, the Board of Directors' Meeting of CH. Karnchang Public Company Limited ("CK") resolved to establish CK Power Limited (the "Company" or "CKP") to operate its core business as a holding company by holding shares in other companies, with the objective for shareholding restructure of the electricity power sector under CK's shareholding to be under the umbrella of a single company, in order to accommodate the future expansion of the energy business.
- The Company registered its incorporation on June 8, 2011, with the initial registered capital of Baht 1,000,000, divided into 100,000 ordinary shares, at the par value of Baht 10 each, and with the shareholders as follows:

| | Percentage |
|--|---------------|
| 1. CH. Karnchang Public Company Limited | 49.00 |
| 2. Bangkok Expressway Public Company Limited | 42.00 |
| 3. Bang Pa-in Land Development Co., Ltd. | 9.00 |
| | 100.00 |

- On June 21, 2011, the Board of Directors' Meeting of CK resolved to sell its 251,056,499 ordinary shares in SouthEast Asia Energy Limited ("SEAN") to the Company, or representing 38 percent of its registered capital, at the price of Baht 25 per share, whereby CK would concluded a sale of its 134,000,000 shares in SEAN to the Company by June 2011 and would gradually sell allremaining shares from time to time as appropriate within one year.
- On June 27, 2011, the Company increased its registered capital from Baht 1 Million to Baht 100 Million, by way of the issuance of 9,900,000 shares for capital increase, at the par value of Baht 10 per share, allocated to the Company's existing shareholders in proportion to their shareholding percentage.
- On June 27, 2011, the Company acquired 134,000,000 ordinary shares in SEAN from CK.
- On September 14, 2011, Thai Tap Water Supply Public Company Limited ("TTW") acquired the Company's existing shares from the Company's existing shareholders, representing 30 percent of its registered capital, thereby resulting inthe Company's shareholding structure as follows:

| | Existing Percentage | New Percentage |
|---|------------------------|-------------------|
| 1. CH. Karnchang Public Company Limited | 49.00 | 38.00 |
| 2. Bangkok Expressway Public Company Limited | 42.00 | 30.00 |
| 3. Thai Tap Water Supply Public Company Limited | - | 30.00 |
| 4. Bang Pa-in Land Development Co., Ltd. | 9.00 | 2.00 |
| | 100.00 | 100.00 |

- On September 29, 2011, the Company acquired the remaining 117,056,499 ordinary shares in SEAN from CK, and as a result, the Company held a total of 251,056,499 shares in SEAN, or representing 38.00 percent of its registered capital.
- On November 1, 2011, the Company increased its registered capital from Baht 100 Million to Baht 9,200 Million, by way of the issuance of 910,000,000 ordinary shares for capital increase,at the par value of Baht 10 per share, allocated to the Company's existing shareholders in proportion to their shareholding percentage.



2012

- On May 10, 2012, the Company acquired 110,112,500 ordinary shares in SEAN from Bangkok Expressway Public Company Limited (BECL), or representing 16.67 percent of its registered capital, and as a result, the Company held a total of 361,168,999 shares in SEAN, or representing 54.67 percent of its registered capital.
 - On June 26, 2012, the Company acquired ordinary shares in two companies operating the business of solar power production and distribution from CK, as follows:
 - 1) 2,342,498 shares in Bangkhenchai Co., Ltd. (“BKC”), or representing 100 percent of its registered and paid-up capital, amounting to Baht 234,250,000, at the price of Baht 225 per share;
 - 2) 664,500 shares in Nakhon Ratchasima Solar Co., Ltd. (“NRS”), or representing 30 percent of its registered and paid-up capital, amounting to Baht 221,500,000, at the price of Baht 128.50 per share.
 - On August 31, 2012, the Company acquired 8,809,000 shares in SEAN from TEAM Consulting Engineering and Management Co., Ltd., or representing 1.33 percent of its registered and paid-up capital, thereby resulting in an increase in the Company’s shareholding in SEAN to 369,977,999 shares, or representing 56.00 percent of its registered and paid-up capital.
 - On December 26, 2012, the Company acquired ordinary shares in two companies operating the business of electricity production and distribution, which comprised a solar power plant and a cogeneration power plant, as follows:
 - 1) 875,250 shares in Chiangrai Solar Co., Ltd. (“CRS”), or representing 30 percent of its registered and paid-up capital, amounting to Baht 291,750,000, at the price of Baht 122.88 per share, which were acquired from CK;
 - 2) 63,019,999 shares in Bangpa-in Cogeneration Limited (“BIC”), or representing 46 percent of its registered and paid-up capital, at the price of Baht 12.88 per share, which were acquired from CK.
-
- The Company’s capital restructure was optimized by way of the registered capital decrease in accordance with the resolution passed by the Company’s Extraordinary General Meeting of Shareholders No. 2/2012 which was held on November 28, 2012, by Baht 6,133.30 Million from Baht 9,200 Million. The capital decrease was undertaken to return the decreased capital to the shareholders in proportion to their shareholding percentage, and as a result, the Company’s registered capital amounted to Baht 3,066.70 Million, divided into 306.67 million ordinary shares, at the par value of Baht 10 each. The Company registered the capital decrease on January 11, 2013.

2013

- On January 2, 2013, the Company acquired additional 26,029,999 shares in BIC, or representing 19 percent of its registered and paid-up capital, at the price of Baht 12.88 per share, from Bang Pa-in Land Development Co., Ltd., and as a result, the Company held a total of 89,049,998 shares in BIC, or representing 65 percent of BIC’s registered and paid-up capital, amounting to Baht 1,370 Million.
- On February 4, 2013, the Company’s Extraordinary General Meeting of Shareholders No. 1/2013 resolved to increase its registered capital from Baht 3,066.70 Million to Baht 4,600 Million, by way of the issuance of new 153,330,000 ordinary shares, at the par value of Baht 10 each, for sale to the existing shareholders in proportion to their shareholding percentage, at the price of Baht 40.00 per share; resolved to change the par value from Baht 10 per share to Baht 5 per share; concurrently resolved to increase the Company’s registered capital from Baht 4,600 Million to Baht 5,500 Million, by way of the issuance of new 180 million shares, at the par value of Baht 5 each; resolved to allocate the newly issued shares for capital increase for public offering; and resolved to convert the Company into a public company and change its name to CK Power Public Company Limited.
- The Company registered its conversion into a public company and change of its name to CK Power Public Company Limited on February 6, 2013.
- On July 18, 2013, the Company started trading on the Stock Exchange of Thailand (SET).

6.3 Shareholding Structure of the Company Group

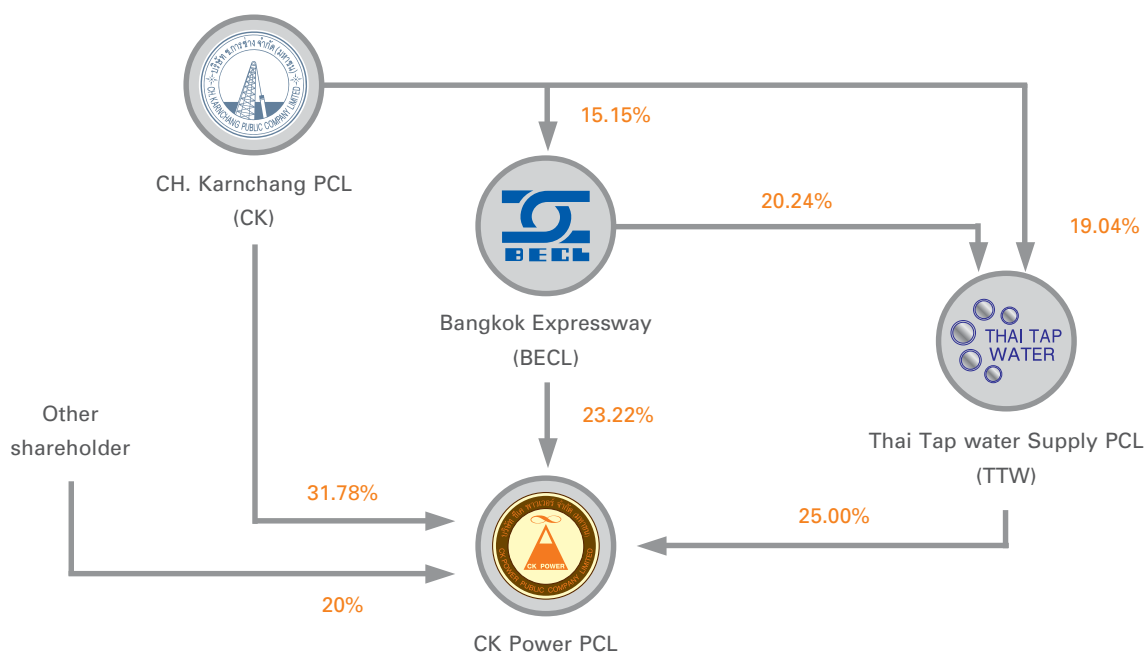
The Company operates its business as a holding company in core business of production and distribution of electricity generated from various types of energy. The total investment value in companies operating such core business is 100 percent, which is in accordance with the criteria for holding companies. The details are as follows:

| Group of Companies Operating Core Business | Nature of Business | Shareholding Percentage (%) | Other Shareholders |
|--|--|-----------------------------|---|
| 1. SouthEast Asia Energy Limited | Investment in hydroelectric power production business | 56% | <ul style="list-style-type: none"> Ratchaburi Electricity Generating Holding Public Company Limited 33% P.T. Construction & Irrigation Company Limited 5.33% Shlapak Development Company Limited 5.33% |
| 2. Bangpa-in Cogeneration Limited | Production and distribution of electricity and steam from the cogeneration power plant | 65% | <ul style="list-style-type: none"> PTT Public Company Limited 25% Industrial Estate Authority of Thailand 8% Other minority shareholders 2% |
| 3. Bangkhengchai Co., Ltd. | Production and distribution of electricity from the solar power plant | 100% | - |
| 4. Nakhon Ratchasima Solar Co., Ltd. | Production and distribution of electricity from the solar power plant | 30% | <ul style="list-style-type: none"> Sonnex Thailand I Limited 70% |
| 5. Chiangrai Solar Co., Ltd. | Production and distribution of electricity from the solar power plant | 30% | <ul style="list-style-type: none"> Sonnex Thailand II Limited 70% |
| 6. CKP Solar Company Limited | Development of electricity production business of various types | 100% | - |
| 7. Vis Solis Company Limited | Development of electricity production business of various types | 100% | - |
| 8. Helios Power Company Limited | Development of electricity production business of various types | 100% | - |
| 9. Apollo Power Company Limited | Development of electricity production business of various types | 100% | - |
| 10. Sole Power Company Limited | Development of electricity production business of various types | 100% | - |



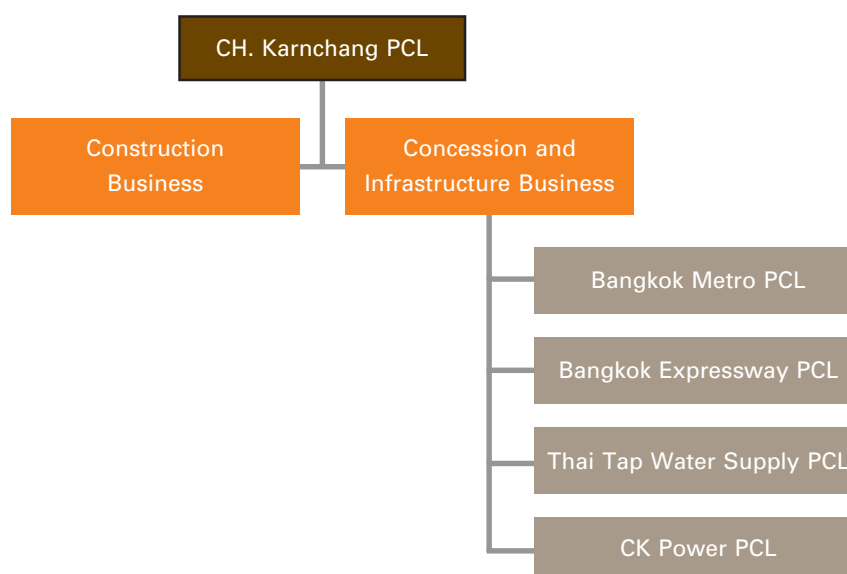
6.4 Relationship with Business Sectors of Major Shareholders

The Company's shareholding structure and percentages as at July 12, 2013, are as follows:



The Company's three major shareholders comprise CH. Karnchang Public Company Limited (31.78 percent), Bangkok Expressway Public Company Limited (23.22 percent), and Thai Tap Water Supply Public Company Limited (25 percent), all of which, including CK Power Public Company Limited, are deemed to be in CH. Karnchang Group.

CH. Karnchang Public Company Limited's original core business is the large-scale project construction business. Subsequently, CH. Karnchang Public Company Limited has invested in concession and infrastructure business in order to secure its revenue and diversify its business operations. CK Power Public Company Limited is considered the Group's flagship company in terms of energy in the concession and infrastructure business sector. In the future, the development of the energy business of CH. Karnchang Group will be conducted via CK Power Public Company Limited.



7. Nature of Business Operation

The Company operates its business as a holding company by holding shares in other companies engaging in the core business of production and distribution of electricity. The holding company structure has enabled the Company to establish subsidiaries for financing new projects without any impact on the existing projects. It is therefore flexible for the Company to expand its business and separately manage those subsidiaries, thereby improving the performance of the respective subsidiaries as well as resulting in more comprehensive reports on operational results.

The Company classifies its investments into three business sectors as follows:

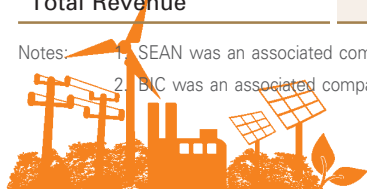
1. Hydro Power Business: SouthEast Asia Energy Limited (SEAN) which holds shares representing 75 percent of the registered and paid-up capital of Nam Ngum 2 Power Co., Ltd. (NN2)
2. Cogeneration Power Business: Bangpa-in Cogeneration Limited (BIC);
3. Solar Power Business: Bangkhengchai Co., Ltd. (BKC), Nakhon Ratchasima Solar Co., Ltd. (NRS), and Chiangrai Solar Co., Ltd. (CRS).

The Company's revenue structure from its investments in such business sectors over the past two years is as follows:

| Business Sector | Operator | % of the Company's shareholding | 2013 Revenue (Million Baht) | % of Revenue | 2012 Revenue (Million Baht) | % of Revenue |
|-----------------------------------|--------------------------|---------------------------------|-----------------------------|----------------|-----------------------------|----------------|
| Revenue from core business | | | | | | |
| Hydro Power Plant | SEAN | 56% | 4,115.15 | 72.85% | 2,447.77 | 91.11% |
| Cogeneration Power Plant | BIC | 65% | 1,292.80 | 22.88% | - | - |
| Solar Power Plants | BKC | 100% | 160.33 | 2.84% | 64.69 | 2.41% |
| Total revenue from core business | | | 5,568.27 | 98.57% | 2,512.46 | 93.52% |
| Share of Profits | | | | | | |
| Hydro Power Plant | SEAN ¹ | 38% | - | 104.80 | 3.90% | - |
| Cogeneration Power Plant | BIC ² | 65% | (6.78) | (0.12%) | - | 0.00% |
| Solar Power Plants | NRS | 30% | 9.86 | 0.17% | 3.70 | 0.14% |
| Solar Power Plants | CRS | 30% | 12.66 | 0.22% | - | - |
| Total revenue from core business | | | 15.73 | 0.28% | 108.49 | 4.04% |
| Other Income | | | | | | |
| Project management income | Company and Subsidiaries | | 44.05 | 0.78% | 29.84 | 1.11% |
| Others | Company and Subsidiaries | | 21.10 | 0.37% | 35.77 | 1.33% |
| Total Other Income | | | 65.15 | 1.15% | 65.61 | 2.44% |
| Total Revenue | | | 5,649.16 | 100.00% | 2,686.57 | 100.00% |

Notes: 1. SEAN was an associated company until May 10, 2012 and thereafter has become a subsidiary of the Company.

2. BIC was an associated company until June 28, 2013 and thereafter has become a subsidiary of the Company.



7.1 Nature of Hydro Power Business

The power plant in this sector is the Nam Ngum 2 Hydroelectric Power Project.



7.1.1 Nature of Products or Services of Hydro Power Business

The Company holds shares in SouthEast Asia Energy Limited (SEAN) representing 56 percent of its registered and paid-up capital, and SEAN holds shares representing 75 percent of the registered and paid-up capital of Nam Ngum 2 Power Co., Ltd. (NN2), which is a company registered in the Lao People's Democratic Republic (Lao PDR) and which is awarded the concession in the development of the Nam Ngum 2 Hydroelectric Power Project from the Government of the Lao PDR.

The Nam Ngum 2 Hydroelectric Power Project is located on the Nam Ngum River between PhouXay and Phou Houat, Ban Houaymo, Muang Hom, Vientiane Province, Lao PDR, 35 kilometers northeastern upstream of the existing Nam Ngum 1 Dam, and 90 kilometers straight from the capital city Vientiane, Lao PDR. This power plant has an installed capacity of 615 MW and has achieved the Initial Operation Date (IOD) on March 26, 2011, and thereafter the Commercial Operation Date (COD) on January 1, 2013. All electricity generated by the plant is sold to the Electricity Generating Authority of Thailand (EGAT) pursuant to the Power Purchase Agreement for a period of 25 years from the Commercial Operation Date.

NN2's revenue from sales of electricity

The Power Purchase Agreement determines the Annual Supply Target of 2,310 GWh (million units) to be purchased by EGAT, divided into:

(a) Primary Energy (PE): 2,218 GWh per year

This refers to the electrical energy generated during the period from Monday to Saturday, with the production capacity of not exceeding 16 hours per day, whereby the payments for this energy will be made in Thai Baht and USD.

(b) Secondary Energy (SE): 92 GWh per year

This refers to the electrical energy generated only during August, September and October each year, which will not exceed four hours per day during the period from Monday to Saturday, and not exceed 12 hours per day for Sunday, whereby all payments for this energy will be made in Thai Baht.

(c) Excess Energy (EE):

This refers to the electrical energy generated in excess of such electricity generated under (a) and (b), in any year in which the volume of water exceeds the forecast, thereby enabling NN2 to generate electricity in excess of the designated target, whereby all payments for this energy will be made in Thai Baht.

In addition, if NN2 is able to generate electricity in excess of the designated target of PE or SE as determined in the Agreement, such Excess Energy may be accumulated in the Reserve Account, which may be utilized in the future in any year in which it cannot generate and sell electricity to EGAT to meet the target as specified in the Power Purchase Agreement.

7.1.2 Marketing and Competition in Hydro Power Business

The hydropower project development relies on the suitability of the geographical locations. Such neighboring country as the Lao PDR has high potential for development of such projects for sale of the generated electricity to Thailand. At present, the overseas hydropower projects, which sell electricity to EGAT, comprise:

| Projects | Country | Capacity (MW) |
|---------------------------------------|---------|---------------|
| 1 Theun-Hinboun (including expansion) | Lao PDR | 440 |
| 2 Houay Ho | Lao PDR | 126 |
| 3 Nam Theun 2 | Lao PDR | 948 |
| 4 Nam Ngum 2 | Lao PDR | 597 * |

Note: * Based on the statistics of the Energy Policy and Planning Office, Ministry of Energy, the total capacity purchased by EGAT from the Nam Ngum 2 Project at the Delivery Point is 597 MW, while the installed capacity of the Nam Ngum 2 Project is at 615 MW.

In the hydropower project development, the Company mainly focuses on development of such projects in the Lao PDR. According to the statistics of the Ministry of Energy and Mines of the Lao PDR (Source: www.poweringprogress.org) in March 2013, there were a total of 56 power projects, representing a total of 13,523 MW, in the Lao PDR, pending the consideration and feasibility stage.

Status of Power Project Development in the Lao PDR

| Operational | | Under Construction | | Development Stage* | | Feasibility Stage** | |
|-------------|-------|--------------------|-------|--------------------|-------|---------------------|-------|
| projects | MW | projects | MW | projects | MW | projects | MW |
| 16 | 2,949 | 14 | 5,060 | 24 | 6,110 | 32 | 7,413 |

Notes: Source: The Ministry of Energy and Mines of the Lao PDR (www.poweringprogress.org)

* Projects in development stage refer to such projects whose Project Development Agreements have been signed with the Electricite du Laos.

** Projects in feasibility stage refer to such projects, which have signed for carrying out the feasibility study with the Electricite du Laos.

Based on such source, almost all projects are hydropower projects (except the 1,878 MW Hongsa Lignite-Fired Power Project which is under construction).

In case project developers intend to sell electricity to Thailand by way of a power purchase agreement with EGAT, the types of power plants and Commercial Operation Date shall comply with the current Thailand Power Development Plan 2012 - 2030 (Revision 3), which is the long-term plan for power generation. This Plan has determined the foreign power purchases during 2015 - 2030 as follows:



| Year | Projects | Fuel Types | Country | Contract Capacity (MW) |
|------|---------------------------------------|------------|---------|------------------------|
| 2015 | Hongsa #1-2 | Lignite | Lao PDR | 491 MW each |
| 2016 | Hongsa #3 | Lignite | Lao PDR | 491 MW |
| 2017 | - | - | | - |
| 2018 | Nam Ngiep1 | Hydro | Lao PDR | 269 MW |
| | Xe-Pian | Hydro | Lao PDR | 390 MW |
| 2019 | Xayaburi | Hydro | Lao PDR | 1,220 MW |
| 2020 | - | - | - | - |
| 2021 | Foreign Power Purchase Additional #1 | N/A | N/A | 300 MW |
| 2022 | Foreign Power Purchase Additional #2 | N/A | N/A | 300 MW |
| 2023 | Foreign Power Purchase Additional #3 | N/A | N/A | 300 MW |
| 2024 | Foreign Power Purchase Additional #4 | N/A | N/A | 300 MW |
| 2025 | Foreign Power Purchase Additional #5 | N/A | N/A | 300 MW |
| 2026 | Foreign Power Purchase Additional #6 | N/A | N/A | 300 MW |
| 2027 | Foreign Power Purchase Additional #7 | N/A | N/A | 300 MW |
| 2028 | Foreign Power Purchase Additional #8 | N/A | N/A | 300 MW |
| 2029 | Foreign Power Purchase Additional #9 | N/A | N/A | 300 MW |
| 2030 | Foreign Power Purchase Additional #10 | N/A | N/A | 300 MW |

Note: Source: Thailand Power Development Plan 2012-2030 (Revision 3) prepared by the Ministry of Energy

Currently, a fair number of potential investors interested in hydropower project development has given rise to competition in project development. However, the hydropower project development requires relatively high investments, involves time-consuming feasibility study, including more sophisticated construction than other types of power projects, and necessitates the design and construction experiences and expertise. In addition, the environmental impact assessment is mandatory as the construction of a large-sized hydropower plant utilizes huge areas, which may affect the living of local people in the vicinity of project sites, as well as surrounding natural resources. Therefore, the social and environmental impact assessment, including efficient and appropriate mitigation and remedial measures, are absolutely essential. Based on such reasons, the number of project investors and developers is limited by financial competency and project development expertise.

The Company is confident in its competitiveness through experiences and expertise in large-sized hydropower projects in the Lao PDR. Other than the Nam Ngum 2 Hydroelectric Power Project, there are other hydropower projects under development and construction by the Company's subsidiary and major shareholders, as follows:

- Nam Bak Hydroelectric Power Project, with a capacity of 160 MW, is implemented by SEAN, a subsidiary of the Company, which has already signed the Project Development Agreement with the Government of the Lao PDR. The Project is scheduled to be completed for commercial operation in 2018 and all output will be sold to the Electricite du Laos.
- Xayaburi Hydroelectric Power Project, with a capacity of 1,285 MW, is implemented by the Company's major shareholders, namely CH. Karnchang Public Company Limited, which holds 30 percent of shares in Xayaburi Power Company Limited (XPCL), the developer of such Project, and Bangkok Expressway Public Company Limited, which holds 7.5 percent of shares. At present, the Project is under construction and is expected to start commercial operation in 2019. Electricity in the amount of 1,200 MW will be sold to EGAT and 60 MW of which will be sold to the Electricite du Laos. The Company's major shareholders will grant the Company the right to acquire investments in XPCL when the Project development is completed or nearly completed, as may deem appropriate.

7.1.3 Supply of Products or Services in Hydro Power Business

Power Generation by Hydropower Plant

The Nam Ngum 2 Hydroelectric Power Project is a storage dam, which impounds water in the reservoir for power generation. The dam is constructed with the water storage level higher than the powerhouse to establish different levels of water to generate high pressure when water is released. The volume of water released from the reservoir down through tunnels towards the powerhouse is controlled at the desired quantity. The immense pressure of water in the tunnels will drive the turbine to spin at high velocity and the turbine shaft mounted with the shaft of the generator will rotate in the enclosed generator and hence produce electricity.

The powerhouse of the Nam Ngum 2 Hydroelectric Power Project has installed three vertical Francis Turbines (reaction turbine type), which are suitable for hydropower plants with moderate water level such as the Nam Ngum 2 Hydroelectric Power Project. The generators comprise three synchronous generators with a capacity of 205 MW each, thereby bringing the total capacity to 615 MW.

Source of Energy for Power Generation by Hydropower Plant

The Nam Ngum 2 Hydroelectric Power Project relies solely on the water in Nam Ngum River, which originates from the Xiangkhouang Plateau, with a total length of approximately 354 kilometers. Its reservoir covers approximately 107 square kilometers, with the full water capacity of 4,886 million cubic meters at full supply level of 375 meters FSL.

Despite the water supply at no cost to the power generation, which is derived from the natural source, it is subject to some limitations due to the uncertain and unpredictable volume of water from time to time depending on weather conditions and seasons. However, according to the feasibility study of the Nam Ngum 2 Hydroelectric Power Project which takes into account the 50-year rainfall database (during 1954 - 2003), the amount of stormwater in the Nam Ngum 2 River is sufficient to feed the dam and for storage for power generation to meet the supply target under the Power Purchase Agreement with EGAT in the respective years.

The volume of water in the Nam Ngum 2 Hydroelectric Power Project in 2012 and 2013 was as follows:

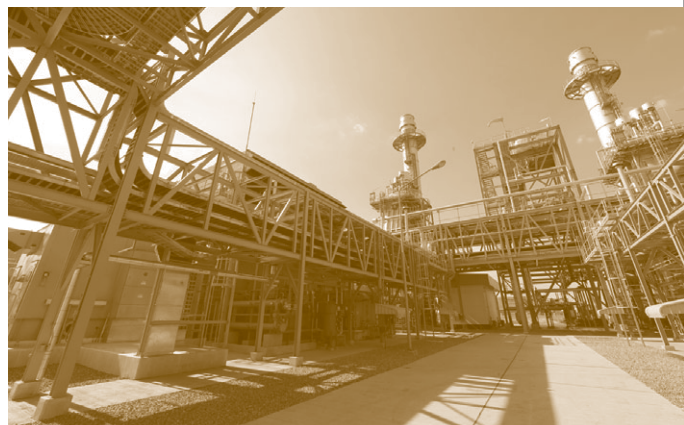
| | 2012 | | 2013 | |
|-----------|--------------------|--------------------------------|-------------------|------------------------------|
| | Height (m.MSL)* | Water Volume (cubic meters) | Height (m.MSL) | Water Volume cubic meters |
| January | 369 | 4,280 | 371 | 4,486 |
| February | 366 | 3,981 | 371 | 4,423 |
| March | 359 | 3,314 | 369 | 4,251 |
| April | 350 | 2,618 | 363 | 3,652 |
| May | 345 | 2,263 | 355 | 3,008 |
| June | 348 | 2,442 | 354 | 2,923 |
| July | 353 | 2,848 | 364 | 3,762 |
| August | 370 | 4,365 | 374 | 4,831 |
| September | 372 | 4,591 | 373 | 4,717 |
| October | 371 | 4,446 | 372 | 4,521 |
| November | 370 | 4,399 | 371 | 4,517 |
| December | 371 | 4,440 | 372 | 4,605 |

Note: Source: Nam Ngum 2 Power Company Limited
* m.MSL refers to meters above Mean Seal Level.



7.2 Nature of Cogeneration Power Business

The power plant in this sector is the Bangpa-in Cogeneration Power Plant Phase 1.



7.2.1 Nature of Products or Services of Cogeneration Power Business

The Company holds 65 percent of shares in Bangpa-in Cogeneration Limited (BIC). BIC is a producer and distributor of electricity and steam from the natural gas-fired cogeneration power plant. The Bangpa-in Cogeneration Power Plant Phase 1 (BIC 1) is located in Bang Pa-in Industrial Estate, Amphoe Bang Pa-in, PhraNakhon Si Ayutthaya Province, with a capacity of 117.5 MW of electricity and 19.6 tons of steam per hour. The Project is engaged under the Power Purchase Agreement with EGAT to sell 90 MW of electricity for a period of 25 years from the Commercial Operation Date, with the remainder of electricity and steam to be sold to industrial operators in Bang Pa-in Industrial Estate. BIC 1 commenced its commercial operation on June 28, 2013.

In addition, BIC is in the process of developing the Bangpa-in Cogeneration Power Plant Phase 2 (BIC 2), with a capacity of 120 MW of electricity and 20 tons of steam per hour. This Project is located in the same premises as BIC 1 in Bang Pa-in Industrial Estate, Amphoe Bang Pa-in, PhraNakhon Si Ayutthaya Province. BIC 2 will produce and sell 90 MW of electricity to EGAT pursuant to the Power Purchase Agreement for a period of 25 years from the Commercial Operation Date, which is scheduled for June 1, 2017. The remainder of electricity and 20 tons of steam per hour will be sold to industrial operators in Bang Pa-in Industrial Estate.

Revenue from sales of electricity by BIC 1 to EGAT comprises:

- (a) Capacity Payment, which is determined from the EGAT's long run avoided capacity cost from purchase of electricity from large commercial fuel power plants, including transmission system cost;
- (b) Energy Payment, which is determined from fuel costs for power generation, operation and maintenance costs, and the EGAT's long run avoided energy cost from purchase of electricity from small cogeneration power plants;
- (c) Fuel Saving Payment, which is determined based on benefits derived from small power plants' saving from cogeneration power production.

Revenue from sales of electricity by BIC 1 to industrial operators

The sale price of electricity to industrial operators is generally based on the reference tariff of the Provincial Electricity Authority for large general services with discount for certain customers.

Revenue from steam supply of BIC 1

Steam supply agreements for industrial operators are concluded by way of negotiations with the respective customers in the same manner as the power purchase agreements. The steam price is based on the avoided cost basis, which may be adjusted to reflect such changes in various indices, including gas prices and Thailand's Consumer Price Index.

7.2.2 Marketing and Competition in Cogeneration Power Business

The Company's expansion to the cogeneration power business is based on the model of selling most of the electricity to EGAT and selling the remaining electricity and steam to other operators. Revenue based on this model is relatively more steady than the sole distribution of electricity to other industrial operators without selling to the EGAT's system.

The government's announcement, since 2002, to purchase electricity from cogeneration power plants (firm type), with a capacity of not exceeding 90 MW, has resulted in a great number of power project developers of such type. As at November 30, 2013, the status of cogeneration power plants was as follows:

| Operational | | Power Purchase Agreement signed under Power Purchase Regulations 2007, but not operational | | Power Purchase Agreement signed under Power Purchase Regulations 2010, but not operational | | Power Purchase Agreement not signed under Power Purchase Regulations 2010 | |
|-------------|-------|--|-----|--|-------|---|-----|
| projects | MW | projects | MW | projects | MW | projects | MW |
| 41 | 3,211 | 2 | 180 | 37 | 3,330 | 2 | 180 |

Note: Source: The Energy Regulatory Commission of Thailand as at November 30, 2013

The development of new cogeneration power projects under Thailand Power Development Plan 2012 - 2030 (Revision 3) will continue with EGAT's power purchase during 2020 - 2027 as follows:

| Year | Projects | Fuel Types | Contract Capacity (MW) |
|------|--|-------------|------------------------|
| 2020 | Small Power Producer (SPP) Cogeneration, Additional #1 | Natural Gas | 90 MW |
| 2021 | SPP Cogeneration, Additional #2 - 3 | Natural Gas | 180 MW |
| 2022 | SPP Cogeneration, Additional #4 - 5 | Natural Gas | 180 MW |
| 2023 | SPP Cogeneration, Additional #6 - 7 | Natural Gas | 180 MW |
| 2024 | SPP Cogeneration, Additional #8 - 9 | Natural Gas | 180 MW |
| 2025 | SPP Cogeneration, Additional #10 -11 | Natural Gas | 180 MW |
| 2026 | SPP Cogeneration, Additional #12 -13 | Natural Gas | 180 MW |
| 2027 | SPP Cogeneration, Additional #14 -15 | Natural Gas | 180 MW |

Note: Source: Thailand Power Development Plan 2012-2030 (Revision 3) prepared by the Ministry of Energy



The Company is confident in its potential to compete in the cogeneration power project development as evidenced by such experiences from the previous selections as power producers under the Power Purchase Regulations 2007 (Bangpa-in Cogeneration Power Plant, Phase 1) and the Power Purchase Regulations 2010 (Bangpa-in Cogeneration Power Plant, Phase 2). Moreover, the Company has continuously made preparations in various aspects essential to project developments, namely, its ability for fuel supply, connection with purchasing points, potential customers for electricity and steam, etc.

7.2.3 Supply of Products or Services in Cogeneration Power Business

Power Generation by Cogeneration Power Plant

The production of electricity by BIC's cogeneration power plant is fueled by natural gas in the combustion to create thermal pressure that rotates the gas turbine. The rotating gas turbine will then spin the power generator to produce electricity. Steam produced by such combustion will pass to the heat recovery steam generator (HRSG) to produce high pressure steam that rotates the steam turbine. Such rotating steam turbine will further spin the power generator to produce electricity accordingly.

Source of Energy for Power Generation by Cogeneration Power Plant

BIC's cogeneration power plant utilizes natural gas and tap water supply as raw materials in the power generation. In this regard, BIC 1 signed a Natural Gas Purchase Agreement with PTT Public Company Limited on March 18, 2011 for a period of 25 years and also entered into a Water Purchase Agreement with Thai Tap Water Supply Public Company Limited on February 15, 2011 for a period of 25 years.

7.3 Nature of Solar Power Business

The power plants in this sector include:

- Solar power plant of Bangkhenchai Co., Ltd.
- Solar power plant of Nakhon Ratchasima Solar Co., Ltd.
- Solar power plant of Chiangrai Solar Co., Ltd.



7.3.1 Nature of Products or Services of Solar Power Business

Solar Power Plant of Bangkhenchai Co., Ltd. (BKC)

The Company holds 100 percent of shares in Bangkhenchai Co., Ltd. (BKC), which is situated at Moo 9 Tambon Khok Thai, Amphoe Pak Thong Chai, Nakhon Ratchasima Province, on approximately 180 rai of land. The plant employs the thin film photovoltaic module technology with a capacity of 8 MW, and entered into a Power Purchase Agreement for Very Small

Power Producer with the Provincial Electricity Authority (PEA) on July 28, 2009 for a period of five years, which is automatically renewable for five years each until the Agreement is terminated. Under the said Agreement, PEA agrees to purchase electricity at the maximum quantity of 8 MW, and BKC will receive Adder at the rate of Baht 8 per kWh (units) for a period of 10 years from the Commercial Operation Date. BKC started the production and sale of electricity to PEA on August 10, 2012. In addition, BKC applied for a certificate of emission reduction for the right to trade carbon credits, and obtained such certificate on August 29, 2012.

Solar Power Plant of Nakhon Ratchasima Solar Co., Ltd. (NRS)

The Company holds 30 percent of shares in Nakhon Ratchasima Solar Co., Ltd. (NRS), which is situated at Tambon Ta Khian, Amphoe Dan Khun Thot, Nakhon Ratchasima Province, on approximately 300 rai of land. The plant employs the thin film photovoltaic module technology with a capacity of 6 MW, and entered into a Power Purchase Agreement for Very Small Power Producer with PEA for a period of five years, which is automatically renewable for five years each until the Agreement is terminated. Under the said Agreement, PEA agrees to purchase electricity at the maximum quantity of 6 MW, and NRS will receive Adder at the rate of Baht 8 per kWh (units) for a period of 10 years from the Commercial Operation Date. NRS started the production of electricity for PEA on March 8, 2012. In addition, NRS applied for a certificate of emission reduction for the right to trade carbon credits, and obtained such certificate on August 30, 2012.

Solar Power Plant of Chiangrai Solar Co., Ltd. (CRS)

The Company holds 30 percent of shares in Chiangrai Solar Co., Ltd. (CRS), which is situated at Tambon Tha Khao Plueak, Amphoe Mae Chan, Chiang Rai Province, on approximately 160 rai of land. The plant employs the multi-crystalline solar cells technology with a capacity of 8 MW, and entered into a Power Purchase Agreement for Very Small Power Producer with PEA for a period of five years, which is automatically renewable for five years each until the Agreement is terminated. Under the said Agreement, PEA agrees to purchase electricity at the maximum quantity of 8 MW, and CRS will receive Adder at the rate of Baht 8 per kWh (units) for a period of 10 years from the Commercial Operation Date. CRS started the production of electricity for PEA on January 17, 2013. In addition, CRS applied for a certificate of emission reduction for the right to trade carbon credits, and obtained such certificate on September 11, 2012.

Revenues from sales of electricity of BKC, NRS and CRS comprise:

- a. The energy charge rate for electricity sold to PEA at the voltage of 11 - 13 kV shall be in accordance with the Notification of the PEA in combination with the “Ft” charge.
- b. The Adder shall be at the rate of Baht 8 per unit (kWh) for a period of 10 years from the commencement of power purchase with PEA.

7.3.2 Marketing and Competition in Solar Power Business

Thailand’s potentials for solar power generation is relatively high due to its geographical location in the region of the equator, which is exposed to higher solar radiation on average than other regions of the earth. Based on the study on the satellite data along with ground surveys by the Department of Alternative Energy Development and Efficiency (DEDE), the majority areas which have solar energy potentials for Thailand with the yearly average solar radiation intensity of approximately 18.2 MJ/m² are located in the Northeastern region, some of the areas are located in the lower Central region. In this respect, Thailand has potentials to generate solar energy up to 10,000 MW (Source: The Department of Alternative Energy Development and Efficiency).

The solar power generation in Thailand has grown rapidly after the Ministry of Energy’s announcement of the policy to promote the solar power generation by providing Adder at the initial rate of Baht 8 per unit for a period of 10 years. Despite the Ministry of Energy’s reduced Adder to Baht 6.50 per unit, the overall applicants for solar power generation



accounted for more than 3,000 MW while the purchase target under the Ministry of Energy's alternative energy development plan was only 2,000 MW. As a result, the Ministry of Energy announced to stop accepting solar power purchase since June 2010 in order to study other possible incentive programs, namely, from the existing Adder to Feed-in Tariff for a period of 25 years, which are currently under consideration as to appropriate pricing. However, the Company is of the view that at the new opening for solar power purchase by the government, the Company will be ready to invest due to its preparedness in terms of areas and selected state-of-the-art technology with high efficiency.

According to the data of the Energy Regulatory Commission as at January 5, 2014, the current status of solar power projects shows a great number of investors interested in this business sector. However, a certain number of projects whose agreements have been cancelled and pending acceptance is likely to create chances for further competition.

| Status | Small Power Producers (SPP) | | Very Small Power Producers (VSPP) | | Total | |
|---|-----------------------------|------------|-----------------------------------|--------------|------------|--------------|
| | projects | MW | projects | MW | projects | MW |
| Commercial Operation Date (COD) | 2 | 85 | 218 | 594 | 220 | 679 |
| Power Purchase Agreements signed, pending COD | 4 | 310 | 171 | 876 | 175 | 1,186 |
| Applications accepted, pending Power Purchase Agreements to be signed | - | - | 2 | 4 | 2 | 4 |
| Applications submitted, pending acceptance | 1 | 41 | 181 | 991 | 182 | 1,032 |
| Acceptance cancelled | - | - | 10 | 10 | 10 | 10 |
| Applications cancelled | - | - | 5 | 21 | 5 | 21 |
| Power Purchase Agreements cancelled | - | - | 205 | 823 | 205 | 823 |
| Total | 7 | 436 | 792 | 3,319 | 799 | 3,755 |

Note: Source: The Energy Regulatory Commission as at January 5, 2014

7.3.3 Supply of Products or Services in Solar Power Business

Power Generation by Solar Power Plants

The solar power generation utilizes solar cells to receive the solar energy to produce electricity, which is the direct process of conversion of the solar energy into electricity. When the solar energy, in the form of electromagnetic waves carrying energy, contacts the semiconductors, which are capable of absorbing the solar energy spectrum, the semiconductors so exposed to sunlight will change the solar energy into direct current. However, due to the low electromotive force produced from one solar cell, it is necessary to connect several solar cells in series to boost the electromotive force, for commercial utilization. These connected solar cells in appropriate number and size are called a solar module or solar panel.

The solar power plants of BKC, NRS and CRS produce electricity based on the above process. BKC and NRS employ the thin film photovoltaic module technology while CRS utilizes the multi-crystalline solar cells technology. These solar panels are exposed to sunlight, which once contacts the panels, will produce electricity. Electricity produced from the panels is a low voltage direct current, which must pass through an inverter for conversion into a low voltage alternating current. The low voltage alternating current will then flow through a transformer to increase its voltage, which will be sent to the transmission system of the PEA for further distribution to customers.

Source of Energy for Power Generation by Solar Power Plants

The major source of energy in support of the solar power plants of BKC, NRS and CRS is sunlight, which is derived free of charge from the natural resource. Even though sunlight is a major natural and clean energy source, its utilization is somewhat limited to only the daytime, not to mention the uncertain intensity of solar radiation depending on geography and climate, as well as different seasons.

Prior to selecting locations or sites for such solar power plants, BKC, NRS and CRS conducted studies, which revealed that the solar radiation intensity of the respective power plant sites was sufficient to produce electricity. BKC's solar power plant, located at Latitude 14.7°N and Longitude 102.0°E, has an average solar radiation of 17.62 MJ/m²/day, which is sufficient to design a solar power plant with a capacity of 8 MW.

NRS's solar power plant, located at Latitude 15°N and Longitude 101°E, has an average solar radiation of 19.00 MJ/m²/day, which is sufficient to design a solar power plant with a capacity of 6 MW.

CRS's solar power plant, located at Latitude 20.17°N and Longitude 100.02°E, has an average solar radiation of 16.97 MJ/m²/day, which is sufficient to design a solar power plant with a capacity of 8 MW.

7.4 Electricity Industry in Thailand

EGAT is the authority responsible to produce and distribute electricity in response to the electricity demand countrywide through the power generating units, comprising, its own power plants, combined with power purchase from private power producers, the Lao People's Democratic Republic, and Malaysia. EGAT sells electricity to its consumers, namely, the Metropolitan Electricity Authority ("MEA"), the Provincial Electricity Authority ("PEA") and direct customers (certain industrial factories as specified in the Royal Decrees). EGAT distributes electricity through high voltage stations, and MEA and PEA are responsible for distribution and retail to the general public. Electricity purchased from EGAT at the connection points is transmitted to the substations for further distribution to the consumers.

7.4.1 National Capacity

The combined on-grid capacity as of October 31, 2013 divided by types of power plants is as follows:

| Types of Power Plants | Capacity (MW) | percent |
|-----------------------------|---------------|------------|
| EGAT | 15,010 | 45 |
| Independent Power Producers | 12,742 | 38 |
| Small Power Producers | 3,525 | 10 |
| Foreign Purchases | 2,405 | 7 |
| Total | 33,681 | 100 |

Note: Source: EGAT as of October 31, 2013



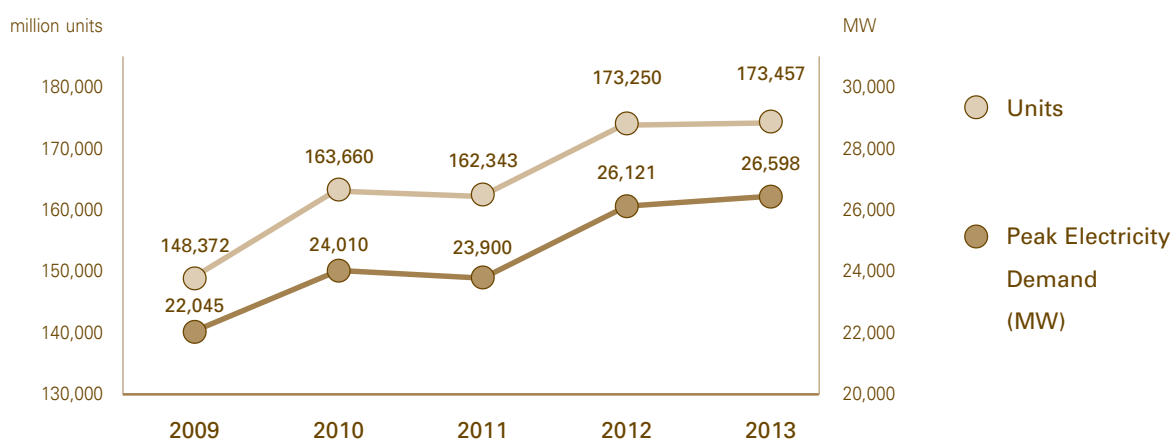
The combined on-grid capacity as at October 31, 2013 divided by fuel types is as follows:

| Fuel Types | Generating Units (GWh) | percent |
|-------------------|---------------------------|---------|
| Natural Gas | 100,385 | 67 |
| Coal | 29,954 | 20 |
| Foreign Purchases | 11,206 | 7 |
| Hydro | 4,697 | 3 |
| Oil | 1,134 | 1 |
| Others | 2,972 | 2 |

Note: Source: EGAT as of October 31, 2013

7.4.2 Thailand's Total Electricity Demand

The peak electricity demand refers to the highest amount of electricity used by consumers altogether on any given day of each year, and units refers to the total number of units of electricity generated by all power plants for a given period of time. Both values depend on weather conditions, consumption periods, number of consumers, economic circumstances, etc. During the period from 2009 to 2013, the peak electricity demand and units are as follows:



Note: Source: EGAT as of December 31, 2013

| Year | Peak Electricity Demand | | | Units | | |
|------|-------------------------|----------|--------|---------------|---------------|--------|
| | MW | Increase | | million units | Increase | |
| | | MW | % | | million units | % |
| 2009 | 22,045 | -523 | -2.32% | 148,372 | 64 | 0.04% |
| 2010 | 24,010 | 1,965 | 8.91% | 163,660 | 15,288 | 10.30% |
| 2011 | 23,900 | -110 | -0.45% | 162,343 | -1,317 | 0.80% |
| 2012 | 26,121 | 2,221 | 9.29% | 173,250 | 10,907 | 6.72% |
| 2013 | 26,598 | 477 | 1.83% | 173,457 | 207 | 0.12% |

Note: Source: EGAT as of December 31, 2013

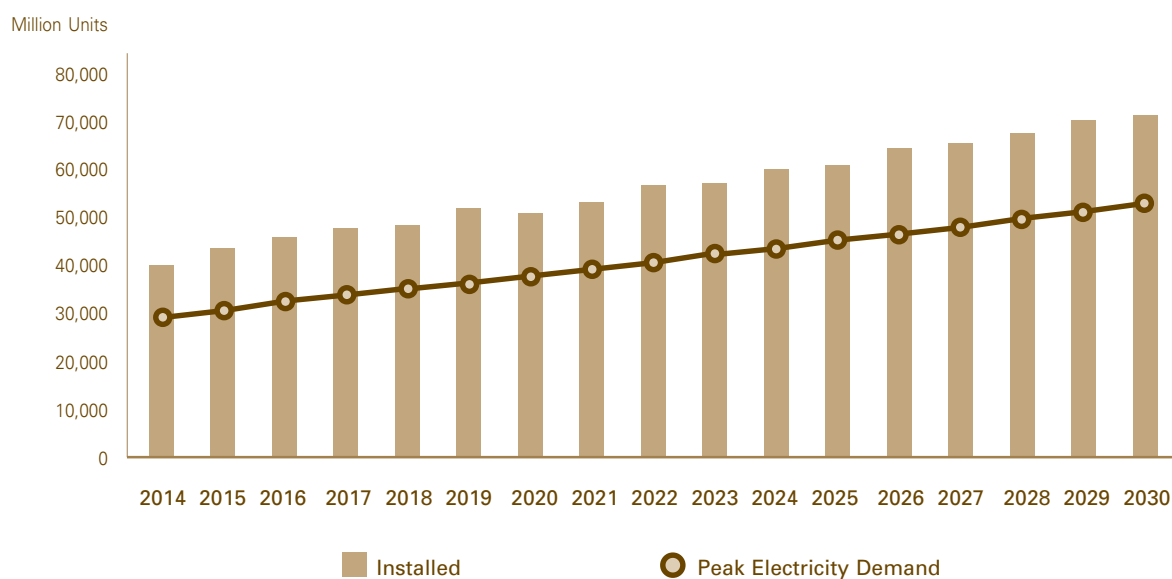
7.4.3 Thailand Power Development Plan

Thailand Power Development Plan (PDP 2010) covers the period from 2010 - 2030 prepared by the Ministry of Energy, with three revisions, namely, PDP 2010 Revision 1, Revision 2 and Revision 3.

Revision 1 addressed the higher actual electricity demand than forecast in the original PDP 2010 and the construction issues encountered by the independent power producers, which resulted in postponement of the synchronization, and as such, EGAT's power plant projects were accelerated, along with additional power purchases from small power producers. The PDP 2010 Revision 1 was approved by the Council of Ministers on November 30, 2010.

In 2011, the tsunami in Japan affected the Fukushima Daiichi Nuclear Power Plant, which jeopardized the public acceptance and trust in Thailand's nuclear power project development. The Ministry of Energy then proposed to postpone the nuclear power project for three years so as to review safety measures, preparations for legislative and regulatory frameworks as well as stakeholders involvement. The PDP 2010 Revision 2 was approved by the Council of Ministers on May 3, 2011.

Revision 3 of Thailand Power Development Plan reflected such improvements in compliance with the government policy, by preparing an Energy Efficiency Development Plan (EEDP) for 25 percent reduction of energy intensity (ratio of energy consumption to GDP) of the country within 20 years, and an Alternative Energy Development Plan (AEDP) to increase the share of renewable energy and alternative energy uses by 25 percent within 10 years. The PDP 2010 Revision 3 was approved by the Council of Ministers on June 19, 2012.



Note: Source: Thailand Power Development Plan 2010-2030 (Revision 3)

Thailand's peak electricity demand forecast in 2014 is expected at 28,790 MW with an installed capacity of 39,542 MW, which is likely to increase continuously each year; and in 2030, the peak electricity demand is expected to be 52,256 MW with an installed capacity of 70,686 MW.



7.5 Rights and Privileges from Investment Promotion

The Company's subsidiaries and associated companies have been granted investment promotion from the Board of Investment (BOI) per the following Promotional Certificates:

| | BKC | NRS | CRS | BIC-1 |
|--|--|--|--|--|
| Promotional Certificates Nos. | 1089(1)/2555 | 1300(1)/2554 | 2071(1)/2554 | 1565(2)/2554 |
| Dated | January 23, 2012 | March 11, 2011 | August 30, 2011 | March 18, 2011 |
| Business Category | Public Utilities and Basic Services | Public Utilities and Basic Services | Public Utilities and Basic Services | Public Utilities and Basic Services |
| 1. Permission was granted to bring foreign experts or specialists into the Kingdom in the number and for the period of time as the Board of Investment may consider appropriate. | Granted | Granted | Granted | Granted |
| 2. Permission was granted to hold land ownership to the extent as the Board of Investment may consider appropriate. | None | Granted | Granted | None |
| 3. Import duty exemption/reduction for machinery was granted as the Board of Investment may approve. | Exempted (by July 23, 2014) | Exempted (by September 11, 2013) | Exempted (by February 28, 2014) | Exempted (by November 18, 2013) |
| 4. Rights and privileges of corporate income tax exemption was granted for the net profit derived from the promoted business. | 8 years | 8 years | 8 years | 8 years (not exceeding Baht 4,934 Million) |
| 5. Period for carrying forward loss during the promoted period to set off against net profits to be derived after the corporate income tax exemption period. | 5 years | 5 years | 5 years | 5 years |
| 6. Exemption from including dividend from the promoted business in the calculation for income tax payment. | 8 years | 8 years | 8 years | 8 years |
| 7. 50 percent reduction of corporate income tax for the net profit derived from the promoted business. | 5 years (from the day after the period in item 6) | 5 years (from the day after the period in item 6) | 5 years (from the day after the period in item 6) | None |
| 8. 200 percent deduction of costs of transportation, electricity and water supply. | 10 years (from the first day of receiving income from the promoted business) | 10 years (from the first day of receiving income from the promoted business) | 10 years (from the first day of receiving income from the promoted business) | None |
| 9. Deduction of investment funds in installation or construction of facilities. | 25 percent of investments | 25 percent of investments | 25 percent of investments | None |
| 10. Permission was granted to bring or remit foreign currencies out of the Kingdom. | None | Granted | Granted | None |

8. Risk Factors

The Company realizes the significance of risk management in its business operation as a holding company and in the electricity production and distribution business. The Board of Directors then has appointed the Corporate Governance and Risk Management Committee on January 14, 2013 and authorized it to prepare the risk management plan, and to assess and monitor various risks via working groups, comprising executives from every line of work, including representatives from its subsidiaries and associated companies. In this regard, the results of risk assessment shall be regularly reported to the Board of Directors. The significant risks and guidelines for risk management can be summarized as follows:

Risks to Business Operation of the Company and the Group

1. Risks to the Company's Investments

The Company generally invests as a holding company in both Greenfield and Brownfield (acquisition) projects. Both forms of investments involve risk factors as a result of uncertainty of the business circumstances and risk factors from the projects, such as, for Greenfield projects, risk from incomplete construction or risk from delayed construction resulting in project cost overrun; and for Brownfield projects, risks from business operation and cost management, all of which may have an impact on return on investments.

The Board of Directors realizes the significance of selection of investment projects and thus has set out a clear policy on investment in other companies operating the business of electricity production and distribution to ensure the acceptable risk management and reasonable returns. In addition, the Management shall propose investment information to the Board of Directors for approval and keep assessing returns on various projects in the long run (please see information on investment policy in Item 4: Property for Business Operation).

Following its investments in these subsidiaries and associated companies, the Company has set out the clear Control Policy and Governance Mechanisms of its subsidiaries and associated companies, where by the Company appoints its representatives to serve as directors and executives of its subsidiaries and associated companies according to their shareholding percentage and also clearly determines the scope of power to exercise the discretion as the Company's representatives. Moreover, the subsidiaries and associated companies shall regularly report on their respective financial positions and operational results in comparison with the specified goals to the Board of Directors' Meeting on a quarterly basis. The subsidiaries shall propose information of new investment projects to the Company and also report on progress of the respective investment projects. Furthermore, the Company's Internal Audit Division shall collaborate with its subsidiaries and associated companies to inspect the internal control system in terms of prudence and strict compliance therewith. This enables the Company to closely follow up the operational results and financial positions of the respective businesses as invested by the Company in order to minimize and manage risks from such investments.

2. Business Risks

The Company operates the business as a holding company by way of investment in other companies without engaging in any core business of its own. Its core revenue is dividends derived from three subsidiaries, namely, SouthEast Asia Energy Limited (SEAN), Bangkokenchai Co., Ltd. (BKC) and Bangpa-in Cogeneration Limited (BIC), and two associated companies, namely, Nakhon Ratchasima Solar Co., Ltd. (NRS) and Chiangrai Solar Co., Ltd. (CRS). Therefore, any changes in the results of operations of the subsidiaries and associated companies will directly affect the results of operations of the Company in the form of dividend income to be derived by the Company. The following risk factors may have an impact on the results of operations of the subsidiaries and associated companies:



2.1 Risk in respect of raw materials in electricity production

Raw materials for electricity production are key factors contributing to the capacity of the electricity production of each power plant, which will account for its ability to generate revenue. In regard to hydroelectric and solar power plants, raw materials in electricity production are at no cost, but somewhat fluctuate, while raw materials for cogeneration power plant include fuel which accounts for 33.35 percent of total cost of sale under the consolidated financial statements for 2013, thereby resulting in risk relating to fuel supply and risk relating to price which may affect its cost.

Hydroelectric Power Plant

The Nam Ngum 2 Hydroelectric Power Project is a hydropower dam, having SouthEast Asia Energy Limited as its major shareholder. Therefore, water is the raw material essential for electricity production. The significant source of water in the Nam Ngum River is derived from the storm water catchment area, which is subject to certain limitations from uncertain and unpredictable amount of storm water in different seasons and weather conditions. The risk relating to acquisition of raw materials in the production of water has been efficiently managed through appropriate design of the dam and reservoir structures, and negotiations on various terms in the Power Purchase Agreement to fairly cover such risk, including an agreement on electricity tariff structure and power purchase guidelines for appropriate and fair water risk management for both contractual parties. For example, in case that the Primary Energy (PE) produced by the Nam Ngum 2 Hydroelectric Power Project is lower than the average of 8 hours per day in any month or lower than the average of 10 hours per day in any year, the Nam Ngum 2 Hydroelectric Power Project must pay a fine to EGAT at the rate of 23.7 percent of PE charge multiplied by the shortfall. However, in the dam design and construction for electricity production and prior to execution of the Power Purchase Agreement with the Electricity Generating Authority of Thailand (EGAT), the Nam Ngum 2 Hydroelectric Power Project studied the statistics of actual amount of water in the Nam Ngum River flowing into the catchment area of the Nam Ngum 2 Dam over the past 50 years to identify the electricity production capacity, and thereafter, determined the target volume of electricity to be distributed to EGAT in the Power Purchase Agreement. The average amount of water flowing into the Nam Ngum 2 Dam is 6,304 million cubic meters per year (with the highest of 9,513 million cubic meters in 1981 and the lowest of 3,947 million cubic meters in 1992), which is adequate for target electricity production. However, in case that the amount of water in the dam is less to the extent that the electricity produced by the Nam Ngum 2 Hydroelectric Power Project is lower than the requirement under the Power Purchase Agreement, it may consider declaring such year as a draught year. According to the Power Purchase Agreement, the draught year may be declared twice throughout the entire period of the Agreement. During such draught year, no fine due to electricity production shortfall shall be imposed.

Furthermore, should in any year, the amount of water flowing into the dam be high until the dam produces electricity in excess of the target of 2,310 GWh (million units), the Nam Ngum 2 Hydroelectric Power Project may carry forward the exceeding amount to be recognized as revenue for the year in which the amount of water is insufficient to produce electricity to meet the target, and as such, the revenue stream is steady despite the fluctuating amount of water. This target is not related to the average hours of electricity production as mentioned above. In addition, no fine shall be imposed for failure to produce electricity to meet the target which is merely projection for each year. According to the actual records in 2011, despite the Initial Operation Date of the Nam Ngum 2 Hydroelectric Power Project for the production and distribution of electricity to EGAT on March 26, 2011, the large amount of water flowing into the Nam Ngum 2 Dam caused the production and distribution of electricity to EGAT to exceed the target, whereby 346.89 million units of electricity were recorded as Energy Account for future use. Subsequently, in 2012, given that the amount of water flowing into the dam was less than that in 2011, resulting in a shortfall of 241.03 million units of electricity lower than the target specified in the Power Purchase Agreement, therefore, 241.03 million units of Energy Account were used to make up such shortfall. In 2013, the Nam Ngum 2 Hydroelectric Power Project was able to add 99.12 million units of electricity to the Energy Account, and thus, at the end of 2013, the total reserve energy was 204.98 million units. In this regard, the mechanism of recording and utilization of such Energy Account could minimize risks relating to revenue fluctuations between a wet year and a dry year.

Cogeneration Power Plant Fueled by Natural Gas

Bangpa-in Cogeneration Limited is a small power producer utilizing natural gas as fuel. Should there be a shortage of natural gas or natural gas suppliers be unable to supply fuel, the plant will not be able to produce electricity and steam. Then, the Company may be unable to comply with the power and steam purchase agreements until it is necessary to purchase the reserve energy for sale to the operators in the industrial estate instead. Bangpa-in Cogeneration Limited realizes the significance of the fuel security, and has thus entered into a natural gas purchase agreement for a period of 25 years from COD, with PTT Public Company Limited (PTT), on condition that PTT shall compensate for its failure to supply natural gas in the volume as specified in the agreement. Furthermore, Global Power Synergy Company Limited (GPSC), an affiliate of PTT, also holds shares in Bangpa-in Cogeneration Limited, and as such, it is believed that such shareholding structure will help minimize risk in respect of fuel. As for fuel price which has a tendency to increase, the tariff structure for electricity sold to EGAT which varies according to the fuel price fluctuations (Pass-through) will help minimize the risk in respect of fuel price accordingly.

Solar Power Plants

The solar energy is the raw material essential for electricity production of Bangkhenchai Co., Ltd., Nakhon Ratchasima Solar Co., Ltd. and Chiangrai Solar Co., Ltd., which are the solar power plants. Given that the light intensity directly affects revenue from sales of electricity, therefore, in the selection of solar power plant locations, appropriate light intensity has been taken into account, based on the information from NASA and Meteonorm software of METEOTEST in support of the selection of project sites, along with regular monitoring and measurement of light intensity in order to assess the sunlight adequacy. Moreover, the Power Purchase Agreements made with the Provincial Electricity Authority (PEA) are on a non-firm basis, and then, no fine is imposed should these power plants be unable to produce electricity due to the sunlight fluctuations.

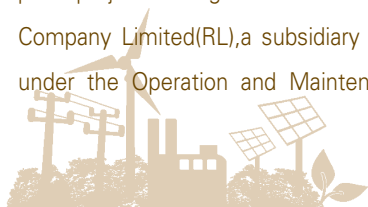
2.2 Risk in respect of availability of power plants

Risk from the unavailability of equipment of power plants other than the shortage of raw materials may occur from many reasons, such as, explosion of power inverters, deterioration of solar panels or defects of water turbine, etc., thereby impairing the efficiency of the electricity production or interrupting the production process, which may cause damage to power plants and danger to personnel, and reduce revenue but increase expenses for repair of defective equipment. Any interruption of the electricity production for any reason other than normal maintenance, without prior notice to power purchasers may be subject to a fine. In this regard, all power plants have the regular preventive management and maintenance policy by professionals, including the following measures:

Hydroelectric Power Plant

The management of a hydroelectric power plant requires personnel with considerable experience and expertise given the high value of investment in the hydroelectric power plant. Apart from the control of machinery and equipment in the electricity production to meet the quality and electricity security, the amount of water in the reservoir above the dam must be managed to ensure its adequacy for electricity production for distribution in the quantity, quality and stabilization as specified in the Power Purchase Agreement with EGAT. Any water mismanagement or malfunction of the electricity production, including equipment, may result in damage to the dam, generators and related equipment and also have an impact on revenue and results of operations of the Nam Ngum 2 Hydroelectric Power Project.

The Nam Ngum 2 Hydroelectric Power Project has personnel who have abilities and experiences in hydropower plant project management. Moreover, the Project also entered into an agreement for engagement of Ratch-Lao Services Company Limited (RL), a subsidiary of Ratchaburi Electricity Generating Holding Public Company Limited, to provide services under the Operation and Maintenance Agreement throughout the period of the Concession Agreement and under the



Agreement on Major Maintenance Services, for a period of seven years. RL entered into an agreement engaging EGAT to provide certain material technical services, which are of great benefit to the Nam Ngum 2 Hydroelectric Power Project, since EGAT is the only agency in Thailand having personnel with experience and expertise in management of electricity generating dams for more than 45 years, not to mention the fact that EGAT is the sole power purchaser under the Power Purchase Agreement of the Nam Ngum 2 Hydroelectric Power Project. Then, it is believed that the execution of the agreement engaging RL is of benefit to the Nam Ngum 2 Hydroelectric Power Project in production and distribution of electricity under the conditions as specified in the Power Purchase Agreement with EGAT. With respect to the preventive maintenance plans, the Nam Ngum 2 Hydroelectric Power Project implements the partial overhaul and major overhaul plans every seven years and 14 years, respectively. Moreover, an independent consultant is also engaged to measure the efficiency and stability in various aspects of the dam and power plant. In addition, the Company regularly follows up relevant reports to enhance the availability of the power plant.

Cogeneration Power Plants Fueled by Natural Gas

Bangpa-in Cogeneration Limited engages personnel having knowledge and experience in cogeneration power plants to carry out repair and maintenance according to inspection schedules as specified by manufacturers. Moreover, the Company maintains essential spare parts available for repair of equipment of the power plant in order to prevent any delay from procurement process. In addition, Bangpa-in Cogeneration Limited engages GE Power & Water, which possesses technical know-how and expertise, to provide inspection and maintenance services for gas turbines, and also entered into an agreement for spare gas turbine leasing to replace the main turbine sent for repair and maintenance in order to prevent any loss of income.

Solar Power Plants

Bangkhenchai Co., Ltd. engages ENSYS Co., Ltd. to operate and maintain the solar power plant while Nakhon Ratchasima Solar Co., Ltd. and Chiangrai Solar Co., Ltd. engage Assyce Fotovoltaica (Thailand) Co., Ltd. for such purpose. Both companies have experience and expertise in management of solar power plants, plans for inspection and maintenance of machinery and equipment to ensure their efficient performance and guarantee the availability of power plants in accordance with the agreements. Furthermore, the essential equipment of the power plants is under manufacturers' warranty.

2.3 Risk from natural disaster

In case of force majeure due to natural disasters, such as, flood, earthquake, etc., all power plants invested by the Company manage such risk by selecting the least risky locations to establish the power plants and designing the power plants to accommodate potential natural disasters. The Nam Ngum 2 Hydroelectric Power Project is located on the earth's crust with the highest magnitude of an earthquake measuring not exceeding 5.8 on the Richter scale in recorded history. The Nam Ngum 2 Dam has been designed to accommodate an earthquake up to 8 on the Richter scale, and also has constructed the overflow prevention system, namely, spillway with three gates, each of 15 meters in width and 16.7 meters in height, to drain water up to 6,756 cubic meters per second. Therefore, it is believed that the durability of the dam structure will be able to accommodate earthquakes, and that the dedicated spillway is sufficient to cope with the volume of overflow water. The three solar power plants are constructed on high ground, which is less likely to be flooded and was not affected by the severe floods in 2011. Bangpa-in Cogeneration Limited is located in Phra Nakhon Si Ayutthaya Province, which is a low land and flood-prone area, and the Bangpa-in Industrial Estate has constructed flood barriers surrounding the estate with six meters in height above sea level, which is higher than the severe floods in 2011, and as a result, it is certain that it will no longer be affected by any flood.

In addition, all of its subsidiaries and associated companies have taken out insurance to cover potential damage to assets used in the electricity production by way of property damage insurance, business interruption insurance, including public liability insurance.

3. Financial Risks

3.1 Risk from exchange rate fluctuations

The Company is at risk of its consolidated financial statements being affected by the fluctuating revenue and expenses of the Nam Ngum 2 Hydroelectric Power Project due to changes in exchange rate between USD and Baht. According to the Power Purchase Agreement with EGAT, a certain portion of tariff of Primary Energy produced and distributed by the Nam Ngum 2 Hydroelectric Power Project to EGAT shall be denominated in USD. In 2012 and 2013, the Nam Ngum 2 Hydroelectric Power Project derived USD revenue in the amount of USD 54.89 Million and USD 54.90 Million, respectively.

Therefore, any material changes in Baht to USD exchange rate will have an impact on revenue of the Nam Ngum 2 Hydroelectric Power Project. In case of Thai Baht depreciation against USD, the USD revenue will increase upon conversion into Baht. On the contrary, in case of Thai Baht appreciation against USD, the USD revenue will decrease upon conversion into Thai.

However, the Nam Ngum 2 Hydroelectric Power Project borrowed USD loans from financial institutions and also incurred certain major expenses payable in USD. In 2012 and 2013, the Nam Ngum 2 Hydroelectric Power Project's USD revenue, expenses and principal repayment of the long-term loans, were as follows:

| (Unit : USD Million) | 2012 | 2013 |
|---------------------------------------|--------------|--------------|
| Revenue | | |
| - Revenue from sales of electricity | 54.89 | 54.90 |
| Expenditure and loan repayment | | |
| - Principal repayment | 7.20 | 9.00 |
| - Interest expense | 5.33 | 4.83 |
| - Royalty fee | 0.95 | 1.87 |
| Net | 41.41 | 39.20 |

By the nature of business operation of the Nam Ngum 2 Hydroelectric Power Project, which derives revenue in USD and at the same time incurs expenses in USD, the exchange rate risk has been managed by way of natural hedge.

Furthermore, the Nam Ngum 2 Hydroelectric Power Project entered into the long-term USD loan agreement in the amount of USD 180 Million to partially finance the construction of the Nam Ngum 2 Hydroelectric Power Project, with the principal repayment in installments, starting in March 2012 until full repayment in 2022. Thus, while the principal of the loans remains outstanding, any changes in exchange rate as at the closing of any accounting period will affect the profit and loss statement of the Nam Ngum 2 Hydroelectric Power Project accordingly. That is, Thai Baht appreciation will result in unrealized gain on exchange rate while Thai Baht depreciation will result in unrealized loss on exchange rate.

In this regard, the effects of exchange rate on long-term loans in USD towards the financial statements of the Nam Ngum 2 Hydroelectric Power Project in 2012 and the first half of 2013 amounted to Baht 135.62 Million and Baht 54.13 Million, respectively. However, since July 2013, the Nam Ngum 2 Hydroelectric Power Project started applying hedge accounting in order to hedge the foreign exchange exposure on a certain portion of its forecasted revenue from sales of electricity in USD currency, whereby such revenue from sales of electricity was designated as the hedged item and the



long-term loans in USD was designated as the hedging instrument. Based on the cash flow hedge accounting principles, the fluctuation of gain and loss on exchange rate could be minimized, where by the effective portion of the change in the fair value of the cash flow hedging instrument is recognized in other comprehensive income, instead of profit and loss, and then transferred to profit or loss when the hedging item affects profit or loss.

3.2 Risk from interest rate fluctuations

Based on the Company's consolidated statement of financial position as at December 31, 2013, the loans amounted to Baht 24,194.08 Million, all of which were subject to floating interest rate. Therefore, any material changes in the interest rate will have an impact on finance cost of the Company and its subsidiaries. However, the Company and its subsidiaries manage such risk from interest rate through regular monitoring of the tendency of changes in interest rate, continuing management and improvement of finance cost, and arrangement for hedging agreements as appropriate to market conditions.

Risks to Investment by Securities Holders

1. Risk from the Company's major shareholders with more than 25 percent shareholding

The Company's major shareholders are CH. Karnchang Public Company Limited and Thai Tap Water Supply Public Company Limited, with their respective shareholdings of 31.8 percent and 25 percent of all issued shares, respectively. Such major shareholders may exercise the right to object or disapprove any resolutions by the shareholders' meeting on various matters, which, under the Company's articles of association or applicable laws, require not less than three-fourths of all votes of the shareholders attending the meeting and having the voting rights. However, CH. Karnchang Public Company Limited and Thai Tap Water Supply Public Company Limited, as the Company's shareholders, intend to allow the Company to operate its business to the best interests of and with fairness to all shareholders in the long run. In executing a connected transaction with its major shareholders, approval for such transaction shall comply with the applicable rules and provisions of laws in order to minimize potential risks. Moreover, the Company's management structure comprises four independent directors who are knowledgeable, competent and independent, which should serve as an additional inspection mechanism.

2. Management risk in its core subsidiaries due to less than 75 percent shareholding

The Company holds shares in SouthEast Asia Energy Limited at 56 percent of its registered and paid-up capital, and in Bangpa-in Cogeneration Limited at 65 percent of its registered and paid-up capital. Despite the fact that the Company's voting right in the shareholders' meeting is more than half, the Company is unable to control all voting rights since certain transactions, e.g., capital increase, capital decrease, business acquisition or takeover, all business sale or transfer, etc., require affirmative votes of not less than three-fourths of the shareholders attending the meeting and having the voting rights.

However, considering the shareholding percentage, board composition and authorized directors, as well as control and governance mechanisms, the majority of votes in the board meetings and the shareholders' meetings are under the Company's control. In addition, as for certain major transactions which may require affirmative votes from other groups of shareholders, both in the board meetings and in the shareholders' meetings, the Company believes that such transactions which will be beneficial to business operations will definitely be approved by those other groups of shareholders.

9. General Information and Other Significant Information

9.1 General Information

9.1.1 Information of CK Power Public Company Limited

| | |
|----------------------------|---|
| Company Issuing Securities | : CK Power Public Company Limited (the “Company”) or “CKP” for trading on the Stock Exchange of Thailand |
| Business | : Holding company by holding shares in other companies engaging in corebusiness of production and distribution of electricity |
| Registration No. | : 0107556000167 |
| Sector | : Energy & Utilities |
| Industry | : Resources |
| Registered Capital | : 1,100 million ordinary shares, fully paid-up, being the total registered and paid-up capital of Baht 5,500 Million |
| Par Value | : Baht 5 per share |
| IPO Date | : July 18, 2013 |
| Foreign Limit | : 49 percent |
| Free Float | : 20 percent (as at the first trade date) |
| Head Office | : No. 587 Viriyathavorn Building, Sutthisarnvinitchai Road, Dindaeng Subdistrict, Dindaeng District, Bangkok 10400 |
| Telephone/Fax | : 02-691-9720-2 / 02-691-9723 |
| Website | : www.ckpower.co.th |
| Board of Directors | : directors@ckpower.co.th |
| Company Secretary | : compliance@ckpower.co.th |
| Investor Relations | : ir@ckpower.co.th |
| Auditor | : Ernst & Young Office Limited No. 193/136-137, 33rd Floor, Lake Rajada Office Complex, Rajadapisek Road, Klongtoey, Bangkok 10110, Telephone : 02-264-7777, Fax : 02-264-0789 |
| Securities Registrar | : Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building, No. 62 Rachadapisek Road, Klongtoey District, Bangkok 10110 Telephone : 02-229-2800, Fax : 02-359-1259 |



9.1.2 Information of the Company's Subsidiaries

The Company invests in a total of nine subsidiaries, as follows:

| Company/Address | Business | Registered Capital (Million Baht) | Par Value per share (Baht) | Paid-up Capital (Million Baht) | Shareholding Percentage (indirect*) (percent) |
|--|---|-----------------------------------|----------------------------|--------------------------------|--|
| SouthEast Asia Energy Limited ("SEAN") Head Office is located at No. 587 Viriyathavorn Building, Sutthisarnvinitchai Road, Dindaeng Subdistrict, Dindaeng District, Bangkok | Invest in Nam Ngum 2 Power Company Limited | 6,607 | 10 | 6,607 | 56 |
| Nam Ngum 2 Power Company Limited ("NN2") Head Office is located at No. 215 Lanexang Avenue, Ban Xiang Yuen, Chantaburi, Vientiane, Lao People's Democratic Republic (Lao PDR) | Production and distribution of electricity from the Nam Ngum 2 Hydroelectric Power Project in the Lao PDR | 8,809 | 10 | 8,809 | 42* (75 percent of shares in NN2 directly held by SEAN) |
| Bangpa-in Cogeneration Limited ("BIC") Head Office is located at No. 587 Viriyathavorn Building, Sutthisarnvinitchai Road, Dindaeng Subdistrict, Dindaeng District, Bangkok | Production and distribution of electricity in the Small Power Plant (SPP) scheme, with a production capacity of 120 MW, to distribute electricity to the Electricity Generating Authority of Thailand, located within Bang Pa-in Industrial Estate, Phra Nakhon Si Ayutthaya Province | 1,370 | 10 | 1,370 | 65 |
| Bangkhenchai Company Limited ("BKC") Head Office is located at No. 587 Viriyathavorn Building, Sutthisarnvinitchai Road, Dindaeng Subdistrict, Dindaeng District, Bangkok | Production of solar power for distribution to the Provincial Electricity Authority, with its power plant located at Tambon Khok Thai, Amphoe Pak Thong Chai, Nakhon Ratchasima Province | 234 | 100 | 234 | 100 |

| Company/Address | Business | Registered Capital (Million Baht) | Par Value per share (Baht) | Paid-up Capital (Million Baht) | Shareholding Percentage (indirect*) (percent) |
|---|---|--------------------------------------|-------------------------------|-----------------------------------|---|
| CKP Solar Company Limited Head Office is located at No. 587 Viriyathavorn Building, Sutthisarnvinitchai Road, Dindaeng Subdistrict, Dindaeng District, Bangkok 10400 | Development of electricity production business of various types | 1 | 100 | 1 | 100 |
| Sole Power Company Limited Head Office is located at No. 587 Viriyathavorn Building, Sutthisarnvinitchai Road, Dindaeng Subdistrict, Dindaeng District, Bangkok 10400 | Development of electricity production business of various types | 1 | 100 | 0.25 | 100 |
| Apollo Power Company Limited Head Office is located at No. 587 Viriyathavorn Building, Sutthisarnvinitchai Road, Dindaeng Subdistrict, Dindaeng District, Bangkok 10400 | Development of electricity production business of various types | 1 | 100 | 0.25 | 100 |
| Helios Power Company Limited Head Office is located at No. 587 Viriyathavorn Building, Sutthisarnvinitchai Road, Dindaeng Subdistrict, Dindaeng District, Bangkok 10400 | Development of electricity production business of various types | 1 | 100 | 0.25 | 100 |
| Vis Solis Company Limited Head Office is located at No. 587 Viriyathavorn Building, Sutthisarnvinitchai Road, Dindaeng Subdistrict, Dindaeng District, Bangkok 10400 | Development of electricity production business of various types | 1 | 100 | 0.25 | 100 |



9.1.3 Information of the Company's Associated Companies

The Company invests in a total of two associated companies, as follows:

| Company/Address | Business | Registered Capital (Million Baht) | Par Value per share (Baht) | Paid-up Capital (Million Baht) | Shareholding Percentage (indirect*) (percent) |
|---|---|-----------------------------------|----------------------------|--------------------------------|---|
| Nakhon Ratchasima Solar Co., Ltd. ("NRS") Head Office is located at No. 23/56 Sorachai Building, 17 th Floor, Soi Sukhumvit 63, Sukhumvit Road, North Klongton Subdistrict, Wattana District, Bangkok | Production and distribution of solar power, as a joint investment with Sonnedix Thailand I Limited, with its power plant located at No. 90-91, Tambon Takhian, Amphoe Dan Khun Thot, Nakhon Ratchasima Province | 221.5 | 100 | 188.42 | 30 |
| Chiangrai Solar Co., Ltd. ("CRS") Head Office is located at No. 23/56 Sorachai Building, 17 th Floor, Soi Sukhumvit 63, Sukhumvit Road, North Klongton Subdistrict, Wattana District, Bangkok | Production and distribution of solar power, as a joint investment with Sonnedix Thailand II Limited, with its plant located at No. 249-250, Moo 6, Tambon Tha Khao Plueak, Amphoe Mae Chan, Chiang Rai Province | 291.75 | 100 | 277.21 | 30 |

9.2 Other Significant Information

As at December 31, 2013, there is no information which may materially affect the decision of investors.

Part 2 Management and Corporate Governance

10. Information on Securities and Shareholders

10.1 Registered Capital and Issued and Paid-up Capital as at December 31, 2013

- (1) Registered capital: Baht 5,500 Million, Baht 5,500 Million of which has been paid-up, divided into 1,100 million ordinary shares, at the par value of Baht 5 per share.
- (2) The Company has no other shares than ordinary shares.

10.2 Shareholders

(1) List of Major Shareholders of the Company

(a) The Company's top 10 shareholders as at the closing of the initial public offering as at July 15, 2013 comprise:

| No. | Name | Number of Shares | Shareholding Percentage |
|-----|--|--------------------|-------------------------|
| 1 | CH. Karnchang Public Company Limited | 349,600,000 | 31.78 |
| 2 | Thai Tap Water Supply Public Company Limited | 275,000,001 | 25.00 |
| 3 | Bangkok Expressway Public Company Limited | 255,399,999 | 23.22 |
| 4 | Thai Life Insurance Public Company Limited | 7,247,000 | 0.66 |
| 5 | High Crete Products and Technology Company Limited | 5,000,000 | 0.45 |
| 6 | Hi-Steel Products Company Limited | 5,000,000 | 0.45 |
| 7 | Foreign Institution by KT ZMICO Securities Co., Ltd. | 3,433,000 | 0.31 |
| 8 | Best Plan Technology Company Limited | 3,000,000 | 0.27 |
| 9 | Private Inter Construction Company Limited | 2,475,000 | 0.23 |
| 10 | Mr. Watchara Anutarawanakul | 2,240,000 | 0.20 |
| | Total | 908,395,000 | 82.58 |

(b) Major shareholders which have substantial influence on the Company's management policy or operations comprise:

| No. | Name | Number of Shares | Shareholding Percentage |
|-----|--|--------------------|-------------------------|
| 1 | CH. Karnchang Public Company Limited | 349,600,000 | 31.78 |
| 2 | Thai Tap Water Supply Public Company Limited | 275,000,001 | 25.00 |
| 3 | Bangkok Expressway Public Company Limited | 255,399,999 | 23.22 |
| | Total | 880,000,000 | 80.00 |



Remarks: Top 10 shareholders of CH. Karnchang Public Company Limited as at the closing of the share register for suspension of share transfer on September 19, 2013 comprise:

| No. | Name | Number of Shares | Shareholding Percentage |
|--------------|---------------------------------------|--------------------|-------------------------|
| 1 | Mahasiri Siam Co., Ltd. | 332,109,625 | 20.10 |
| 2 | CH. Karnchang Holding Company Limited | 171,216,127 | 10.36 |
| 3 | CK. Office Tower Co., Ltd. | 91,071,427 | 5.51 |
| 4 | Bangkok Bank Public Company Limited | 38,000,000 | 2.30 |
| 5 | STATE STREET BANK EUROPE LIMITED | 34,871,248 | 2.11 |
| 6 | Thai NVDR Co., Ltd. | 33,692,656 | 2.04 |
| 7 | Mr. Kamphol Wiratepsuporn | 21,000,000 | 1.27 |
| 8 | Bang Pa-in Land Development Co., Ltd. | 17,692,500 | 1.07 |
| 9 | Hi-Steel Products Company Limited | 17,417,400 | 1.05 |
| 10 | Mr. Plew Trivisvavet | 16,325,851 | 0.99 |
| Total | | 773,396,834 | 46.80 |

Top 10 shareholders of Thai Tap Water Supply Public Company Limited as at the closing of the share register for suspension of share transfer on September 13, 2013 comprise:

| No. | Name | Number of Shares | Shareholding Percentage |
|--------------|--|----------------------|-------------------------|
| 1 | Mitsui Water Holdings (Thailand) Company Limited | 1,036,500,000 | 25.98 |
| 2 | Bangkok Expressway Public Company Limited | 807,650,000 | 20.24 |
| 3 | CH. Karnchang Public Company Limited | 759,877,400 | 19.04 |
| 4 | Bangkok Life Assurance Public Company Limited | 166,768,900 | 4.18 |
| 5 | Thai NVDR Co., Ltd. | 146,065,293 | 3.66 |
| 6 | Bangkok Bank Public Company Limited | 73,895,000 | 1.85 |
| 7 | Mr. Min Tieworn | 71,000,000 | 1.78 |
| 8 | THE BANK OF NEW YORK (NOMINEES) LIMITED | 64,816,624 | 1.62 |
| 9 | HSBC (SINGAPORE) NOMINEES PTE LTD | 61,872,738 | 1.55 |
| 10 | AIA COMPANY LIMITED - AIA D-PLUS | 59,800,000 | 1.50 |
| Total | | 3,248,245,955 | 81.40 |

Top 10 shareholders of Bangkok Expressway Public Company Limited as at the closing of the share register for suspension of share transfer on September 12, 2013 comprise:

| No. | Name | Number of Shares | Shareholding Percentage |
|--------------|---|--------------------|-------------------------|
| 1 | CH. Karnchang Public Company Limited | 116,669,550 | 15.15 |
| 2 | Thai NVDR Co., Ltd. | 71,555,363 | 9.29 |
| 3 | BNY MELLON NOMINEES LIMITED | 56,556,600 | 7.35 |
| 4 | Bangkok Bank Public Company Limited | 55,295,390 | 7.18 |
| 5 | Krung Thai Bank Public Company Limited | 38,500,550 | 5.00 |
| 6 | Bangkok Life Assurance Public Company Limited | 38,351,800 | 4.98 |
| 7 | STATE STREET BANK EUROPE LIMITED | 20,122,729 | 2.61 |
| 8 | STATE STREET BANK AND TRUST COMPANY | 16,109,685 | 2.09 |
| 9 | HSBC (SINGAPORE) NOMINEES PTE LTD | 12,193,900 | 1.58 |
| 10 | Mr. Min Tieworn | 11,600,000 | 1.51 |
| Total | | 436,955,567 | 56.74 |

(2) List of Shareholders of Subsidiaries Operating Core Businesses

(a) SouthEast Asia Energy Limited (“SEAN”)

| No. | Name | Number of Shares | Shareholding Percentage |
|-----|--|--------------------|-------------------------|
| 1 | CK Power Public Company Limited | 369,977,999 | 56.00 |
| 2 | Ratchaburi Electricity Generating Holding Public Company Limited | 220,225,000 | 33.33 |
| 3 | P.T. Construction & Irrigation Company Limited | 35,236,000 | 5.33 |
| 4 | Shlapak Development Company Limited | 35,236,000 | 5.33 |
| 5 | Mr. Nopadol Intralib | 1 | 0.00 |
| | Total | 660,675,000 | 100.00 |

(b) Nam Ngum 2 Power Company Limited (“NN2”)

| No. | Name | Number of Shares | Shareholding Percentage |
|-----|---|----------------------|-------------------------|
| 1 | SouthEast Asia Energy Limited | 6,606,750,000 | 75.00 |
| 2 | EDL - Generation Public Company Limited | 2,202,250,000 | 25.00 |
| | Total | 8,809,000,000 | 100.00 |

(c) Bangpa-in Cogeneration Limited (“BIC”)

| No. | Name | Number of Shares | Shareholding Percentage |
|-----|---|--------------------|-------------------------|
| 1 | CK Power Public Company Limited | 89,049,998 | 65.00 |
| 2 | Global Power Synergy Company Limited | 34,250,001 | 25.00 |
| 3 | Industrial Estate Authority of Thailand | 10,960,000 | 8.00 |
| 4 | Mrs. Napaporn Poowuttikul | 2,740,000 | 2.00 |
| 5 | Mr. Nopadol Intralib | 1 | 0.00 |
| | Total | 137,000,000 | 100.00 |

(d) Bangkhengchai Co., Ltd. (“BKC”)

| No. | Name | Number of Shares | Shareholding Percentage |
|-----|---------------------------------|------------------|-------------------------|
| 1 | CK Power Public Company Limited | 2,342,498 | 100.00 |
| 2 | Mr. Narong Sangsuriya | 1 | 0.00 |
| 3 | Mr. Vorapote Uchupaiboonvong | 1 | 0.00 |
| | Total | 2,342,500 | 100.00 |

(e) CKP Solar Company Limited

| No. | Name | Number of Shares | Shareholding Percentage |
|-----|---------------------------------|------------------|-------------------------|
| 1 | CK Power Public Company Limited | 9,997 | 100.00 |
| 2 | Mr. Viboon Mongkolpiyathana | 1 | 0.00 |
| 3 | Mr. Vorapote Uchupaiboonvong | 1 | 0.00 |
| 4 | Dr. Supamas Trivisvavet | 1 | 0.00 |
| | Total | 10,000 | 100.00 |



(f) Sole Power Company Limited

| No. | Name | Number of Shares | Shareholding Percentage |
|-----|---------------------------------|------------------|-------------------------|
| 1 | CK Power Public Company Limited | 9,997 | 100.00 |
| 2 | Mr. Viboon Mongkolpiyathana | 1 | 0.00 |
| 3 | Mr. Vorapote Uchupaiboonvong | 1 | 0.00 |
| 4 | Dr. Supamas Trivisvavet | 1 | 0.00 |
| | Total | 10,000 | 100.00 |

(g) Apollo Power Company Limited

| No. | Name | Number of Shares | Shareholding Percentage |
|-----|---------------------------------|------------------|-------------------------|
| 1 | CK Power Public Company Limited | 9,997 | 100.00 |
| 2 | Mr. Viboon Mongkolpiyathana | 1 | 0.00 |
| 3 | Mr. Vorapote Uchupaiboonvong | 1 | 0.00 |
| 4 | Dr. Supamas Trivisvavet | 1 | 0.00 |
| | Total | 10,000 | 100.00 |

(h) Helios Power Company Limited

| No. | Name | Number of Shares | Shareholding Percentage |
|-----|---------------------------------|------------------|-------------------------|
| 1 | CK Power Public Company Limited | 9,997 | 100.00 |
| 2 | Mr. Viboon Mongkolpiyathana | 1 | 0.00 |
| 3 | Mr. Vorapote Uchupaiboonvong | 1 | 0.00 |
| 4 | Dr. Supamas Trivisvavet | 1 | 0.00 |
| | Total | 10,000 | 100.00 |

(i) Vis Solis Company Limited

| No. | Name | Number of Shares | Shareholding Percentage |
|-----|---------------------------------|------------------|-------------------------|
| 1 | CK Power Public Company Limited | 9,997 | 100.00 |
| 2 | Mr. Viboon Mongkolpiyathana | 1 | 0.00 |
| 3 | Mr. Vorapote Uchupaiboonvong | 1 | 0.00 |
| 4 | Dr. Supamas Trivisvavet | 1 | 0.00 |
| | Total | 10,000 | 100.00 |

(3) Shareholders' Agreement

As at December 31, 2013, the Company has no shareholders' agreement on the matters affecting the Company's management.

10.3 Issuance of Securities

As at December 31, 2013, the Company has not issued any other securities.

10.4 Policy on Dividend Payment

10.4.1 CK Power Public Company Limited

The Company has a policy on dividend payment to shareholders at the rate of not less than 40 percent of the net profit after deduction of corporate income tax from the Company's separate financial statements and after deduction of legal reserve. In this regard, the rate of such dividend payment may vary from the above rate subject to the operational results, financial position, liquidity, necessity in current investments, additional investments, business expansion, conditions and restrictions specified in the loan agreement, and other relevant factors in the management as the Board of Directors and/or the Company's shareholders may deem appropriate.

10.4.2 SouthEast Asia Energy Limited ("SEAN")

SEAN has a policy on dividend payment to shareholders at the rate of not less than 40 percent of the net profit after deduction of corporate income tax from SEAN's separate financial statements and after deduction of legal reserve. In this regard, the rate of such dividend payment may vary from the above rate subject to the operational results, financial position, liquidity, necessity in current investments, additional investments, business expansion, conditions and restrictions specified in the loan agreement, and other relevant factors in the management as the Board of Directors and/or SEAN's shareholders may deem appropriate.

10.4.3 Nam Ngum 2 Power Company Limited ("NN2")

NN2 has a policy on dividend payment to shareholders at the rate of not less than 40 percent of the net profit after deduction of corporate income tax from NN2's separate financial statements and after deduction of legal reserve. In this regard, the rate of such dividend payment may vary from the above rate subject to the operational results, financial position, liquidity, necessity in current investments, additional investments, business expansion, conditions and other relevant factors in the management as the Board of Directors and/or NN2's shareholders may deem appropriate, as well as restrictions specified in the loan agreement. The conditions in the long-term loan agreement specify that NN2 may make the dividend payment only after:

Reserves have been made to fully meet the following requirements:

- 1 Operating Account: The Company must reserve funds for payment of the operating expenses for three months;
- 2 Accrual Account: The Company must reserve funds for payment of the principal and interest in the next installment;
- 3 Debt Service Reserve Account: The Company must reserve funds in the amount equivalent to the principal and interest in the next six months;
- 4 PPA Bond Drawings Sub-Account: The Company must reserve funds in case where the Company is unable to comply with the conditions of the PPA.



The remaining cash after the provision of reserve in the accounts per item 1 above will be divided into two parts, whereby the first part of 20 percent of the remaining cash will be used for mandatory prepayment to the creditors; and NN2 may use the second part of 80 percent of the remaining cash to make dividend payment, provided that the Debt Service Coverage Ratio (DSCR) shall not be less than 1.10 times; and after the dividend payment, such ratio shall not be less than 1.05 times.

10.4.4 BKC's Policy on Dividend Payment

BKC has a policy on dividend payment to shareholders at the rate of not less than 40 percent of the net profit after deduction of corporate income tax from BKC's separate financial statements and after deduction of legal reserve. In this regard, the rate of such dividend payment may vary from the above rate subject to the operational results, financial position, liquidity, necessity in current investments, additional investments, business expansion, conditions and restrictions specified in the loan agreement, and other relevant factors in the management as the Board of Directors and/or BKC's shareholders may deem appropriate.

10.4.5 BIC's Policy on Dividend Payment

BIC has a policy on dividend payment to shareholders at the rate of not less than 40 percent of the net profit after deduction of corporate income tax from BIC's separate financial statements and after deduction of legal reserve. In this regard, the rate of such dividend payment may vary from the above rate subject to the operational results, financial position, liquidity, necessity in current investments, additional investments, business expansion, conditions and restrictions specified in the loan agreement, and other relevant factors in the management as the Board of Directors and/or BIC's shareholders may deem appropriate.

11. Management Structure

The Company's management structure consists of the Board of Directors and four subcommittees, namely, the Audit Committee, the Executive Committee, the Nomination and Remuneration Committee, the Corporate Governance and Risk Management Committee, and the management team, as follows:

11.1 Board of Directors

The Board of Directors has the power and understands the roles, duties and responsibilities in relation to the Company's management in compliance with the laws, objectives and articles of association of the Company as well as resolutions passed by shareholders' meetings which are legally valid, taking into account the integrity and due care for the interests of the Company and shareholders. The Company's management structure is clear, counter balancing and auditable.

As at December 31, 2013, the Board of Directors consists of 12 directors, namely:

- Five executive directors.
- Three non-executive directors
- Four independent directors;

Names of the Board of Directors and their meeting attendances in 2013 as at December 31, 2013 are listed below:

| Name | Position | Appointment Date | Number of Meetings in 2013 meetings/attendances |
|---------------------------------------|--|--------------------|---|
| Dr. Thanong Bidaya | Chairman of the Board of Directors (Independent Director) | August 23, 2012 | 7/8 |
| Mr. Plew Trivisvavet ¹ | Director Chairman of the Executive Committee (Executive Director) | June 3, 2011 | 7/8 |
| Mr. Techapit Sangsingkeo | Director Chairman of the Audit Committee (Independent Director) | August 23, 2012 | 7/8 |
| Mr. Narong Sangsuriya ¹ | Director Chairman of the Corporate Governance and Risk Management Committee (Non-executive Director) | September 26, 2011 | 8/8 |
| Dr. Vicharn Aramvareekul | Director Chairman of the Nomination and Remuneration Committee Member of the Audit Committee Member of the Corporate Governance and Risk Management Committee (Independent Director) | August 23, 2012 | 8/8 |
| Mr. Supong Chayutsahakij ¹ | Director (Non-executive Director) | June 3, 2011 | 8/8 |



| Name | Position | Appointment Date | Number of Meetings in 2013 meetings/attendances |
|--|--|--------------------------------------|---|
| Mr. Prawet Ingadapa | Director Member of the Audit Committee Member of the Nomination and Remuneration Committee (Independent Director) | November 8, 2012 | 8/8 |
| Mr. Prasert Marittanaporn | Director Executive Director Member of the Nomination and Remuneration Committee (Executive Director) | June 24, 2011 | 8/8 |
| Mr. Sompodh Sripoom | Director Executive Director (Executive Director) | September 26, 2011 | 7/8 |
| Mr. Thanawat Trivisvavet ¹ | Director Executive Director (Executive Director) | June 3, 2011 | 5/8 |
| Mr. Kamphuy Jirararuensak ² | Director (1 January - 25 February 2013) (Non-executive Director) | August 23, 2012 to February 25, 2013 | 3/8 |
| Mr. Alvin Gee ² | Director (26 February - Present) (Non-executive Director) | February 26, 2013 | 5/8 |
| Dr. Supamas Trivisvavet | Director Executive Director Member of the Corporate Governance and Risk Management Committee Managing Director Company Secretary (Executive Director) | August 23, 2012 | 8/8 |

Remarks: ¹ The 2013 Annual General Meeting of Shareholders on March 21, 2013 resolved to appoint the directors retiring by rotation, namely, Mr. Plew Trivisvavet, Mr. Narong Sangsuriya, Mr. Supong Chayutsahakij and Mr. Thanawat Trivisvavet, to resume their office for another term.

² The Board of Directors' Meeting No. 1/2013 (after the conversion into a public company limited) on February 26, 2013 resolved to appoint Mr. Alvin Gee as director in replacement of Mr. Kamphuy Jirararuensak, who resigned from directorship of the Company on February 26, 2013.

³ Details of Directors will be in the Company's Form 56-1

Independent Directors

The Board of Directors' Meeting No. 4/2012 on August 23, 2012 jointly considered setting out the definition of independent directors in conformity with the Notification of the Capital Market Supervisory Board No. Tor Chor. 28/2551 Re: Application for and Approval of Offer for Sale of Newly Issued Shares, and its amendment, including related notifications, regulations and/or rules as well as considering the qualifications, work experiences and appropriateness in other terms for selection of any person to be appointed as independent director. The Company has policy to appoint independent directors at

least one-thirds of all directors but not less than three persons. The Board of Directors sets out independent directors' qualifications as follows:

1. Holding shares of not exceeding one percent of the total number of voting shares of the Company, its parent company, subsidiary, associated company, major shareholder or controller of the Company, including shares held by any related parties of each independent director;
2. Not being or having been a director having involvement in the management, an employee, a staff member, an advisor receiving a regular salary or a controller of the Company, its parent company, subsidiary, associated company, subsidiary at the same level, major shareholder or controller of the Company, unless such independent director has no longer been in such capacity for not less than two years prior to the date of submission of the application for permission to the Office of the SEC;
3. Not being a person having relationship by blood or by legal registration in the capacity as parent, spouse, sibling and offspring, including spouse of the offspring, director, executive, major shareholder, controller or person to be nominated as director, executive or controller of the Company or its subsidiary;
4. Not having or having had any business relationship with the Company, its parent company, subsidiary, associated company, major shareholder or controller of the Company in a manner which may prevent the exercise of his or her independent judgment; and not being or having been a substantial shareholder or controller of any person having a business relationship with the Company, its parent company, subsidiary, associated company, major shareholder or controller of the Company, unless such independent director has no longer been in such capacity for not less than two years prior to the date of submission of the application for permission to the Office of the SEC;
5. Not being or having been an auditor of the Company, its parent company, subsidiary, associated company, major shareholder, or controller of the Company; and not being a substantial shareholder, controller, or partner of an audit firm which employs the auditor of the Company, its parent company, subsidiary, associated company, major shareholder, or controller of the Company, unless such independent director has no longer been in such capacity for not less than two years prior to the date of submission of the application for permission to the Office of the SEC;
6. Not being or having been a professional service provider, including legal advisor or financial advisor which receives an annual service fee exceeding Baht Two Million from the Company, its parent company, subsidiary, associated company, major shareholder, or controller of the Company; and not being a substantial shareholder, controller, or partner of such professional service provider, unless such independent director has no longer been in such capacity for not less than two years prior to the date of submission of the application for permission to the Office of the SEC;
7. Not being a director appointed as representative of the Company's director, major shareholder or shareholder who is a related party of the major shareholder;
8. Not engaging in any business of the same nature as and in material competition with the business of the Company or its subsidiary; or not being a substantial partner in a partnership or a director having involvement in the management, an employee, a staff member, an advisor receiving a regular salary or holding more than one percent of the total number of voting shares of another company engaging in any business of the same nature as and in material competition with the business of the Company or its subsidiary;
9. Not having any other characteristics preventing provision of independent opinions on the Company's operations.

In this regard, the Board of Directors' Meeting No. 1/2013 (before the conversion into a public company limited) on January 14, 2013 considered granting approval for the Company's independent directors to continue holding office as the Company's independent directors after the Company's conversion into a public limited company.



The Company's authorized signatory directors

1. Mr. Prasert Marittanaporn and Dr. Supamas Trivisvavet jointly sign and affix the Company's seal; or
2. Either Mr. Prasert Marittanaporn or Dr. Supamas Trivisvavet jointly sign with Mr. Plew Trivisvavet or Mr. Supong Chayutsahakij or Mr. Narong Sangsuriya or Mr. Alvin Gee or Mr. Sompodh Sripoom or Mr. Thanawat Trivisvavet, totaling two directors, jointly sign and affix the Company's seal.

Appointment, Resignation and Retirement from Directorship

To ensure compliance with the related requirements and the articles of association of the Company, the shareholders' meeting shall appoint at least five directors, of which not less than one-half must reside in Thailand. In case of a vacancy on the position otherwise than retirement by rotation, the Board of Directors shall select any person who is qualified as a replacement director at the following meeting with the votes of three-fourths of remaining number of directors. The replacement director shall hold office only for the remaining term of the director whom he or she replaces. At every annual general meeting, one-third of the number of directors shall vacate office. If the number of directors is not a multiple of three, then the number nearest to one-third must retire from office, and any director wishing to resign from the Company shall submit a resignation letter, effective from the date of the Company's receipt of the resignation letter.

Scope of powers, duties and responsibilities of the Board of Directors per the details under the Board of Directors' Charter are as follows:

1. To convene the annual general meeting of shareholders within four months from the end of the Company's accounting period; provided that the Company will submit notices of the Board of Directors' meetings and of the shareholders' meetings, including meeting agenda and supporting documents, at least such period of time in advance as specified in the Company's articles of association;
2. To convene the Board of Directors' meetings at least once every three months, and all Board members should attend to consider passing resolutions on material matters or transactions; such material transactions include acquisition or disposition of assets of the Company or its subsidiaries which may materially affect the Company, acquisition or disposition of material assets, expansion of investment projects, consideration and approval of connected transactions under the SET rules, determination of authority levels and determination of policies on financial management and risk management of the Company, etc.;
3. To arrange for a reliable system for accounting, financial reporting and auditing, as well as to maintain a document filing system which is capable of verification of accuracy, together with efficient and effective internal control, internal audit and risk management;
4. To prepare the financial statements at the end of the Company's accounting period to correctly present the financial position and operational results of the previous year which must be realistic, complete and correct in accordance with generally accepted accounting standards, and have the same audited by the Company's auditor prior to submission to the shareholders' meeting;
5. To set goals, direction, policies and business operation plans as well as budget of the Company, conduct the monitoring and supervision of the management and administration by Management to ensure compliance with the specified policies, plans and budget efficiently and effectively as well as monitoring and supervising the Company, including its subsidiaries and associated companies, to ensure compliance with the laws on securities and exchange, notifications of the Capital Market Supervisory Board, the SET regulations, e.g., execution of connected transactions and acquisition or disposition of material assets, or applicable laws relating to the Company's business;

6. To consider, review, examine and approve the business expansion plan, large scale investment projects, including any joint investment with other operators as proposed by the Management;
7. To apply the Control Policy and Governance Mechanisms to its subsidiaries or associated companies, namely:
 - 7.1 To perform the duties within the scope of duties and responsibilities for directors as specified and approved by the Board of Directors' meeting in connection with the appointment as directors or executives of subsidiaries in accordance with the Company's shareholding in such subsidiaries;
 - 7.2 To continuously monitor the operational results of the subsidiaries and associated companies to ensure compliance with the operation plans and budget;
 - 7.3 To ensure that the subsidiaries disclose accurate and complete information to the Company regarding their financial position and operational results, connected transactions and acquisition or disposition of material assets;
 - 7.4 In case a subsidiary executes a transaction with a connected person, acquires or disposes of assets or executes any other material transactions, the Board of Directors, in particular such directors or any other person approved by resolutions of the Board of Directors' meeting of the Company for appointment as directors or executives of such subsidiary, has a duty to ensure that the subsidiary complies with the mechanisms relating to connected transactions, acquisition and disposition, including material transactions as specified by the Company; provided that the subsidiary will consider and execute such transactions in compliance with the applicable rules on execution of such transactions of similar nature and size as those of the Company which require resolutions of the meeting of the Board of Directors or of shareholders of the Company, as the case may be.
8. To consider and pass a resolution to approve the appointment or replacement of persons as directors and/or executives in subsidiaries or associated companies, in accordance with the Company's shareholding in the subsidiaries or associated companies, and to apply the Control Policy and Governance Mechanisms to the subsidiaries or associated companies, in order to demonstrate that the Company has the governance mechanisms for its subsidiaries under the notifications of the Capital Market Supervisory Board and applicable regulations;
9. To specify the management structure, to have the power to appoint an Executive Committee, Managing Director and other subcommittees as appropriate, e.g., Audit Committee, Nomination Committee, Remuneration Committee, etc., including to determine the scope of power and duties as well as remuneration of the Executive Committee, Managing Director and such subcommittees so appointed in compliance with the rules and notifications of the Capital Market Supervisory Board and/or any other notifications of the relevant authorities, without a manner of empowerment to consider and approve any transaction which may give rise to a conflict of interest or any other benefits, to be executed with the Company or its subsidiaries (if any), except for approval of such transactions in compliance with the policies and rules which have already been considered and approved by the Board of Directors. In this regard, if the Managing Director or any other person is authorized to act on behalf of the Board of Directors in any matter, such authorization must be made in writing or clearly recorded in a resolution of the Board of Directors in the minutes of its meeting, and the scope of powers and duties of such authorized person must be clearly specified;
10. The Board of Directors may authorize one or several directors or any other person(s) to take any action on behalf of the Board of Directors, subject to its monitoring and supervision, or may authorize such person(s) to have such powers and for such period of time as the Board deems appropriate, which may be cancelled, revoked, changed or amended at any time by the Board as appropriate. The said authorization must not be construed to empower such person(s) to consider and approve any transaction in which he or she or other person(s) may have a conflict or



interest or any other conflict of interest, except for approval of such transaction in the ordinary course of business and on the general trading conditions or in compliance with the policies and rules which have already been considered and approved by the Board of Directors, subject to the rules, conditions and procedures as specified in relation to connected transactions and acquisition or disposition of material assets of listed companies under the notifications of the Capital Market Supervisory Board and/or any other notifications of the relevant authorities;

11. Directors and executives must report to the Company on their own interests and their related parties' interests in connection with the business management of the Company or its subsidiaries, subject to the rules, conditions and procedures as specified by the Capital Market Supervisory Board;
12. Directors and executives must be jointly liable to traders of securities of the Company for any damage arising from such disclosure to shareholders or the general public of any materially false information or from omission of any material facts that should have been disclosed, as specified in the laws on securities and exchange, except where such directors and executives can prove that they, in their capacities, were not in a position to verify the genuineness of such information or the omission thereof;
13. Directors and executives, including their spouses and underage children, are prohibited from using internal information of the Company and of its subsidiaries or associated companies, whether available through the performance of duties or by any other means, which gives or may give rise to material impact on the Company, its subsidiaries or associated companies, for personal gain or for others, whether directly or indirectly, and whether with or without consideration;
14. Directors and executives of the Company, including their related parties, have a duty to report to the Company on their relationships and transactions with the Company, its subsidiaries or associated companies in any matter which may give rise to a conflict of interest, and to avoid any transaction which may give rise to a conflict of interest with the Company, its subsidiaries or associated companies.

11.1.1 Subcommittees

Based on the powers under the aforesaid Board of Directors' Charter, the Board of Directors appoints four subcommittees to perform the managerial duties as follows:

(1) Executive Committee

The Board of Directors' Meeting No. 4/2012 on August 23, 2012 resolved to appoint the Executive Committee, comprising five members. As at December 31, 2013, names of executive directors and number of their meeting attendances are listed below:

| Name | Position | Number of Meetings in 2013 meetings/attendances |
|---------------------------|---|--|
| Mr. Plew Trivisvavet | Chairman of the Executive Board | 9/9 |
| Mr. Prasert Marittanaporn | Executive Director | 9/9 |
| Mr. Sompodh Sripoom | Executive Director | 7/9 |
| Mr. Thanawat Trivisvavet | Executive Director | 6/9 |
| Dr. Supamas Trivisvavet | Executive Director/Managing Director/ Secretary to the Executive Committee | 9/9 |

Scope of powers, duties and responsibilities of the Executive Committee per the details under the Executive Committee's Charter are as follows:

1. The Executive Committee shall have powers, duties and responsibilities to manage matters in relation to the ordinary course of business and management of the Company; scrutinize and set out policies, business plans, budget, management structure, with managerial powers of the Company; and set out criteria for business operation in line with the economic conditions, for submission to the Board of Directors' Meeting for consideration and approval and/or endorsement, including review and follow up the Company's operational results in accordance with the specified policies;
2. To propose goals, policies, business plans, including business strategies and annual budget of the Company, business expansion, financial plans, human resources management policies as well as considering and screening the proposals of Management for submission to the Board of Directors for consideration and approval;
3. To monitor and supervise the Company's business operations to ensure compliance with policies, action plans, and budget as approved by the Board of Directors;
4. To consider approving operations in the ordinary course of business, together with operations in support of the ordinary course of business of the Company on an arm's length basis, but not exceeding budget as approved by the Board of Directors or approved in principle by the Board of Directors' resolution, subject to the rules of the Office of the Securities and Exchange Commission, including the Stock Exchange of Thailand in relation to connected transactions and acquisition or disposition of assets;
5. To have power to authorize one or several persons to take any action, subject to supervision of the Executive Committee, or such person(s) may be authorized to have such powers and for such period of time as the Executive Committee may deem appropriate, and such authorized person(s) or authorization may be cancelled, revoked, changed or amended as appropriate at any time by the Executive Committee. Provided that the said authorization must not empower person(s) or appoint substitute(s) to enable such person(s) authorized by the Executive Committee to approve any transaction in which he or she or other person(s) may have a conflict or interest or any other conflict of interest, to be executed with the Company or its subsidiaries and/or associated companies, except for approval of such transaction in the ordinary course of business and on an arm's length basis in compliance with the notifications of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or the relevant authorities, subject to approval in principle by the Board of Directors;
6. To consider profit and loss of the Company, proposal for payment of interim or annual dividend for submission to the Board of Directors prior to proposing such matters to the shareholders' meeting;
7. To consider approving the interim dividend of subsidiaries
8. To consider approving any connected transactions under the general commercial terms as those an ordinary person would agree with a general counterparty under the same circumstances, on the basis of commercial negotiation without any influence between the company and its subsidiaries, and directors, executives or other parties concerned, as well as taking necessary steps in relation to such transactions, and to consider authorizing any persons to proceed with such matters under the scope of such authorization from time to time, whereby the executive committee shall report to the board of directors' meeting on such transactions with material high value on a quarterly basis or as required by the board of directors;
9. To perform any other functions as assigned by the Board of Directors from time to time.



(2) Audit Committee

The Board of Directors' Meeting No. 4/2012 on August 23, 2012 resolved to appoint the Audit Committee, comprising three independent directors. As at December 31, 2013, names of the Audit Committee and number of their meeting attendances are listed below:

| Name | Position | Number of Meetings in 2013 meetings/attendances |
|---------------------------|---------------------------------|--|
| Mr. Techapit Sangsingkeo* | Chairman of the Audit Committee | 8/8 |
| Dr. Vicharn Aramvareekul | Member of the Audit Committee | 8/8 |
| Mr. Prawet Ingadapa | Member of the Audit Committee | 8/8 |

Remark: * As a member of the Audit Committee who is knowledgeable and experienced to review the Company's financial statements.

In this regard, the Board of Directors' Meeting No. 1/2013 (before the conversion into a public company limited) on January 14, 2013 considered approving the appointment of the Company's existing Audit Committee to continue holding office as the Company's Audit Committee after the Company's conversion into a public limited company.

Scope of powers, duties and responsibilities of the Audit Committee per the details under the Audit Committee's Charter are as follows:

1. To review to ensure that the Company's financial reports are accurate and adequate;
2. To consider approving the quarterly financial statements for submission to the Board of Directors' Meeting for acknowledgement in the following Board of Directors' Meeting;
3. To review to ensure that the Company's internal control and internal audit systems are suitable and effective, consider the independence of the internal audit unit and provide opinions on consideration for appointment, transfer, termination of employment of head of the internal audit unit or any other unit responsible for the internal audit;
4. To review to ensure the Company's performance in compliance with the laws on securities and exchange, requirements of the Stock Exchange of Thailand and the laws relating to the Company's business;
5. To consider, select, submit for appointment of person who is independent to serve as the Company's auditor, and propose remuneration of such person as well as meeting with the auditor without the Management Team at least once a year;
6. To consider connected transactions or transactions which may have a conflict of interest, including transactions on acquisition or disposition of assets in compliance with the laws and requirements of the Stock Exchange of Thailand in order to ensure that such transactions are justified and of the utmost benefit to the Company;
7. To prepare reports of the Audit Committee to be disclosed in the Company's Annual Report, whereby such reports must be signed by the Chairman of the Audit Committee and be comprised of at least the information as required by the Stock Exchange of Thailand;
8. To perform any other activities as assigned by the Board of Directors and approved by the Audit Committee;
9. To report on any matters as it deems that such matters should be made known to shareholders and general investors under the scope of duties and responsibilities as assigned by the Board of Directors;

10. To conduct the evaluation of the Audit Committee's performance by related parties at least once a year in order to improve their performance to ensure the utmost efficiency to shareholders and the organization;
11. To regularly report to the Board of Directors on the Audit Committee's activities;
12. In performing duties of the Audit Committee, should it be found or there be any doubt that there is any transaction or action which may materially affect the Company's financial position and operational results, the Audit Committee shall report to the Board of Directors for improvement and correction within the period of time as the Audit Committee deems appropriate. Types of transactions or actions to be reported are as follows:
 - 12.1 Report on occurrence of a conflict of interest;
 - 12.2 Fraud or unusual events or material defects of the internal control system;
 - 12.3 Violation of the laws on securities and exchange, requirements of the Stock Exchange of Thailand or laws applicable to the Company's business. Should the Audit Committee report to the Board of Directors on any matter having a material effect upon the financial position and operational results and jointly discuss with the Board of Directors and Management, and it is deemed that any improvement and correction is required, upon a lapse of the specified period of time, should the Audit Committee find that no such correction is conducted without any reasonable grounds, any member of the Audit Committee may report on such finding to the Office of the Securities and Exchange Commission and/or the Stock Exchange of Thailand.

(3) Corporate Governance and Risk Management Committee

The Board of Directors' Meeting No. 1/2013 (before the conversion into a public company limited) on January 14, 2013 resolved to appoint the Corporate Governance and Risk Management Committee, comprising one independent director one non-executive director and one executive director, totaling three persons. As at December 31, 2013, the Corporate Governance and Risk Management Committee has a total of three members. Names and number of their meeting attendances are listed below:

| Name | Position | Number of Meetings in 2013 meetings/attendances |
|--------------------------|--|--|
| Mr. Narong Sangsuriya | Chairman of the Corporate Governance and Risk Management Committee | 1/1 |
| Dr. Vicharn Aramvareekul | Member of the Corporate Governance and Risk Management Committee | 1/1 |
| Dr. Supamas Trivisvavet | Member of the Corporate Governance and Risk Management Committee | 0/1 |

Remark: The term of office is three years from the date of appointment. In this regard, retiring members of the Corporate Governance and Risk Management Committee may be re-appointed.

Scope of powers, duties and responsibilities of the Corporate Governance and Risk Management Committee are as follows:

Corporate Governance

1. To determine and propose policies and directions of operations in respect of the good corporate governance of the Company, including the code of business ethics, to the Board of Directors for consideration and approval for further compliance at all levels;
2. To supervise and monitor the business operation of the Company and performance of the Board of Directors, Management and personnel of the Company to ensure compliance with Clause 1;



3. To evaluate and review policies, directions, code of ethics, and best practices or practical guidelines in respect of the good corporate governance of the Company to ensure compliance with the international practices and recommendations of various institutions, as well as proposing the same to the Board of Directors for further consideration and approval;
4. To follow up on movements, tendencies, as well as comparing performance in respect of the good corporate governance of the Company with the practices of other leading companies;
5. To oversee and support performance in compliance with the good corporate governance policies to ensure continual effectiveness and appropriateness to the Company's business;
6. To give advice to the Company, the Board of Directors, Management and working groups on the matters relating to the good corporate governance;
7. To report on the corporate governance of the Company to the Board of Directors on a regular basis, and immediately report to the Board of Directors for consideration in case there is any matter materially affecting the Company, as well as providing opinions on the practices and suggestions for improvement and correction as appropriate;
8. To disclose information relating to the good corporate governance of the Company to related parties and in the Annual Report, subject to the Board of Directors' prior approval;
9. To establish any working group as it deems appropriate.

Risk Management

1. To determine policies and scope of risk management operations of the Company, as well as giving advice to the Board of Directors and Management on risk management;
2. To oversee and support the risk management to ensure successful implementation by emphasizing the significance of and taking into account risk factors in support of the decision making as appropriate;
3. To consider the Company's material risks in line with the Company's business, e.g., in terms of investment, finance, security, laws, rules and regulations, by suggesting measures to prevent and minimize risks to stay at an acceptable level, as well as following up, evaluating and improving the working plans for minimizing risks on a continual basis as appropriate to the condition of the business operation;
4. To report on risk assessment results and operations for minimizing risks to the Board of Directors on a regular basis, and promptly report to the Board of Directors for consideration in case there is any matter materially affecting the Company;
5. To establish any working group as it deems appropriate.

(4) Nomination and Remuneration Committee

The Board of Directors' Meeting No. 1/2013 (before the conversion into a public company limited) on January 14, 2013 resolved to appoint the Nomination and Remuneration Committee, comprising two independent directors and one executive director, totaling three persons. As at December 31, 2013, the Nomination and Remuneration Committee has a total of three members. Names and number of their meeting attendances are listed below:

| Name | Position | Number of Meetings in 2013 meetings/attendances |
|---------------------------|---|--|
| Dr. Vicharn Aramvareekul | Chairman of the Nomination and Remuneration Committee | 2/2 |
| Mr. Prawet Ingadapa | Member of the Nomination and Remuneration Committee | 2/2 |
| Mr. Prasert Marittanaporn | Member of the Nomination and Remuneration Committee | 2/2 |

Remark: The term of office is three years from the date of appointment. In this regard, retiring members of the Nomination and Remuneration Committee may be re-appointed.

Scope of powers, duties and responsibilities of the Nomination and Remuneration Committee, with the details are as follows:

1. To consider, select and propose qualified persons to hold office as the Company's directors to the Board of Directors for further nomination to the shareholders' meeting, or to the Board of Directors for appointment;
2. To consider, select and propose qualified persons to hold office as committee members to the Board of Directors for appointment;
3. To consider and determine criteria on consideration for remuneration for directors and the Managing Director;
4. To consider, determine and propose remuneration for directors to the shareholders' meeting for approval;
5. To consider and review rates of salary and other remuneration for directors for submission to the Board of Directors for approval; and to perform any other matters as assigned by the Board of Directors.

11.1.2 Board of Directors of Subsidiaries

The details of directors of subsidiaries which engage in core businesses and their controllers are as follows:

(1) SouthEast Asia Energy Limited (SEAN)

As at December 31, 2013, SEAN's board of directors consists of ten directors as follows:

| Name | Position | Number of Meetings in 2013 meetings/attendances |
|---------------------------------------|---|--|
| Dr. Virabongsa Ramangkura | Chairman of the Board of Directors | 6/6 |
| Mr. Plew Trivisvavet | Chairman of the Executive Board | 6/6 |
| Mr. Supong Chayutsahakij | Director | 6/6 |
| Mr. Narong Sangsuriya | Executive Director | 6/6 |
| Mr. Prasert Marittanaporn | Director | 6/6 |
| Mr. Van Hoang Dau | Executive Director | 6/6 |
| Mr. Noppol Milinhanggoon ¹ | Director (January 1 - September 11, 2013) | 4/6 |
| Mr. Kriengrit Jiajanpong ¹ | Executive Director (September 12-present) | 2/6 |
| Mr. Peerawat Pumthong ¹ | Director Executive Director (January 1 - September 11, 2013) | 6/6 |
| Mr. Milton William Shlapak | Director | 6/6 |
| Mr. Kamphuy Jiraruensak ² | Executive Director and Managing Director (January 1 - February 11, 2013) | 1/6 |
| Mr. Alvin Gee ² | Executive Director and Managing Director (February 12 - present) | 5/6 |

Remarks: ¹ The Board of Directors' Meeting of SEAN No. 4/2013 on September 12, 2013 resolved to appoint Mr. Kriengrit Jiajanpong as director in replacement of Mr. Noppol Milinhanggoon and as executive director in replacement of Mr. Peerawat Pumthong.

² The Board of Directors' Meeting of SEAN No. 1/2013 on February 12, 2013 resolved to appoint Mr. Alvin Gee as director and Managing Director in replacement of Mr. Kamphuy Jiraruensak who resigned from all positions in SEAN.

³ Details of Directors will be in the Company's Form 56-1



Authorized Signatory Directors of SEAN

- Two of the following four directors, namely, Mr. Plew Trivisvavet, Mr. Narong Sangsuriya, Mr. Prasert Marittanaporn, Mr. Alvin Gee, jointly sign and affix SEAN's seal; or
- Either Mr. Plew Trivisvavet or Mr. Narong Sangsuriya or Mr. Prasert Marittanaporn or Mr. Alvin Gee, and another director, totaling two directors, and jointly sign and affix SEAN's seal.

(2) Nam Ngum 2 Power Company Limited (NN2)

As at December 31, 2013, NN2's board of directors consists of 13 directors as follows:

| Name | Position | Number of Meetings in 2013 meetings/attendances |
|--|---|--|
| Dr. Virabongsa Ramangkura | Chairman of the Board of Directors | 6/6 |
| Mr. Plew Trivisvavet | Chairman of the Executive Board | 6/6 |
| Mr. Supong Chayutsahakij | Director | 6/6 |
| Mr. Narong Sangsuriya | Executive Director | 6/6 |
| Mr. Prasert Marittanaporn | Director | 6/6 |
| Mr. Van Hoang Dau | Executive Director | 6/6 |
| Mr. Noppol Milinthanggoon ¹ | Director (January 1 - September 11, 2013) | 4/6 |
| Mr. Kriengrit Jiajanpong ¹ | Executive Director (September 12 - present) | 2/6 |
| Mr. Peerawat Pumthong ¹ | Director Executive Director (January 1 - September 11, 2013) | 6/6 |
| Mr. Milton William Shlapak | Director | 6/6 |
| Mr. Bounleua Sinxayvolavong | Director | 6/6 |
| Than Sisavath Thiravong | Director | 6/6 |
| Mr. Thanawat Trivisvavet | Executive Director | 6/6 |
| Mr. Kamphuy Jiraruensak ² | Executive Director and Managing Director (January 1 - February 11, 2013) | 1/6 |
| Mr. Alvin Gee ² | Executive Director and Managing Director (February 12 - present) | 5/6 |

Remarks: ¹ The Board of Directors' Meeting of NN2 No. 4/2013 on September 12, 2013 resolved to appoint Mr. Kriengrit Jiajanpong as director in replacement of Mr. Noppol Milinthanggoon and as executive director in replacement of Mr. Peerawat Pumthong.

² The Board of Directors' Meeting of NN2 No. 1/2013 on February 12, 2013 resolved to appoint Mr. Alvin Gee as director and Managing Director in replacement of Mr. Kamphuy Jiraruensak who resigned from all positions in NN2.

³ Details of Directors will be in the Company's Form 56-1

Authorized Signatory Directors of NN2

NN2 is a company incorporated in the Lao People's Democratic Republic (Lao PDR), whereby no conditions for authorized signatory directors are clearly specified like companies incorporated in Thailand. However, NN2 determines the same criteria for signing to bind the company as SEAN, which is NN2's major shareholder, in its operations as follows:

1. Two of the following four directors, namely, Mr. Plew Trivisvavet, Mr. Narong Sangsuriya, Mr. Prasert Marittanaporn, Mr. Alvin Gee, jointly sign and affix NN2's seal; or
2. Either Mr. Plew Trivisvavet or Mr. Narong Sangsuriya or Mr. Prasert Marittanaporn or Mr. Alvin Gee, and another director, totaling two directors, and jointly sign and affix NN2's seal.

(3) Bangpa-in Cogeneration Limited (BIC)

As at December 31, 2013, BIC's board of directors consists of five directors as follows:

| Name | Position | Number of Meetings in 2013 meetings/attendances |
|------------------------------|------------------------------------|--|
| Mr. Narong Sangsuriya | Chairman of the Board of Directors | 4/4 |
| Mr. Kamphuy Jiraruensak | Director | 4/4 |
| Mr. Vorapote Uchupaiboonvong | Director | 4/4 |
| Mr. Vuthikorn Satithit | Director | 4/4 |
| Mr. Woravudh Anuruxwongsri | Managing Director | 4/4 |

Remark: Details of Directors will be in the Company's Form 56-1

Authorized Signatory Directors of BIC

Two directors jointly sign and affix BIC's seal.

(4) Bangkhenchai Co., Ltd. (BKC)

As at December 31, 2013, BKC's board of directors consists of five directors as follows:

| Name | Position | Number of Meetings in 2013 meetings/attendances |
|--------------------------------|-------------------|--|
| Mr. Viboon Mongkolpiyathana | Director | 4/4 |
| Mr. Vorapote Uchupaiboonvong | Director | 4/4 |
| Dr. Supamas Trivisvavet | Director | 4/4 |
| Mr. Somkiat Pattamamongkolchai | Director | 4/4 |
| Mr. Sombat Trivisvavet | Managing Director | 4/4 |

Remark: Details of Directors will be in the Company's Form 56-1

Authorized Signatory Directors of BKC

Two directors jointly sign and affix BKC's seal.



11.2 Management Team

11.2.1 CK Power Public Company Limited

As at December 31, 2013, the Company has a total of six executives as follows:

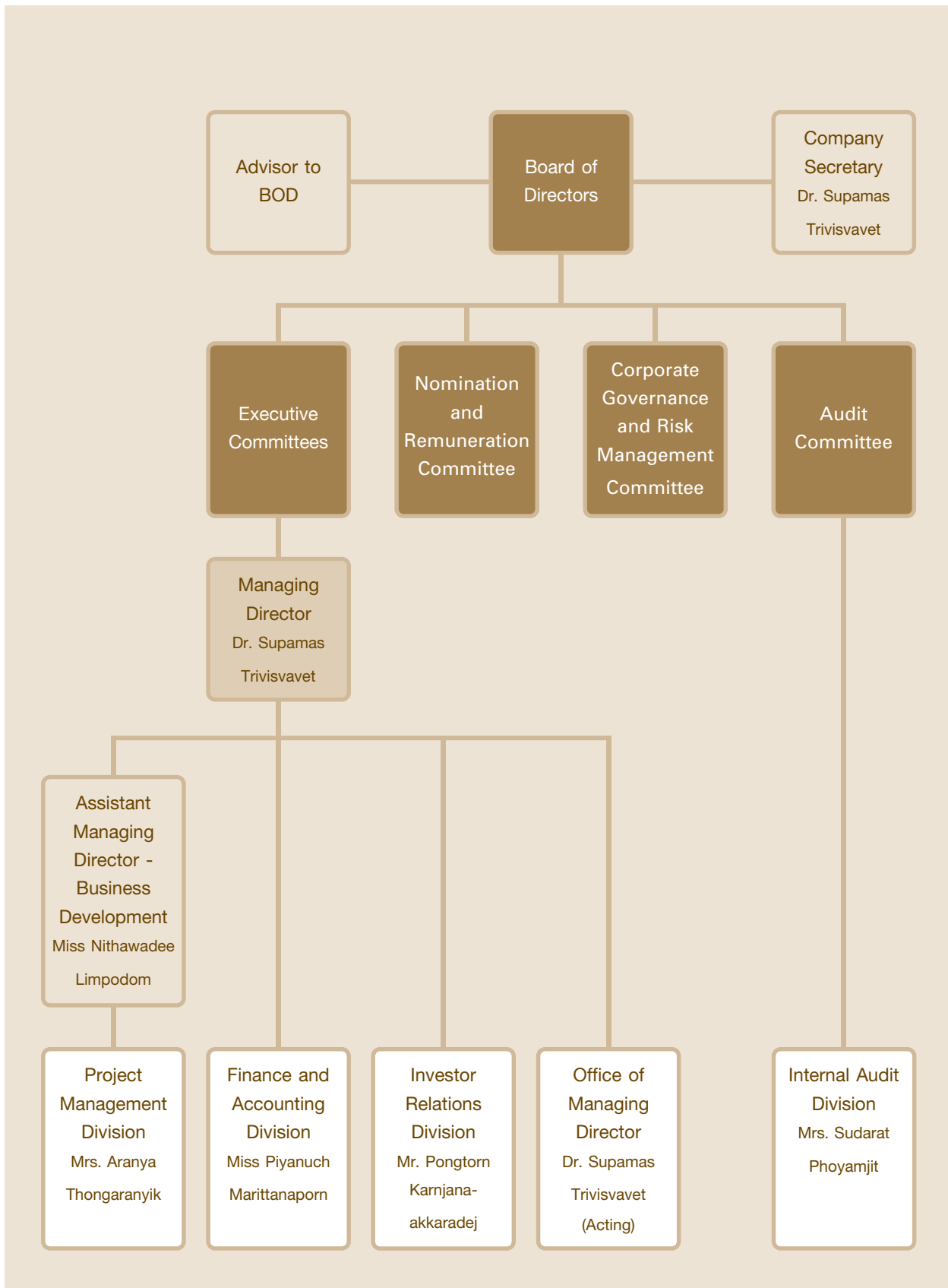
| Name of Executive* | Position |
|---------------------------------|--|
| Dr. Supamas Trivisvavet | Managing Director |
| Miss Nithawadee Limpodom | Assistant Managing Director - Business Development |
| Miss Piyanuch Marittanaporn | General Manager of Finance and Accounting Division |
| Mrs. Aranya Thongaranyik | General Manager of Project Management Division |
| Mr. Pongtorn Karnjana-akkaradej | General Manager of Investor Relations Division |
| Mrs. Sudarat Phoyamjit | General Manager of Internal Audit Division |

Remark: Details of Executives will be in the Company's Form 56-1

Scope of powers, duties and responsibilities of the Managing Director

1. To supervise to ensure proper operations in compliance with the Company's work rules, and to give final decision on any issues in question, and to seek the Board of Directors' approval for amendment of the work rules;
2. To have power to issue orders, set out criteria, procedures and work practices as appropriate;
3. To authorize other staff as substitute to perform works on his/her behalf, provided that the Managing Director shall remain responsible for all actions taken by such substitute;
4. To jointly set out policies, strategies and goals with the Board of Directors for compliance and management to ensure that the operational results achieve such goals;
5. To manage and administer works in all respects in accordance with the vision, missions, policies and strategies;
6. To take care of personnel in various divisions to ensure they can efficiently and effectively perform in line with plans, strategies and goals of each division, and to regularly facilitate personnel development;
7. To develop the organization to ensure its satisfactory operational results and performance, and to regularly and continuously improve its operations to ensure the organization's sustainable growth;
8. To follow up, inspect, supervise and report the Company's overall operational results to the Board of Directors quarterly;
9. To follow up, inspect, and supervise the operational results of subsidiaries and/or associated companies as invested by the Company to ensure the good operational results in accordance with goals and report on such results to the Board of Directors quarterly as well as seeking opportunities to improve performance;
10. To conduct study on investment opportunities in new projects taking into account technical and financial feasibility in support of decision-making;
11. To supervise and monitor the business operations and/or day-to-day administration of the Company;
12. To proceed with or manage works in compliance with policies, action plans and budget as approved by the Board of Directors and/or the Executive Committee;
13. To determine policies, business plans, including business strategies, and annual budget of the Company for submission to the Executive Committee and seek approval from the Board of Directors.

The Company's Management Structure as at December 31, 2013



11.2.2 Executives of Subsidiaries

The details of executives of four subsidiaries which engage in core businesses are as follows:

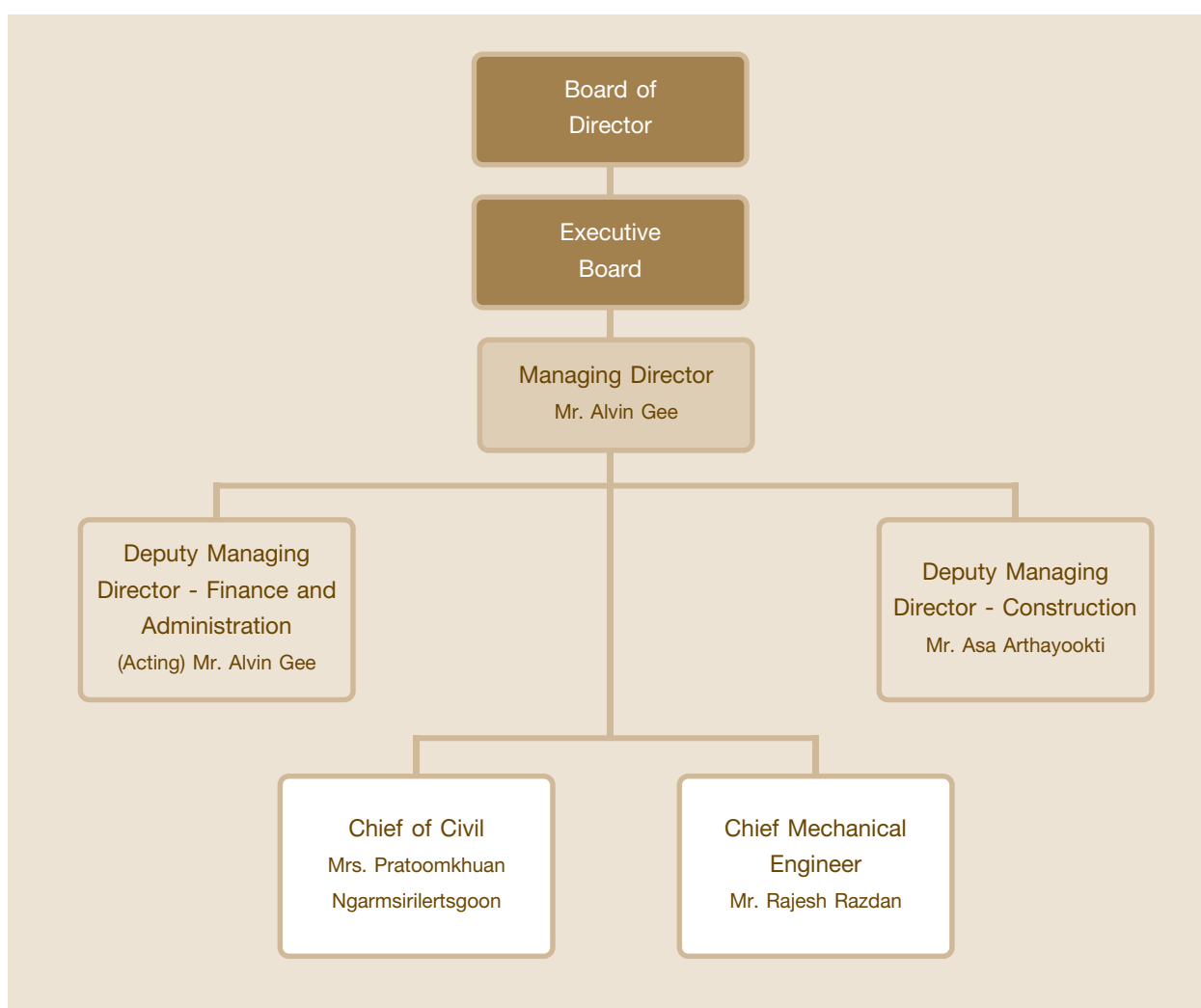
(1) SouthEast Asia Energy Limited (SEAN)

As at December 31, 2013, SEAN has a total of five executives as follows:

| Name | Position |
|---------------------------------------|--|
| Mr. Alvin Gee | Managing Director and (Acting) Deputy Managing Director, Finance and Administration Department |
| Mr. Asa Arthayookti | Deputy Managing Director, Construction Department |
| Mr. Rajesh Razdan | Chief Mechanical Engineer |
| Mrs. Pratoomkhuang Ngarmsirilertsgoon | Chief of Civil |

Remark: Details of Executives will be in the Company's Form 56-1

SEAN's Management Structure as at December 31, 2013



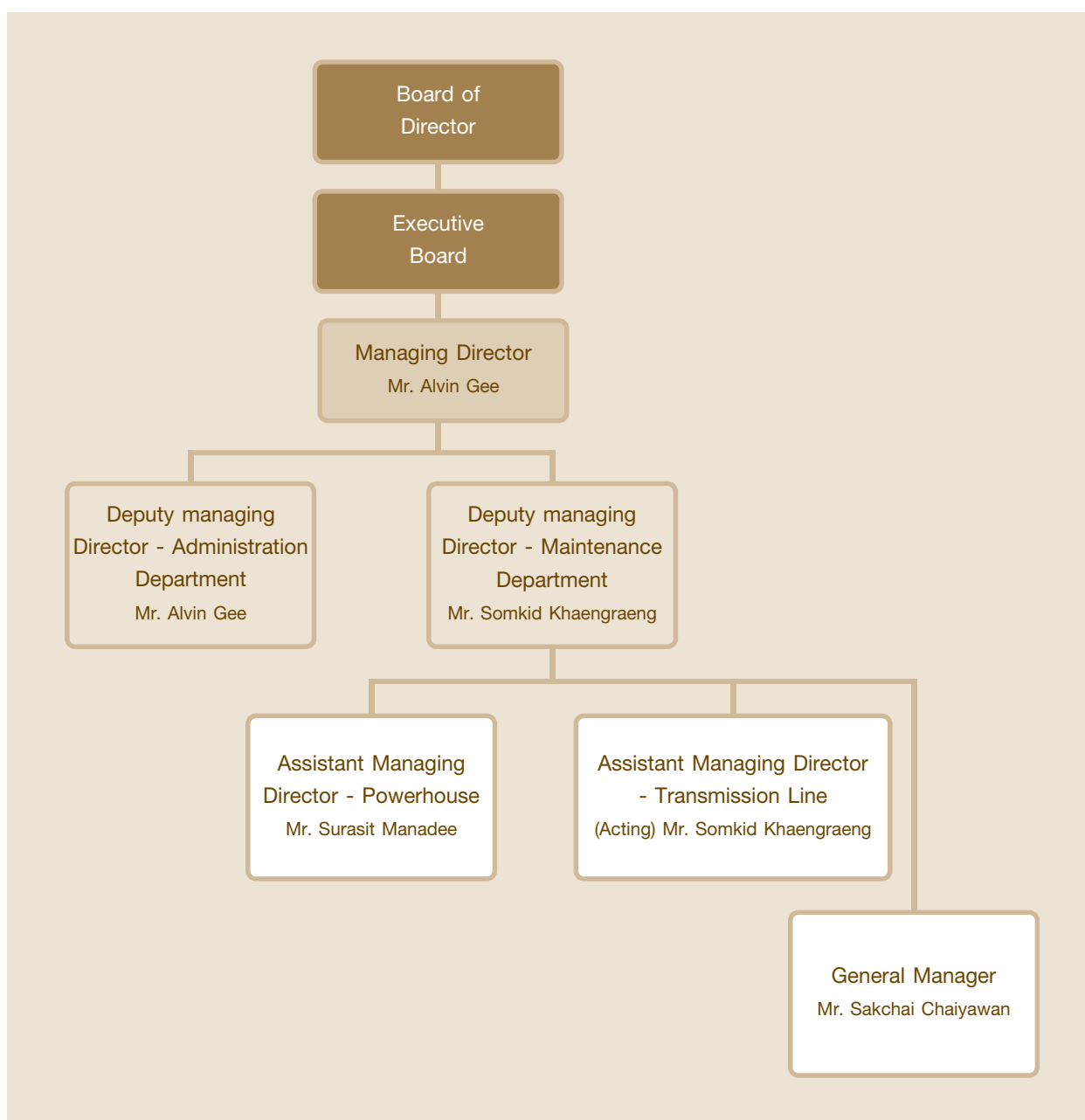
(2) Nam Ngum 2 Power Company Limited (NN2)

As at December 31, 2013, NN2 has a total of four executives as follows:

| Name | Position |
|------------------------|---|
| Mr. Alvin Gee | Managing Director and Deputy Managing Director, Administration Department |
| Mr. Somkid Khaengraeng | Deputy Managing Director, Operation and Maintenance Department and (Acting) Assistant Managing Director: Transmission Line |
| Mr. Surasit Manadee | Assistant Managing Director: Powerhouse |
| Mr. Sakchai Chaiyawan | General Manager |

Remark: Details of Executives will be in the Company's Form 56-1

NN2's Management Structure as at December 31, 2013



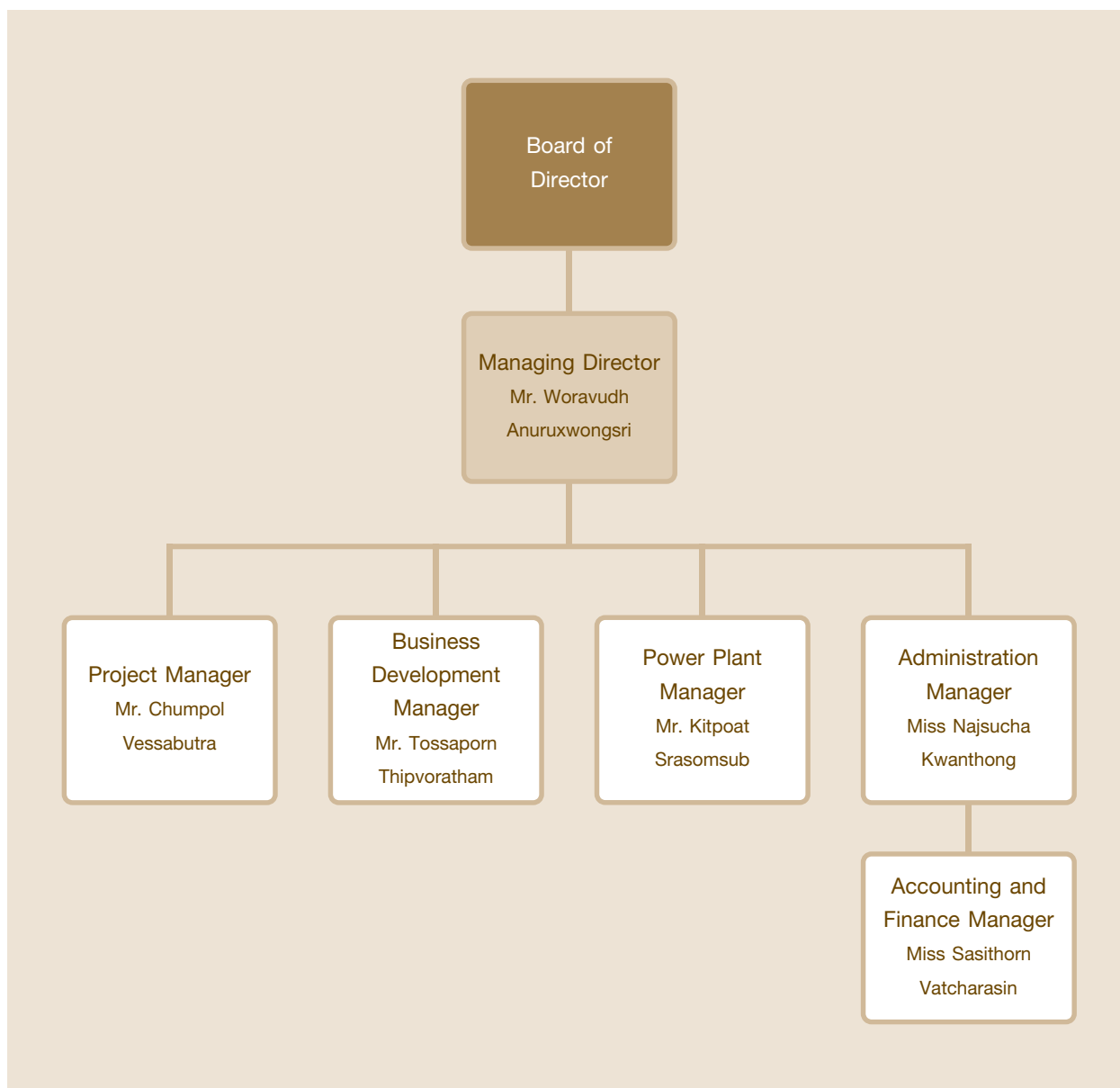
(3) Bangpa-in Cogeneration Limited (BIC)

As at December 31, 2013, BIC has a total of five executives as follows:

| Name | Position |
|----------------------------|--------------------------------|
| Mr. Woravudh Anuruxwongsri | Managing Director |
| Mr. Chumpol Vessabutra | Project Manager |
| Mr. Tossaporn Thipvoratham | Business Development Manager |
| Mr. Kitpoat Srasomsub | Power Plant Manager |
| Miss Najsucha Kwanthong | Administration Manager |
| Miss Sasithorn Vatcharasin | Accounting and Finance Manager |

Remark: Details of Executives will be in the Company's Form 56-1

BIC's Management Structure as at December 31, 2013



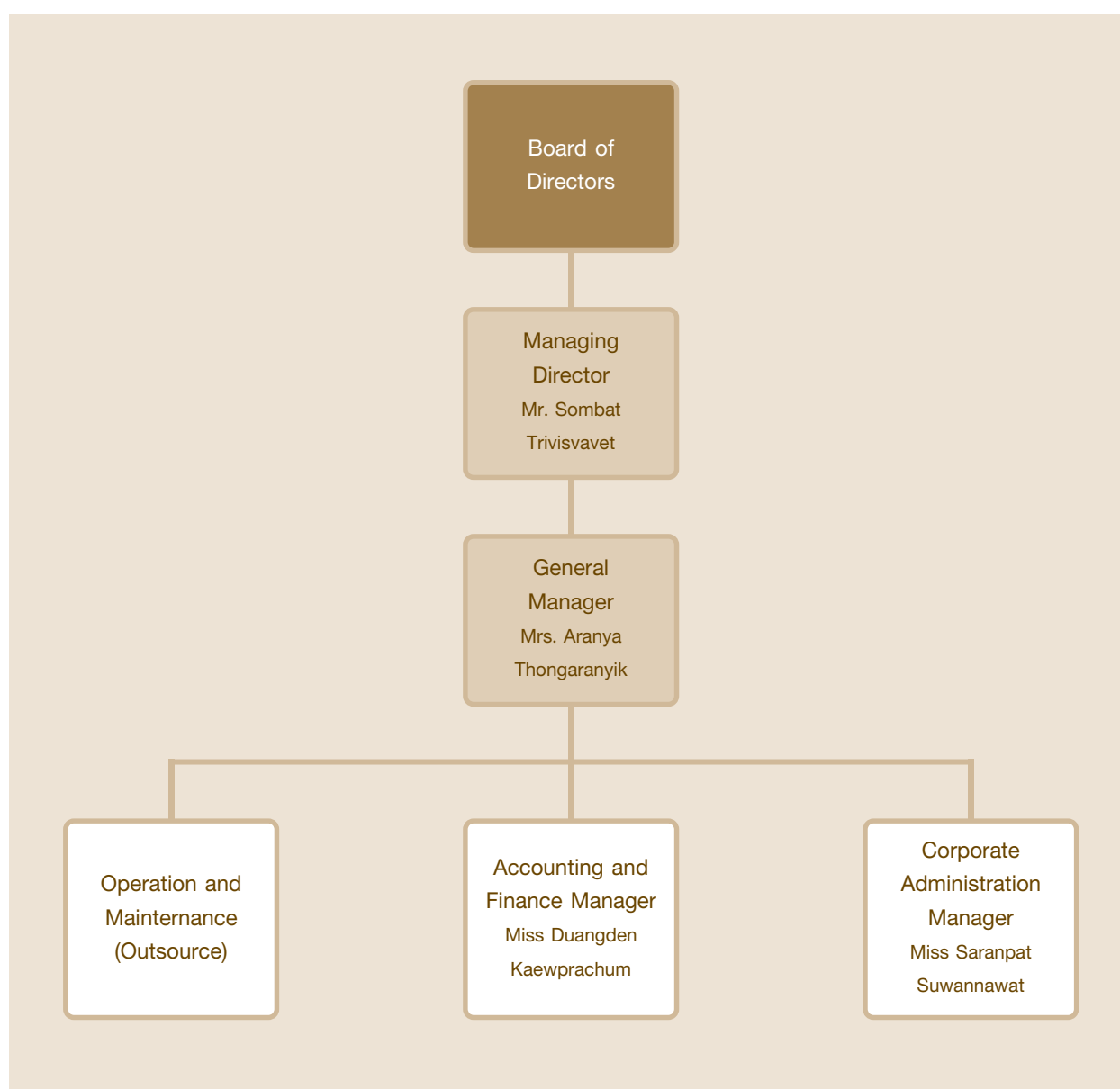
(4) Bangkhenchai Co., Ltd. (BKC)

As at December 31, 2013, BKC has a total of four executives as follows:

| Name | Position |
|---------------------------|----------------------------------|
| Mr. Sombat Trivisvavet | Managing Director |
| Mrs. Aranya Thongaranyik | General Manager |
| Miss Duangden Kaewprachum | Accounting and Finance Manager |
| Miss Saranpat Suwannawat | Corporate Administration Manager |

Remark: Details of Executives will be in the Company's Form 56-1

BKC's Management Structure as at December 31, 2013



11.3 Company Secretary

The Board of Directors' Meeting No. 5/2012 on November 8, 2012 resolved to appoint Dr. Supamas Trivisvavet to hold office as Company Secretary, with powers, duties and responsibilities as described in the Securities and Exchange Act (Amendment No. 4) B.E. 2551 (2008) as follows:

1. To convene meetings and prepare and keep the following documents:
 - (1) The register of directors;
 - (2) The notices of directors' meetings, minutes of meetings of the Board of Directors and an annual report of the Company;
 - (3) The notices of shareholders' meetings and minutes of shareholders' meetings;
 - (4) The report on interest filed by directors or executives; to perform other matters.
2. To provide advice to directors relating to relevant legal provisions, rules, requirements, and regulations;
3. To ensure the Company's compliance with laws, the Company's articles of association, relevant regulations and good corporate governance principles, as well as coordinating to ensure compliance with resolutions of the Board of Directors or resolutions of the shareholders with efficiency;
4. To ensure disclosure of information and report on information memoranda to the regulatory units;
5. To contact and communicate with shareholders and the relevant regulatory units;
6. To promote training in various courses and provide information useful for new directors.

In this regard, the details of qualifications of the person who holds the position of Company Secretary are described in Company's from 56-1.

11.4 Remuneration for Directors and Executives

The Company provides reasonable remuneration for its directors and executives as per the criteria for remuneration for submission to the shareholders' meeting for consideration and approval, as follows:

- (1) Remuneration shall be reasonable for and in line with the scope of duties and responsibilities of each director, e.g., Chairman of the Board of Directors, chair of each subcommittee and members of the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Governance and Risk Management Committee, who shall be eligible for additional remuneration for such position;
- (2) Remuneration shall be comparable to that of other companies in the same industry, experience, including benefits expected from each director, and sufficient to attract and retain knowledgeable and qualified directors to perform duties for the Company;
- (3) Elements of remuneration are clear, transparent and easy to understand.

The remuneration for executives shall be subject to the criteria as specified by the Board of Directors, namely, such remuneration is appropriate and sufficient to attract and retain qualified high ranking executives to work for the Company, as well as at a rate comparable to that of other companies at the same level or in the same business sector. In 2013, the remuneration of directors and executives is as follows:

11.4.1 Remuneration for Directors and Executives of CK Power Public Company Limited

(a) Remuneration for directors

- (1) Monetary remuneration

For the year ended December 31, 2013, the 2013 Annual General Meeting of Shareholders on March 21, 2013 considered approving remuneration for directors and subcommittees in 2013, namely, office remuneration, in the total amount of not exceeding Baht 5,000,000, as per the following details:

Unit : Baht

| Name of Director | Position | Office Remuneration for 2013 | | | | | Bonus for 2012 | Total |
|--|---|------------------------------|---------------------|-----------------|---------------------------------------|--|----------------|------------------|
| | | Board of Directors | Executive Committee | Audit Committee | Nomination and Remuneration Committee | Corporate Governance and Risk Management Committee | | |
| Dr. Thanong Bidaya | Chairman of the Board of Directors | 600,000 | - | - | - | - | - | 600,000 |
| Mr. Plew Trivisvavet | Chairman of the Executive Committee | 300,000 | 100,000 | - | - | - | - | 400,000 |
| Mr. Techapit Sangsingkeo | Chairman of the Audit Committee | 300,000 | - | 100,000 | - | - | - | 400,000 |
| Mr. Narong Sangsuriya ¹ | Director | 300,000 | - | - | - | 100,000 | - | 400,000 |
| Dr. Vicharn Aramvarekul ² | Member of the Audit Committee | 300,000 | - | 40,000 | 100,000 | 40,000 | - | 480,000 |
| Mr. Supong Chayutsahakij | Director | 300,000 | - | - | - | - | - | 300,000 |
| Mr. Prawet Ingadapa | Member of the Audit Committee | 300,000 | - | 40,000 | 40,000 | - | - | 380,000 |
| Mr. Prasert Marittanaporn | Executive Director | 300,000 | 40,000 | - | 40,000 | - | - | 380,000 |
| Mr. Sompodh Sripoom | Executive Director | 300,000 | 40,000 | - | - | - | - | 340,000 |
| Mr. Thanawat Trivisvavet | Executive Director | 300,000 | 40,000 | - | - | - | - | 340,000 |
| Mr. Kamphuy Jiraruensak (January 1 - February 25, 2013) | Director | 50,000 | - | - | - | - | - | 50,000 |
| Mr. Alvin Gee (February 26 - present) | Director | 250,000 | - | - | - | - | - | 250,000 |
| Dr. Supamas Trivisvavet | Executive Director Managing Director | 300,000 | 40,000 | - | - | 40,000 | - | 380,000 |
| Total | | 3,900,000 | 260,000 | 180,000 | 180,000 | 180,000 | - | 4,700,000 |

Remark : ¹ Chairman of Corporate Governance and Risk Management Committee

² Chairman of the Nomination and Remuneration Committee

(2) Other remuneration

- None -

(b) Remuneration for executives

Remuneration for the Company's executives for 2013 consists of remuneration, meeting allowance, and allowance, whereby such remuneration consists of salary and bonus. The total remuneration for six executives is Baht 12,498,399. It is noted that executive directors do not receive any other remuneration than office remuneration, as per the details in the table of remuneration for directors.



11.4.2 Remuneration for directors and executives of subsidiaries

1. SouthEast Asia Energy Limited (SEAN)

(a) Remuneration for directors

(1) Monetary remuneration

For the year ended December 31, 2013, the 2013 Annual General Meeting of Shareholders on April 23, 2013 considered approving suspension of payment of remuneration for directors of SEAN since SEAN's board of directors concurrently hold office as directors in NN2. Therefore, the board of directors and executive board of SEAN shall only receive office remuneration as directors and executive directors in NN2.

(2) Other remuneration

- None -

(b) Remuneration for executives

Remuneration for executives for 2013 consists of remuneration, meeting allowance, and allowance, whereby such remuneration consists of salary and bonus. The total remuneration for five executives is Baht 14,527,857.26. It is noted that executive directors of SEAN shall receive office remuneration as executive directors in NN2.

2. Nam Ngum 2 Power Company Limited (NN2)

(a) Remuneration for directors

(1) Monetary remuneration

For the year ended December 31, 2013, the 2013 Annual General Meeting of Shareholders on April 23, 2013 considered approving remuneration for directors for 2013 in the total amount of not exceeding Baht 12,420,000.

| Name of Director | Position | Office Remuneration for 2013 | | Bonus for 2012 | Total |
|---------------------------------------|---|---------------------------------|--------------------|-------------------|-------------------|
| | | Board of Directors | Executive Board | | |
| Dr. Virabongsa Ramangkura | Chairman of the Board of Directors | 700,000 | - | 1,000,000 | 1,700,000 |
| Mr. Plew Trivisvavet | Chairman of the Executive Board | 300,000 | 320,000 | 800,000 | 1,420,000 |
| Mr. Supong Chayutsahakij | Director | 300,000 | - | 400,000 | 700,000 |
| Mr. Narong Sangsuriya | Executive Director | 300,000 | 120,000 | 600,000 | 1,020,000 |
| Mr. Prasert Marittanaporn | Director | 300,000 | - | 400,000 | 700,000 |
| Mr. Van Hoang Dau | Executive Director | 300,000 | 120,000 | 600,000 | 1,020,000 |
| Mr. Noppol Milinhangoon ¹ | Director (Jan. 1 - Sept. 11, 2013) | 209,510.87 | - | 400,000 | 609,510.87 |
| Mr. Kriengrit Jiajanpong ¹ | Director Executive Director (Sep. 12 - present) | 90,489.13 | 36,195.65 | - | 126,684.78 |
| Mr. Peerawat Pumthong ¹ | Director Executive Director (Jan. 1 - Sept. 11, 2013) | 300,000 | 83,804.35 | 600,000 | 983,804.35 |
| Mr. Milton William Shlapak | Director | 300,000 | - | 400,000 | 700,000 |
| Mr. Bounleua Sinxavolavong | Director | 300,000 | - | 400,000 | 700,000 |
| Mr. Sisavath Thiravong | Director | 300,000 | - | 400,000 | 700,000 |
| Mr. Thanawat Trivisvavet | Executive Director | 300,000 | 120,000 | 600,000 | 1,020,000 |
| Mr. Kamphuy Jiraruensak ² | Executive Director/Managing Director (January 1 - February 11, 2013) | 36,667 | 12,333 | 600,000 | 649,000 |
| Mr. Alvin Gee ² | Executive Director/Managing Director (February 12 - present) | 263,333 | 107,667 | - | 371,000 |
| Total | | 4,300,000 | 920,000 | 7,200,000 | 12,420,000 |

Remarks: ¹ The Board of Directors' Meeting of NN2 No. 4/2013 on September 12, 2013 resolved to appoint Mr. Kriengrit Jiajanpong as director in replacement of Mr. Noppol Milinhangoon and as executive director in replacement of Mr. Peerawat Pumthong.

² The Board of Directors' Meeting of NN2 No. 1/2013 on February 12, 2013 resolved to appoint Mr. Alvin Gee as director and Managing Director in replacement of Mr. Kamphuy Jiraruensak who resigned from all positions in NN2.

((2) Other remuneration

- None -

(b) Remuneration for executives

Remuneration for executives for 2013 consists of remuneration, meeting allowance, and allowance, whereby such remuneration consists of salary and bonus. The total remuneration for five executives is Baht 9,757,880.52. It is noted that executive directors do not receive any other remuneration than office remuneration, as per the details in the table of remuneration for directors of NN2 mentioned above.



3. Bangpa-in Cogeneration Limited (BIC)

(a) Remuneration for directors

(1) Monetary remuneration

For the year ended December 31, 2013, the 2013 Annual General Meeting of Shareholders on March 27, 2013 considered approving remuneration for directors for 2013 in the total amount of not exceeding Baht 1,320,000.

| Name of Director | Position | Office Remuneration for 2013 | Bonus for 2012 | Total |
|------------------------------|------------------------------------|------------------------------|----------------|------------------|
| Mr. Narong Sangsuriya | Chairman of the Board of Directors | 360,000 | - | 360,000 |
| Mr. Kamphuy Jiraruensak | Director | 240,000 | - | 240,000 |
| Mr. Vorapote Uchupaiboonvong | Director | 240,000 | - | 240,000 |
| Mr. Vuthikorn Satithit | Director | 240,000 | - | 240,000 |
| Mr. Woravudh Anuruxwongsri | Managing Director | 240,000 | - | 240,000 |
| Total | | 1,320,000 | - | 1,320,000 |

(2) Other remuneration

- None -

(b) Remuneration for executives

Remuneration for executives for 2013 consists of remuneration, meeting allowance, and allowance, whereby such remuneration consists of salary and bonus. The total remuneration for six executives is Baht 10,957,358.60

4. Bangkhenchai Co., Ltd. (BKC)

(a) Remuneration for directors

(1) Monetary remuneration

For the year ended December 31, 2013, the 2013 Annual General Meeting of Shareholders on April 25, 2013 considered approving remuneration for directors for 2013, namely, office remuneration of Baht 50,000 each and meeting allowance of Baht 2,500 each/meeting.

| Name of Director | Position | Office Remuneration for 2013 (Baht) | Meeting Allowance (Baht) | Bonus for 2012 | Total (Baht) |
|------------------------------|-------------------|-------------------------------------|--------------------------|----------------|----------------|
| Mr. Viboon Mongkolpiyathana | Director | 50,000 | 15,000 | - | 65,000 |
| Mr. Vorapote Uchupaiboonvong | Director | 50,000 | 15,000 | - | 65,000 |
| Dr. Supamas Trivisvavet | Director | 50,000 | 15,000 | - | 65,000 |
| Mr. Somkiat Pattamongkolchai | Director | 50,000 | 15,000 | - | 65,000 |
| Mr. Sombat Trivisvavet | Managing Director | 50,000 | 15,000 | - | 65,000 |
| Total | | 250,000 | 75,000 | - | 325,000 |

(2) Other remuneration

- None -

(b) Remuneration for executives

Remuneration for executives for 2013 consists of remuneration, meeting allowance, and allowance, whereby such remuneration consists of salary and bonus. The total remuneration for four executives was Baht 3,000,000.

11.5 Personnel

11.5.1 As at December 31, 2013, the Company has a total staff of 18 persons. In 2013, the Company paid staff remuneration in the amount of Baht 20,917,458, namely, salary, overtime pay, special allowance, bonus, social security allowance, and contribution to the provident fund (the Company contributes five percent of staff salary to the provident fund).

Moreover, the subsidiaries paid staff remuneration in the same manner as the Company, which amounted to a total of Baht 92,434,733.72.

Number of staff and remuneration of CK Power Public Company Limited and its subsidiaries

| 2013 | CKP | SEAN | NN2 | BIC | BKC |
|----------------------------------|------------|---------------|---------------|------------|-----------|
| Operating/service staff (person) | 12 | 30 | 28 | 38 | 1 |
| Administration staff (person) | 6 | 4 | 4 | 11 | 3 |
| Total (person) | 18 | 34 | 31 | 49 | 4 |
| Staff remuneration | 20,917,458 | 31,638,527.25 | 18,909,274.47 | 38,886,932 | 3,000,000 |

11.5.2 The Company neither has any significant change in number of staff nor labor dispute.

11.5.3 Personnel Development Policy

Management realizes the significance of improvement of skills and capabilities of staff in respect of management skills, team building and learning about specific professional knowledge. Staff is encourage to learn and continuously improve themselves by participating in training and seminars, so that they can perform their works efficiently and competitively. The Company is determined to continue its implementation under the personnel development policy to ensure the improvement of staff.

The Company has a policy to regularly develop its personnel at all levels to gain knowledge and ability to efficiently perform works which will be beneficial to the Company. In this connection, the Company plans for both internal and external training for staff each year to enhance their skills according to staff responsibility in each level.



12. Corporate Governance

The Board of Directors is confident that the good corporate governance serves as an important factor to reflect the efficient, transparent, and auditable management systems and also as an important factor to promote the Company's overall success as a socially responsible organization. These will help build the trust and confidence on the part of shareholders, investors, stakeholders and all related parties. The Company has then adhered to and complied with the good corporate governance principles through the Board, the management and staff by setting out the corporate governance policy in accordance with the Principles of Good Corporate Governance for Listed Companies 2012 of the Stock Exchange of Thailand.

12.1 Corporate Governance Policy

To ensure the clarity and transparency, the Board of Directors determines the corporate governance policy in writing, covering the significant matters under the Principles of Good Corporate Governance for Listed Companies 2012 of the Stock Exchange of Thailand, comprising five main categories, namely, Rights of Shareholders, Equal Treatment for Shareholders, Role of Stakeholders, Disclosure and Transparency, and Responsibilities of the Board of Directors, per the detail as follows:

1. The Rights of Shareholders

The Company recognizes and realizes the significance of various fundamental rights of shareholders, i.e., right to purchase, sell or transfer shares, right to accept profit sharing of the business, right to access adequate information and news of the business, right to attend meetings to exercise the voting right at shareholders' meetings for appointment or removal of directors, appointment of auditors, and any matters which have an impact upon the Company, such as, allocation of dividend, determination or amendment of the Articles of Association and the Memorandum of Association, capital decrease or increase, etc.

In addition to the aforesaid fundamental rights, the Company also proceeds various matters which support and facilitate shareholders' exercise of the rights, as follows:

- The invitation letter to attend a shareholders' meeting and supporting documents are delivered to shareholders in advance at least 7 days or 14 days (as the case may be). Such invitation letter contains details on agenda, various documents in support of agenda, together with opinions of the Board of Directors, proxy forms as specified by the Ministry of Commerce, and the list of independent directors as an option for shareholders to appoint proxy to attend the meeting, including map of the meeting venue.
- In the case that shareholders are unable to attend the meeting in person, the Company allows shareholders to appoint an independent director or any person as proxy to attend the meeting by using any of proxy forms as delivered by the Company with the notice of the meeting.
- Shareholders may propose any items to the agenda based on the criteria and clear time frame relating to acceptance of proposed agenda items.
- During the meeting, the chairman of the meeting allows all shareholders to have the equal rights to ask questions, share opinions and offer suggestions. Related directors and executives attend the shareholders' meeting to answer questions in the meeting, as well as taking shareholders' opinions and suggestions into consideration or for further actions as appropriate.
- Upon completion of the meeting, the Company shall prepare the minutes of the shareholders' meeting, which contain correct and complete information, within 14 days from the meeting date and submit the same to relevant authorities within the specified period of time.

The Company identifies opinions of the Board of Directors in the notice of the shareholders' meeting and delivers the notice of the shareholders' meeting to shareholders in advance not less than 14 days prior to the meeting date in order for shareholders to have adequate time to study information prior to the meeting. Moreover, shareholders may access information and news via electronic media of the Stock Exchange of Thailand, the Company's website, and press releases in newspapers in accordance with the criteria of the Public Limited Companies Act. In this regard, the Company has a policy to have all directors attend the shareholders' meeting, in particular the chairs of subcommittees, to explain or answer shareholders' questions in the meeting.

2. The Equal Treatment for Shareholders

The Company has a policy to ensure equal and fair treatment and protection of rights of all shareholders, including executive and non-executive shareholders, Thai or foreign shareholders, major or minor shareholders. The Company provides an option for shareholders who are unable to attend the meeting in person to appoint an independent director or any person as proxy to attend the meeting and vote on their behalf. Minor shareholders are allowed to propose any items to the agenda in advance prior to the shareholders' meeting, and nominate candidates for appointment as directors in advance in due course. The meeting shall be conducted in accordance with the Articles of Association the agenda. Full details of each item on the agenda shall be provided, together with adequate supporting information. Furthermore, any items which have not been made known to shareholders in advance shall not be added to the agenda, except where necessary, especially for such matters which shareholders must take time to consider relevant information prior to making a decision.

The Board of Directors imposes measures against insider trading by related persons, including directors, executives, staff, and employees, as well as their spouses and minor children, and also imposes punishments for disclosure or use of the Company's information for personal gain in accordance with the insider trading policy. Directors and executives of the Company acknowledge the duty to report to the Office of the Securities and Exchange Commission on their holding of securities in the Company, including their spouses and minor children, as well as on any changes in such securities holding.

3. The Role of Stakeholders

The Company realizes the significance of rights of stakeholders and ensures fair treatment of all related parties, with the details as follows:

Shareholders

The Company is committed to serving as good representative of shareholders in its business operation to ensure shareholders' utmost satisfaction, taking into account the long-term growth of the Company's value with good and steady returns, including transparent and reliable disclosures to shareholders.

Staff

The Company regards all of its staff as important and instrumental in facilitating the Company's business development to the future. The Company thus focuses on the continuing development of competency, knowledge, abilities and skills of staff, awards reasonable remuneration according to knowledge and abilities of each staff member, and provides a working environment with the quality of life and work safety. In this regard, the Company treats all staff members equally and fairly. Moreover, the Company is responsible to regularly maintain a working environment to ensure the safety of life and property for staff, and strictly comply with the labor laws. Staff privacy is well respected, whereby their personal data, such as, salary, medical treatment record, family background, will not be disclosed to any third party or unrelated persons, except for such information required to be disclosed to relevant third parties under the provisions of laws.



Trade Competitors

The Company's conduct follows fair competition rules and applicable laws, meets standard competition practices, and avoids any dishonest means to discredit competitors.

Communities and Society

The Company, as a Thai organization, is grateful to the country as a responsible member of society and provides social contribution and support to activities in the communities where its business is conducted. The Company is greatly concerned for environmental impact, and as such, helps raise an awareness about the corporate responsibility for communities and society, as well as provides support to activities which are useful for the public and refrains from engaging in any illegal activities.

4. Disclosure and Transparency

The Company is aware of the significance of accurate, complete and transparent disclosure of both financial and general information in accordance with the rules of the SEC Office and the Stock Exchange of Thailand, including material information which may affect prices of the Company's securities, and consequently decision-making on the part of its investors and stakeholders, and ensures equal access to such information for all parties concerned. Following this offering of shares and the Company's listing on the Stock Exchange of Thailand, the Company will make its information memoranda available to shareholders and the public through the Stock Exchange of Thailand's channels and media.

The Board of Directors acknowledges its responsibility for the accurate, complete, realistic and justifiable report on financial statements. The Company's financial statements are prepared in accordance with generally acceptable accounting standards, subject to the selected accounting policies and regular compliance, with an exercise of discretion with due care, including adequate disclosure in the notes to the financial statements. Moreover, the Board of Directors manages to maintain an effective internal control system to reasonably assure that accounting records are correct, complete, and adequate monitor its assets; and to detect any flaw; to prevent any fraud or unusual conduct. In this respect, the Audit Committee comprising non-executive directors is appointed to perform the duty to review the financial reports, connected transactions, and the internal control system. The Audit Committee shall directly report to the Board of Directors.

5. Responsibilities of the Board of Directors

1. Structure of the Board of Directors

The Board of Directors comprises qualified persons who have knowledge, abilities and experience in executive level from various organizations. Therefore, they can efficiently apply their experience, knowledge and abilities to develop and determine policies and directions of the Company's business operations to ensure the utmost benefits to the Company and shareholders. The Board of Directors plays a key role to introduce policies and initiate the corporate image, along with supervision, monitoring, inspection, follow-up on work performance of the management and assessment of the Company's operational results according to plan.

The structure of the Board of Directors is composed of a total of 12 directors, comprising five executive directors and seven non-executive directors, with four independent directors (including the Chairman of the Board of Directors) who represent not less than one-third of the total number of directors. Such structure will give rise to a counterbalance of votes on consideration of various matters. Furthermore, the Board of Directors appoints four subcommittees to help supervise and monitor the Company's business, namely, the Executive Committee, the Audit Committee, the Corporate Governance and Risk Management Committee, and the Nomination and Remuneration Committee.

2. Subcommittees

The Board of Directors' Meetings No. 4/2012 on August 23, 2012 and No. 1/2013 before the conversion into a public company limited on January 14, 2013 resolved to appoint four subcommittees, with the details as follows:

2.1 The Executive Committee

The Executive Committee comprises a total of five members, which shall determine guidelines and strategies for the business operations to achieve the goals as specified by the Board of Directors and to ensure smooth management, described in clause 11.1.1(1).

2.2 The Audit Committee

The Audit Committee comprises three independent directors to hold office as members of the Audit Committee in accordance with the rules as specified and announced by the Office of the Securities and Exchange Commission (the "SEC Office"). The Audit Committees has the duties to review and control to ensure that the Company's operations are in line with the regulatory units' requirements, and report on such matters to the Board of Directors for consideration and acknowledgment. The Audit Committee's scope of powers and duties are described in the Audit Committee's Charter, as per clause 11.1.1(2) hereof. In addition, at least one member of the Audit Committee shall have adequate accounting knowledge and experience to review the reliability of the Company's financial statements.

2.3 The Corporate Governance and Risk Management Committee

To ensure compliance with the good corporate governance principles and efficient risk management, the Board of Directors appoints the Corporate Governance and Risk Management Committee, comprising three members, to monitor and manage risks as appropriate and in due course, with the scope of duties as described in clause 11.1.1 (3).

2.4 The Nomination and Remuneration Committee

To ensure that the transparent nomination and consideration of remuneration for directors in fairness to stakeholders, and with efficiency for the organization, the Nomination and Remuneration Committee comprises a total of three members, with the scope of duties as described in clause 11.1.1 (4).

It is a policy of the Board of Directors that the Chairman of the Board of Directors and the Managing Director are not the same person to clearly distinguish between the policy making, and the day-to-day management. The Company clearly separates roles, duties and responsibilities between the Board of Directors and the management and also ensures a counterbalance of power in its operations, whereby the Board of Directors shall determine policies, supervise and monitor the performance of the management at the policy level, while the management shall be responsible to manage the Company's various works to comply with the specified policies.

In this regard, the Board of Directors appoints the Company Secretary to have the duties and responsibilities pursuant to the Securities and Exchange Act, as described in clause 11.3.

3. Roles, Duties and Responsibilities of the Board of Directors

The Company requires the Board of Directors to comply with the code of best practice for directors of listed companies in accordance with the guidelines of the Stock Exchange of Thailand. The Board of Directors must acknowledge and understand their roles, duties and responsibilities, and perform the duties in accordance with the laws, business objectives, the Articles of Association of the Company, together with resolutions of shareholders' meetings, with integrity, in the best interests of the Company and shareholders. The Board of Directors shall determine policies, business goals, business



plans and budget of the Company, and also supervise and monitor to ensure the efficiency and effectiveness of the management's operations in compliance with the specified policies, action plans and budget to ensure the utmost benefits of the Company and shareholders.

In this regard, the Board of Directors shall regularly review its policies and compliance with such policies, and communicate the good corporate governance policy with all personnel in the organization in order to ensure their full and proper compliance. Moreover, to efficiently supervise and monitor its subsidiaries and associated companies in which the Company invests as if they were business units of the Company, the Company then sets the Control Policy and Governance Mechanisms for those businesses in which the Company invests, for use as a mechanism for supervision and monitoring of those subsidiaries and associated companies. This is to ensure that the subsidiaries and associated companies adopt the management and internal control systems in material matters in compliance with the rules of the Securities and Exchange Commission and the Stock Exchange of Thailand in the same manner as the Company.

Other than the good corporate governance principles and best practices of the Stock Exchange of Thailand, the Company also determines policies and work rules and regulations to promote its good corporate governance, as follows:

Conflict of Interest Policy

The Company truly realizes the significance of transparent consideration of various transactions which are useful for the Company, and then adopts a policy to prevent any transactions which may give rise to a conflict of interests or represent connected transactions, as follows:

- (1) Directors and executives must inform the Company of their relationships or connected transactions in any business which may give rise to a conflict of interests;
- (2) Any connected transactions with directors which may give rise to a conflict of interests with the Company must be avoided. Any connected transaction which is necessary to be executed must be proposed to the Audit Committee to consider providing an opinion prior to seeking the Board of Directors' approval in accordance with the good corporate governance principles and to ensure compliance with the rules as specified by the Stock Exchange of Thailand and the SEC Office;
- (3) Executives and staff must comply with the Articles of Association and the code of business ethics of the Company, which is considered a significant matter for strict compliance, in order to ensure all stakeholders' trust in the Company's reliability, and which shall be made known to all staff of the Company to ensure their understanding and compliance accordingly.

Internal Control System

The Company is aware of the significance of the internal control system at management and operating levels, and then clearly determines the scope of powers, duties and authorities in writing, supervise, monitor and maximize the use of assets, as well as separate the duties and responsibilities for approval, recording of accounting transactions and information memorandum, and storage and care of assets, to ensure an appropriate counterbalance and audit system. Moreover, the Company also implements an internal control relating to financial system by way of financial reporting to the executives in charge. In addition, the Company and its subsidiaries plan to employ the same auditor for convenient control and management of accounting and finance.

The Company sets out clear and measurable business goals. The management shall review and compare the actual operational results with the specified goals; assess external and internal risk factors found in the operations; analyze contributing factors and determine measures to follow up events which cause such risk factors, including measures to minimize risks, and delegation to relevant units to regularly follow up and report on such risks to the Board of Director.

Remuneration for Directors and Executives

The Company fixes remuneration for directors and executives at the rate which is appropriate and sufficient to retain the qualified directors and executives without any excessive remuneration; and comparable to that of other companies in the same sector. Factors to be considered include experience, duties, and the scope of their roles and responsibilities. Remuneration for directors are subject to consideration and approval from shareholders' meetings of the Company while remuneration for executives complies with the principles and policies as specified by the Board of Directors, considering duties, responsibilities and performance of each executive, together with the Company's operational results, as described in clause 11.1.1(1)

Development of Directors and Executives

The Board of Directors has a policy to promote and facilitate training and learning for such personnel responsible for the Company's corporate governance system, including directors, Audit Committee members, executives, Company Secretary, in order to regularly improve their performance, i.e., such programs organized by the Thai Institute of Directors Association (IOD).

Report of the Board of Directors

The Board of Directors shall be responsible for the Company's financial statements. The Audit Committee is authorized to review the financial report and ensure that the financial report is of good quality and accuracy in accordance with generally acceptable accounting standards, and with transparent and adequate disclosure of the Company's material information. The Accounting Division and/or the auditor shall jointly meet and propose the financial report to the Board of Directors every quarter. The Board of Directors shall be responsible for the Company's financial statements, including financial information memoranda (report on responsibilities of the Board of Directors towards financial report) as appears in the Annual Report, that such financial statements are prepared in accordance with the accounting standards and are audited and certified by the Company's auditor, and that the material information and news, both financial and non-financial, are completely and regularly disclosed based on the facts.

12.2 Subcommittees

The Board of Directors establishes four subcommittees to closely follow up and supervise the operations, and regularly report on the results to the Board of Directors, comprising the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Governance and Risk Management Committee. The Board of Directors appoints and determines the duties and responsibilities of each subcommittee, as described in clause 11.1.1.

12.3 Nomination and Appointment of Directors and Top Management

The Board of Directors

The composition and nomination, appointment, removal or retirement of directors are specified in the Articles of Association and the Board of Directors' Charter, which can be summarized as follows:

1. The Board of Directors need not be the Company's shareholders.
2. The Board of Directors is composed of at least five directors, and at least half of the total number of directors must reside in Thailand.
3. The composition of the Board of Directors shall include independent directors who must account for at least one-third of all directors, but not less than three directors. The independent directors must be independent from control of the executives and major shareholders and must have neither involvement nor interest in terms of finance and management. They must be fully qualified in accordance with the qualifications as defined by the Notification of the Capital Market Supervisory Board, with the scope of duties and responsibilities as set out by the Stock Exchange of Thailand.



4. The Board of Directors may elect one of the directors to act as Chairman of the Board of Directors, and if it deems appropriate, may also elect one or several directors as Vice Chairman of the Board of Directors.
5. The Company has a policy requiring that the Chairman of the Board of Directors must be an independent director and must not be the same person as the Managing Director of the Company.

Independent Directors

The Board of Directors shall initially consider the qualifications of persons who will hold office as independent directors, taking into consideration the qualifications and prohibited characteristics of directors in accordance with the Public Limited Companies Act, the securities and exchange law, notifications of the Capital Market Supervisory Board, including applicable notifications, rules and/or regulations. In addition, the Board of Directors shall consider selecting independent directors from qualified persons, work experience and other justifications, and propose them to a shareholders' meeting for consideration and appointment as directors of the Company. The Company has a policy to appoint independent directors who must account for at least one-third of all directors, but not less than three directors.

In this regard, the Board of Directors determines independent directors' qualifications as follows:

1. Holding shares of not exceeding one percent of the total number of voting shares of the Company, its parent company, subsidiary, associated company, major shareholder or controller of the Company, including shares held by any related parties of each independent director;
2. Not being or having been a director having involvement in the management, an employee, a staff member, an advisor receiving a regular salary or a controller of the Company, its parent company, subsidiary, associated company, subsidiary at the same level, major shareholder or controller of the Company, unless such independent director has no longer been in such capacity for not less than two years prior to the appointed date;
3. Not being a person having relationship by blood or by legal registration in the capacity as parent, spouse, sibling and offspring, including spouse of the offspring, director, executive, major shareholder, controller or person to be nominated as director, executive or controller of the Company or its subsidiary;
4. Not having or having had any business relationship with the Company, its parent company, subsidiary, associated company, major shareholder or controller of the Company in a manner which may prevent the exercise of his or her independent judgment; and not being or having been a substantial shareholder or controller of any person having a business relationship with the Company, its parent company, subsidiary, associated company, major shareholder or controller of the Company, unless such independent director has no longer been in such capacity for not less than two years prior to the appointed date;
5. Not being or having been an auditor of the Company, its parent company, subsidiary, associated company, major shareholder, or controller of the Company; and not being a substantial shareholder, controller, or partner of an audit firm which employs the auditor of the Company, its parent company, subsidiary, associated company, major shareholder, or controller of the Company, unless such independent director has no longer been in such capacity for not less than two years prior to the appointed date;
6. Not being or having been a professional service provider, including legal advisor or financial advisor which receives an annual service fee exceeding Baht Two Million from the Company, its parent company, subsidiary, associated company, major shareholder, or controller of the Company; and not being a substantial shareholder, controller, or partner of such professional service provider, unless such independent director has no longer been in such capacity for not less than two years prior to the appointed date;

7. Not being a director appointed as representative of the Company's director, major shareholder or shareholder who is a related party of the major shareholder;

8. Not engaging in any business of the same nature as and in material competition with the business of the Company or its subsidiary; or not being a substantial partner in a partnership or a director having involvement in the management, an employee, a staff member, an advisor receiving a regular salary or holding more than one percent of the total number of voting shares of another company engaging in any business of the same nature as and in material competition with the business of the Company or its subsidiary;

9. Not having any other characteristics preventing provision of independent opinions on the Company's operations.

The Audit Committee

The Board of Directors shall select and appoint independent directors as Chairman of the Audit Committee and members of the Audit Committee.

1. The Audit Committee comprises at least three independent directors of the Company and at least one of them shall have knowledge and experience to review the reliability of the financial statements, whereby such qualifications must be specified in the certificates of profiles of members of the Audit Committee for submission to the Stock Exchange of Thailand.

2. When any member of the Audit Committee is due to retire by rotation or any member of the Audit Committee is unable to hold such position until retirement by rotation, thereby remaining less than three members, the Board of Directors shall appoint a replacement member of the Audit Committee within three months from vacancy so as to ensure the continued performance of the Audit Committee.

3. The Company's Internal Audit Division Manager shall serve as secretary to the Audit Committee.

In this regard, each member of the Audit Committee shall have a term of office of three years.

The Board of Directors shall appoint the Audit Committee, comprising at least three members, from the Company's independent directors who are qualified in accordance with the securities and exchange law, including notifications, rules and/or regulations as specified by the Stock Exchange of Thailand. Moreover, the independent directors who hold office as members of the Audit Committee shall possess the additional qualifications as follows:

1. Holding shares of not exceeding 1 percent of the total number of voting shares of the Company, its parent company, subsidiary, associated company, major shareholder or controller of the Company, including shares held by any related parties;

2. Not being or having been a director having involvement in the management, an employee, a staff member, an advisor receiving a regular salary or a controller of the Company, its parent company, subsidiary, associated company, subsidiary at the same level, major shareholder or controller of the Company, unless such independent director has no longer been in such capacity for not less than two years prior to holding office as member of the Audit Committee;

3. Not having or having had any business relationship with the Company, its parent company, subsidiary, associated company, major shareholder or controller of the Company in a manner which may prevent the exercise of his or her independent judgment; and not being or having been a substantial shareholder or controller of any person having a business relationship with the Company, its parent company, subsidiary, associated company, major shareholder or controller of the Company, unless such independent director has no longer been in such capacity for not less than two years; and not having any direct or indirect interest or a conflict of interests in terms of finance and management of the Company, its affiliated company, associated company or a person who may have a conflict of interests in a way that results in a lack of independence;

4. Not having relationship by blood or by legal registration in the capacity as parent, spouse, sibling and offspring, including spouse of the offspring of another director, executive, major shareholder of the Company, controller or person to be nominated as director or controller of the Company and its subsidiary;



5. Not being a director appointed as a fiduciary representative of the Company's director, major shareholder or shareholder who is a related party of the major shareholder; and being capable to independently provide opinions or report according to the delegated assignments, irrespective of any interests which may influence his/her independent opinions;

6. Not being or having been an auditor of the Company, its parent company, subsidiary, associated company, major shareholder, controller or legal entity which may have a conflict; and not being a substantial shareholder, controller, or managing partner of an audit firm which employs the auditor of the Company, its parent company, subsidiary, associated company, or controller of the Company, unless such independent director has no longer been in such capacity for not less than two years prior to holding office as member of the Audit Committee;

7. Not being or having been a professional service provider, including legal advisor or financial advisor which receives an annual service fee exceeding Baht Two Million from the Company, its parent company, subsidiary, associated company, major shareholder, controller of the Company and legal entity which may have a conflict; in this regard, in the case that the professional service provider is a legal entity, it shall include major shareholder, non-independent director, executive or managing partner of such professional service provider, unless such independent director has no longer been in such capacity for not less than two years prior to holding office as member of the Audit Committee;

8. Not engaging in any business of the same nature as and in material competition with the business of the Company or its subsidiary; or not being a substantial partner in a partnership or a director having involvement in the management, an employee, a staff member, an advisor receiving a regular salary or holding more than one percent of the total number of voting shares of other subsidiary engaging in the business of the same nature as and in material competition with the business of the Company or its subsidiary;

9. The Audit Committee shall be composed of the Company's independent directors in accordance with the qualifications as specified by the SEC Office.

The Executive Committee

The composition and nomination, appointment, removal or retirement of executive directors are specified in the Executive Committee's Charter, which can be summarized as follows:

1. The Executive Committee is composed of at least five directors;
2. The Board of Directors may elect one of the executive directors to act as Chairman of the Executive Committee, and if it deems appropriate, may also elect one or several executive directors as Vice Chairman of the Executive Committee.
3. The Chairman of the Executive Board may be the same person as the Managing Director.
4. The Chairman of the Board of Directors must not be the same person as the Chairman of the Executive Committee.

The Corporate Governance and Risk Management Committee

The Board of Directors' Meeting resolved to appoint the Corporate Governance and Risk Management Committee, whose members shall be selected from the Board of Directors, to supervise and monitor the performance of directors and the management in compliance with the good corporate governance principles and to facilitate the successful corporate risk management.

In this regard, each member of the Corporate Governance and Risk Management Committee shall have a term of office of three years.

The Nomination and Remuneration Committee

The Board of Directors' Meeting resolved to appoint the Nomination and Remuneration Committee, whose members shall be selected from the Board of Directors, based on their appropriate qualifications, ability and experience which are useful for the management to achieve the objectives or goals as determined by the Board of Directors, as well as their good understanding of the Company's business.

In this regard, each member of the Nomination and Remuneration Committee shall have a term of office of three years.

12.4 Supervision of Operations of Subsidiaries and Associated Companies

12.4.1 Governance Mechanisms

In addition to the Corporate Governance Policy (CG Policy), the Company also determines the Control Policy and Governance Mechanisms for those businesses in which the Company invests (“Control Policy”) for use as a mechanism in control and supervision to ensure the operations of its subsidiaries and associated companies in compliance with the rules as specified in the Notification of the Capital Market Supervisory Board regarding Application for and Approval of Offer for Sale of Newly Issued Shares, No. TorChor. 28/2551 and its amendments, together with other related rules and the Principles of Good Corporate Governance of the Stock Exchange of Thailand. The Company recognizes such policy as a mechanism for transparent and auditable management systems as well as completely directing the management of those businesses in which the Company invests as if they were business units of the Company. Furthermore, the Company monitors the management of such businesses to protect the interests in its investments. In this regard, the Company divides the Corporate Governance Policy for those businesses in which the Company invests into two parts, per the details as follows:

1. Control Policy on Management of Subsidiaries and Associated Companies

- 1.1 The Company furnishes guidance for voting by the Company’s representatives in shareholders’ meetings of the subsidiaries and associated companies in respect of the confirmation of the Minutes of the Ordinary/Extraordinary General Meetings of Shareholders, approval of the annual financial statements, election of directors and fixing of remuneration, appointment of auditor and fixing of remuneration, profit appropriation, approval of other matters, and consideration of other matters outside the predetermined agenda, in line with the Company’s shareholding ratio in the subsidiaries and associated companies, and in compliance with the Good Corporate Governance practice, as well as to protect the best interests of the Company, its subsidiaries and associated companies, and other shareholders as a whole.
- 1.2 The Company organizes the management structures of its subsidiaries and associated companies so that the Company can control and is responsible for the operations of the subsidiaries and associated companies as if they were business units of the Company. The Company also sets out measures to monitor the management of the subsidiaries and associated companies to protect the interests in its investments, as follows:

1.2.1 Nomination of Directors in Subsidiaries and Associated Companies

The Company will assign its personnel approved by resolutions of the Board of Directors’ Meeting of the Company to serve as directors and executives in the subsidiaries and associated companies at least in accordance with its shareholding ratio in the respective subsidiaries and associated companies. Such nominated directors and executives have qualifications, roles, duties and responsibilities, without any untrustworthy characteristics under the Notification of the Securities and Exchange Commission Re: Determination of Untrustworthy Characteristics of Company Directors and Executives.

1.2.2 Scope of Duties and Responsibilities of Directors and Executives in Subsidiaries and Associated Companies

According to the Company’s Board of Directors’ Charter, the Board of Directors’ Meeting has duties to consider and approve the appointment of directors and executives in the subsidiaries and associated companies, with the scope of duties and responsibilities as follows:

- (1) Directors and executives of the subsidiaries and associated companies have the scope of duties and responsibilities as specified by the boards of directors of the respective subsidiaries or associated companies and/or the shareholders’ meetings of the respective subsidiaries or associated companies. Directors and executives of the subsidiaries have discretion to consider and vote at their boards of directors’ meetings on day-to-day management and general business



operations of the subsidiaries as deemed appropriate by the directors and executives in the best interests of the subsidiaries and the Company.

However, with respect to consideration and voting on the following matters, which are considered material, such persons appointed by resolutions of the Company's Board of Directors as directors and executives of the subsidiaries may not exercise their discretion to consider and vote on these matters at the board of directors' meetings of the subsidiaries, unless they have received prior approval from either the meeting of the Company's Board of Directors or the meeting of the shareholders of the Company (as the case may be).

- (a) Consideration of execution of connected transactions of the subsidiaries under the Notification on Connected Transactions;
- (b) Consideration of execution of acquisition and disposition of assets of the subsidiaries under the Notification on Acquisition and Disposition;
- (c) Consideration of execution of material transactions under Items (5), (6) and (7).

(2) Directors and executives of the subsidiaries and associated companies must perform the duties with responsibility, due care and integrity, and comply with the laws, objectives, articles of association of the subsidiaries or associated companies as well as resolutions of their boards of directors and resolutions of the shareholders' meetings, including the board of directors' charters as approved by the subsidiaries in accordance with the requirements of the Company's Board of Directors.

(3) Directors and executives of the subsidiaries have a duty to disclose accurate and complete information regarding financial position and operational results, connected transactions of the subsidiaries, as well as acquisition or disposition of material assets, within a reasonable time designated by the Company. Moreover, given the execution of connected transactions and acquisition or disposition of material assets of the subsidiaries or associated companies, directors and executives of the subsidiaries and associated companies shall jointly take into consideration the applicable rules of the SEC Office and the Stock Exchange.

(4) In the meetings of the board of directors and of the executives in the subsidiaries and associated companies, final decisions of the meetings are made by a majority vote, except for the consideration of the following matters at the meetings of the board of directors or of the executives of the subsidiaries, which first require resolutions of the meeting of the Company's Board of Directors or of shareholders of the Company:

- (a) Execution of transactions with connected persons of the subsidiaries under the Notification on Connected Transactions; and
- (b) Acquisition or disposition of assets of the subsidiaries under the Notification on Acquisition and Disposition.

The consideration of execution of such transactions of the subsidiaries must comply with the applicable rules on execution of such transactions of similar nature and size as that of the Company which require resolutions of the meeting of the Board of Directors or of shareholders of the Company.

(5) Apart from the transactions under the Notification on Connected Transactions or the Notification on Acquisition and Disposition above, the following transactions are considered material transactions, in respect of which the subsidiaries have a duty to provide information to the Company. Such transactions are subject to prior approval by resolutions of the Board of Directors' meeting of the Company before convening a meeting of the board of directors of subsidiaries to consider such matters. Directors and executives appointed by the Company to hold office in the subsidiaries may vote on the following matters only after obtaining prior approval from the Company's Board of Directors.

Furthermore, transactions which are deemed material include any transactions outside the annual budget approved by the board of directors of the subsidiary and which, once executed, will materially affect the subsidiary's financial position and operational results, with the details as follows:

- (a) Assignment or waiver of benefits, including waiver of claims which are material to the subsidiary against those causing damage to subsidiary;
 - (b) Sale or transfer of all or a substantial part of the business of subsidiary to any third party;
 - (c) Purchase or acceptance of transfer of substantial business of another company as part of the subsidiary;
 - (d) Execution, amendment or termination of agreements relating to lease of all or a substantial part of the business of the subsidiary, authorization of other persons to manage the business of the subsidiary, or consolidation of business with another company for the purpose of profit/loss sharing;
 - (e) Lease or hire-purchase of all or a substantial part of the business or assets of the subsidiary;
 - (f) Borrowing, lending, provision of credit, giving security, execution of any juristic acts binding upon the subsidiary to materially incur additional financial burden, in case of a third party's lack of liquidity or failure to perform its obligations, or provision of financial support to third parties in any other manner which is not in the ordinary course of business of the subsidiary;
 - (g) Consideration of payment of annual dividend and interim dividend (if applicable) of the subsidiary;
 - (h) Dissolution of the subsidiary; provided that upon calculation of the size of the subsidiary's business to be dissolved in comparison with the size of the Company under the Notification on Acquisition or Disposition, it is subject to consideration and approval of the Company's Board of Directors;
 - (i) Amendment of the articles of association of the subsidiary.
- (6) The following matters are material transactions, in respect of which the subsidiary requires prior approval by resolutions of the shareholders' meeting of the Company:
- (a) Capital increase by way of issuance of capital increase shares of the subsidiary and allocation of shares, as well as reduction of the registered capital, which does not comply with the existing shareholding ratio and which will result in a decrease in the Company's direct and indirect shareholding ratio in the subsidiary, in any tier, by 10 percent of the subsidiary's registered and paid-up capital, or which will result in a decrease in the Company's direct and indirect shareholding ratio in the subsidiary, in any tier, to be less than 50 percent of the subsidiary's registered and paid-up capital;



- (b) Any other undertaking which will result in a decrease in the Company's direct and indirect shareholding ratio in the subsidiary, in any tier, by 10 percent of the subsidiary's registered and paid-up capital, or which will result in a decrease in the Company's direct and indirect shareholding ratio in the subsidiary, in any tier, to be less than 50 percent of the subsidiary's registered and paid-up capital; any other transaction which is not in the ordinary course of business of the subsidiary;
- (c) Dissolution of the subsidiary; provided that upon calculation of the size of the subsidiary's business to be dissolved in comparison with the size of the Company under the Notification on Acquisition or Disposition, it is subject to consideration and approval of the Company's shareholders' meeting.

(7) Other than those in Items (5) and (6), if the subsidiary will enter into any other transaction, which is not in the ordinary course of business of the subsidiary, and which will materially affect the subsidiary, such transaction must obtain prior approval from the Company's Board of Directors or a shareholders' meeting of the Company; provided that the subsidiary will consider executing such transaction in accordance with the size as calculated under the criteria specified in the Notification on Acquisition or Disposition.

1.2.3 Policy on Prevention of Conflict of Interest

Directors and executives of the subsidiaries must disclose and report on their own interests and their related persons' interests in connection with any transactions in other businesses, which may reasonably be expected to give rise to a conflict of interests with the Company and the subsidiaries, to the boards of directors of the subsidiaries or such persons as designated by the boards of directors of the subsidiaries, within the time as specified by the subsidiaries. The subsidiaries' boards of directors have a duty to report to the Company's Board of Directors on such matters within the time as specified by the Company. Such disclosure is required to support the consideration, decision-making or any approval, taking into account the overall interests of the subsidiaries and the Company. Directors and executives of the subsidiaries must not participate in any approval of such matters in which they have interests or a conflict of interests.

(1) Directors and executives of the subsidiaries, including their related persons, have a duty to report to the boards of directors of the subsidiaries on their relationships and transactions with the subsidiaries in a manner which may give rise to a conflict of interests, and to avoid any transactions which may give rise to a conflict of interests with the subsidiaries. The subsidiaries' boards of directors have a duty to report to the Company on such matters.

The following acts by which the subsidiaries' directors, executives or their related persons acquire any financial benefits other than those in the ordinary course or which cause damage to the subsidiaries, are presumed to be an act in material conflict with or against the subsidiaries' interests, with the details as follows:

- (a) Transactions between the subsidiaries and directors, executives or their related persons, which do not comply with the rules on execution of connected transactions;
- (b) Use of information of the Company and of the subsidiaries to which they have access, except for such information which is already available to the public; or
- (c) Use of assets or business opportunity of the Company and of the subsidiaries in a manner in violation of the rules or general practice as specified by the Capital Market Supervisory Board.

(2) The subsidiaries must report on the business plan, expansion of business, large scale investment projects, including any joint investment with other operators, to the Company by means of a monthly report on operation results, and the Company has the right to require the subsidiaries to provide an explanation or documents in support of its consideration on any particular matters, with which the subsidiaries will strictly and immediately comply.

(3) The subsidiaries must provide information or documents relating to their operations to the Company upon request.

(4) The Company may require the subsidiaries to provide an explanation and/or documents in support of its consideration on any material issues found by the Company.

(5) Directors, executives, staff, employees or any authorized persons of the subsidiaries and associated companies, including their spouses and underage children, are prohibited from using internal information of the Company and of the subsidiaries or associated companies, whether available through the performance of duties or by any other means, which has or may have a material adverse effect on the Company, the subsidiaries or associated companies, for personal gain or for others, whether directly or indirectly, and whether with or without consideration.

(6) Directors, executives or their related persons of the subsidiary or associated company may enter into transactions with the subsidiary or associated company only after such transactions have been approved by the Company's Board of Directors or the shareholders' meeting of the Company based on the size as calculated under the criteria specified in the Notification on Connected Transactions, except for such transactions which involve commercial agreements in a manner persons of ordinary prudence may enter into with general parties under the same circumstances, through commercial negotiation without exercising influence in their capacity as directors, executives or their related persons, as the case may be, and which constitute commercial agreements approved by the Board of Directors of the Company or which comply with the criteria approved by the Board of Directors of the Company.

2. Control Policy on Financial Matters of Subsidiaries and Associated Companies

2.1 The subsidiaries and associated companies have a duty to submit their monthly reports on operational results and quarterly financial statements reviewed by their certified public accountants, as well as documents in support of the preparation of the financial statements of the subsidiaries and associated companies, to the Company, and will allow the Company to use such information in support of the preparation of the consolidated financial statements or report on operational results of the Company, quarterly or annually, as the case may be.

2.2 The subsidiaries and associated companies have a duty to estimate their operational results and comparative summary between planned and actual operational results on a quarterly basis, and monitor their operational results to ensure compliance with the plans for reporting to the Company. The subsidiaries and associated companies have a duty to report on any financial issues which are material to the Company upon finding or request by the Company for inspection and report.



12.4.2 Other Shareholders' Agreement on Management of Subsidiaries and Associated Companies

(1) SouthEast Asia Energy Limited ("SEAN")

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| Parties: | <p>SouthEast Asia Energy Limited ("SEAN") and a group of shareholders comprising:</p> <ul style="list-style-type: none"> - CH. Karnchang Public Company Limited ("CK"); - Ratchaburi Electricity Generating Holding Public Company Limited ("RATCH"); - Bangkok Expressway Public Company Limited ("BECL"); - P.T. Construction & Irrigation Company Limited ("PT"); - Shlapak Development Company Limited ("Shlapak") |
| Execution Date: | November 3, 2005 |
| Material Agreements on Management: | <ul style="list-style-type: none"> • SEAN's board of directors comprises not more than 11 directors, whereby the Agreement specifies the conditions and right of nomination of directors for each group of shareholders; • Prior to COD, CK, as a Sponsor, is required to actively participate in the administration and management of SEAN, for example: <ul style="list-style-type: none"> - At least one director authorized to sign and bind the Company shall be a director appointed by CK; - A quorum of the board of directors shall include a director appointed by CK; and - CK has the right to appoint the chairman of the board of directors, managing director and the executive committee, etc. <p>However, after COD, such rights shall be assigned to the shareholders' meetings and/or the board of directors' meetings (as the case may be).</p> |
| Restrictions on Share Transfer: | <ul style="list-style-type: none"> • Any shareholder intending to transfer shares shall first offer shares for sale in writing to other shareholders in proportion to their shareholding in the Company, except for a share transfer with prior written consent of all other shareholders of the Company; or a share transfer to any subsidiary of such shareholder holding not less than 50 percent of shares in such subsidiary; or a share transfer to a company under the supervision of the shareholder's company, whereby the share transferee is required to sign the Accession Agreement to accept and to be bound under the rights and duties of the shareholder intending to transfer such shares under the Shareholders' Agreement. • If any party fails to comply with the Agreement and is unable to remedy such failure within 30 days from the date of receipt of notice from other shareholders, such other shareholders may 1) exercise a call option to purchase shares from the defaulting shareholder as per their shareholding proportion, or 2) terminate the Agreement. In case where other shareholders will exercise a call option to purchase shares from the defaulting shareholder, the purchase price shall be equivalent to 70 percent of the fair value of such shares estimated by an independent expert. • A group of shareholders in the Agreement shall hold at least 51 percent of shares in SEAN until the first anniversary of COD, and shall hold at least 25 percent of shares in SEAN until the 5th year of COD. • Except for the share transfer under the exceptions as specified in the Agreement, CK, RATCH and BECL agree not to sell their shares held in SEAN, whether directly or indirectly, until the date on which SEAN has been listed as listed securities on the Stock Exchange of Thailand. |

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| Termination of Agreement: | <p>This Agreement shall be terminated upon the earlier of the following events:</p> <ul style="list-style-type: none"> • Acquisition or amalgamation with other business and SEAN's status as a legal entity has ended; • Mutual agreement among all parties; • Mutual agreement among parties who do not breach the Agreement, in case where any party breaches the Agreement and is unable to remedy such breach within 30 days from the date of receipt of written notice from the non-defaulting party; • Listing as listed securities on the Stock Exchange of Thailand. • On the 5th anniversary after COD. |
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(2) Nam Ngum 2 Power Company Limited ("NN2")

- None -

(3) Bangpa-in Cogeneration Limited ("BIC")

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| Parties: | <ul style="list-style-type: none"> - CH. Karnchang Public Company Limited ("CK") - Global Power Synergy Company Limited ("GPSC") - Bang Pa-in Land Development Co., Ltd. ("BLDC") - Mrs. Napaporn Poowuttiku ("NP") and - Bangpa-in Cogeneration Limited ("BIC") |
| Execution Date: | August 18, 2011 |
| Material Agreements on Management: | <ul style="list-style-type: none"> - The board of directors comprises not more than five directors, whereby the parties have the right to appoint directors, as follows: - Three directors by CK; one director by GPSC; and one director by BLDC. - The following matters shall be approved by special resolution of a shareholders' meeting, with a favorable vote of not less than three-fourths of all shares in the shareholders' meeting, in which GPSC and CK have attended: <ol style="list-style-type: none"> 1. Amendment of the memorandum of association, articles of association, the company's name; 2. Capital increase or decrease; 3. Dissolution of the company (except those specified by law or in accordance with this Agreement); application for bankruptcy; 4. Amalgamation or merger; 5. Issuance of new shares which are not paid-up in cash; 6. Investment or indebtedness in the value exceeding the power of the board of directors. |
| Special Matters: | <p>The following special matters shall be approved by a favorable vote of at least 75 percent of directors attending the meeting and have the right to vote:</p> <p>Before COD, a mandatory favorable vote of directors appointed by CK and GPSC is required.</p> <ol style="list-style-type: none"> 1. Amendment of the memorandum of association, articles of association, the company's name; 2. Amendment or cancellation of power plant project; 3. Investment in a new project, acquisition of assets, or creation of debt or loan in an amount exceeding Baht 20 Million, but less than Baht 100 Million; 4. Establishment or dissolution of a subsidiary; 5. Amalgamation or merger; 6. Dissolution of the company (except those specified by law or in accordance with this Agreement); application for bankruptcy; 7. Placement of assets as collateral; 8. Creation or waiver of a right to claim with a value exceeding Baht 100 Million; 9. Approval of project value in excess of the specified budget. |

| | |
|------------------------|---|
| Share Transfer: | Subject to the exceptions specified in this Agreement, the parties are not allowed to transfer, sell, pledge or encumber the Company's shares without written consent of the other parties. If other shareholders do not give consent to a share transfer, the shareholder intending to transfer shares shall first offer shares for sale in proportion to the other parties (with the right of first refusal); or should the other parties fail to purchase shares within the specified time, the offering shareholder shall have the right to sell such shares to other persons, provided that the conditions and selling price shall not be more favorable than those offered to such other parties. |
| Share Transfer Consent | All shareholders signed their consent to the transfer of BIC shares held by PTT to GPSC and such share transfer was effected on December 24, 2013. |
| Breach of Agreement: | If any party breaches any material clause of the Agreement and fails to remedy such breach within 30 days from the date of receipt of written notice from the non-defaulting party, the non-defaulting party shall have an option to purchase the Company's shares held by such defaulting party, or terminate this Agreement. Should any or several (but not all) non-defaulting parties exercise an option to purchase shares, such parties shall have the right to purchase all shares held by the defaulting party in proportion to their shareholding in the Company. |

(4) Bangkhenchai Co., Ltd. ("BKC")

- None -

12.5 Insider Trading Control

The Company's management adheres to the good corporate governance principles, acknowledges the significance and its responsibility to its shareholders and stakeholders, and adopts an insider trading control mechanism in accordance with the good corporate governance principles, as follows:

1. Guidelines for Storage of Insider Information

The Company determines levels of confidentiality of insider information which is regarded as commercial confidential information not to be disclosed to third parties. Such confidential information may be classified by different levels, e.g., public information, restricted information, confidential information, and strictly confidential information. It is noted that common use of insider information must fall within the scope of authorized functions and responsibilities only.

A disclosure of confidential information to the public is subject to the Managing Director's approval, with the Executive Committee's screening. The Managing Director may personally provide an explanation on any highly material information or may delegate the responsible work unit to disclose such information to the public. As for any information related to third parties or other stakeholders, consent of the third parties or other stakeholders must be obtained prior to disclosure to the public. The Company sets up central units to provide information to the public, i.e., Business Development and Investor Relations Division, and Investment Management Division. These units are responsible for Investor Relations activities and contact with external organizations on investment in various projects, including coordination with information owners, and summarize such information to seek the Managing Director's approval prior to disclosure to the public. All personnel of the Company shall refrain from answering questions or offering any opinions to any third parties, unless they are empowered or authorized to do so.

2. Guidelines for Insider Trading Control

The Company restricts access to undisclosed information only to high-ranking executives, and such information may be disclosed to the Company's staff on a need-to-know basis, who shall be informed of the confidential nature and restricted use of such information. The Company implements a workplace security system to protect its data files and confidential documents. Owners of any information undisclosed to the public must ensure all parties concerned to strictly follow the security procedures.

The Company imposes a policy to inform its directors and executives on a quiet period on trading of the Company's securities for 21 days prior to each Board of Directors' Meeting. This is to prevent an insider trading, and ensure equal treatment of all stakeholders. Directors and executives are required to report on their trading of the Company's securities immediately upon execution of a transaction, in order to duly and fully comply with the disclosure rules and procedures for listed companies.

12.6 Remuneration for Auditor

12.6.1 Audit Fee

| Item | Company | Auditor | Fee (Baht) |
|-------|----------------------------------|---------------------------|------------|
| 1 | CK Power Public Company Limited | Ms. Siraporn Ouankun | 800,000 |
| 2 | SouthEast Asia Energy Limited | Ms. Siraporn Ouankun | 181,000 |
| 3 | Nam Ngum 2 Power Company Limited | Ms. Siraporn Ouankun | 804,000 |
| 4 | Bangpa-in Cogeneration Limited | Ms. Varaporn Prapasirikul | 540,000 |
| 5 | Bangkhenchai Company Limited | Ms. Siraporn Ouankun | 480,000 |
| Total | | | 2,805,000 |

12.6.2 Non-Audit Fee

| Item | Company | Type of service | Auditor | Non-Audit Fee (Baht) | |
|-------|----------------------------------|--------------------|-------------------|-------------------------|----------------|
| | | | | Paid during Fiscal Year | Future Service |
| 1 | CK Power Public Company Limited | Accounting Advisor | EY Office Limited | 80,000 | - |
| 2 | SouthEast Asia Energy Limited | Accounting Advisor | EY Office Limited | 60,000 | 140,000 |
| 3 | Nam Ngum 2 Power Company Limited | Accounting Advisor | EY Office Limited | 480,000 | 1,920,000 |
| 4 | Bangpa-in Cogeneration Limited | - | - | - | - |
| 5 | Bangkhenchai Company Limited | - | - | - | - |
| Total | | | | 620,000 | 2,060,000 |

12.7 Compliance with the Principles of Good Corporate Governance in Other Matters

In addition to the aforesaid corporate governance in various matters, the Board of Directors' Meeting No. 6/2013 on November 28, 2013 also determined the power to approve the values for execution of transactions in the ordinary course of its business, which may be summarized as follows:

| Description | Managing Director | Executive Committee | Board of Directors |
|--|-------------------|-------------------------|--------------------|
| 1. Feasibility study | ≤ Baht 10 Million | > Baht 10 Million | - |
| 2. New project investment approval | ≤ Baht 10 Million | > Baht 10 - 500 Million | > Baht 500 Million |
| 3. Large-scale project budgeting (new project) | - | - | Any value |
| 4. Approval of supply/contracts | Every values | - | - |

In this regard, should any transaction have characteristics as a connected transaction or a transaction on acquisition or disposition of assets of the Company, the Board of Directors and the management of the Company shall have the duty to comply with the applicable rules of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.



13. Report on Corporate Social Responsibility

CK Power Public Company Limited prepares this report on corporate social responsibility to show its intention and commitment to sustainable growth in its business operations with responsibility to society and all stakeholders. To this effect, the Company sets out a good corporate governance policy and practices, a corporate social responsibility (CSR) policy and practices, including staff awareness campaigns for the good corporate governance principles, CSR and participation in activities for communities, society and the environment. These policies and practices are in full compliance with eight topics in the corporate social responsibility guidelines of the Corporate Social Responsibility Institute (CSRI), the Stock Exchange of Thailand, namely, fair business operations; anti-corruption; respect for human rights; fair treatment of labors; responsibility to consumers; environmental care; participation in community and social development; and innovations and diffusion. This report describes the implementation of such policies in the Company's significant operational results in the fiscal year from January 1, 2013 to December 31, 2013.

Corporate Social Responsibility Policy

CK Power Public Company Limited believes that a steady and sustainable growth of its business operations rely on smart vision and strategies, competency of executives and teams, as well as its adherence to ethics in business operations, which will generate reasonable and fair returns, along with the good quality of life for communities and society as well as the environmental care. Therefore, the Company adopts a corporate social responsibility policy as a guide for its executives and staff to understand and apply such principles and practices in the management at all levels, in order to achieve its business goals and missions, generate reasonable and fair returns to shareholders, and operate its business with responsibility to society, the environment and stakeholders under the good corporate governance principles.

1) Fair Business Operations

The Company's commitment to stakeholders' rights and fair treatment of all parties concerned can be described as follows:

Shareholders

The Company is committed to generating reasonable and fair returns to shareholders by means of its business operations towards a sustainable growth, and securing long-term values for good and constant returns. The Company adheres to the good corporate governance principles and business ethics, transparent and auditable business operations, sufficient disclosure, and shareholders' participation to offer their opinions.

Staff

The Company regards all of its staff as its most valuable resources who are instrumental in facilitating the Company's business development to the future. The Company then focuses on the continuing development of staff competency, awards reasonable remuneration according to knowledge and abilities of each staff member which is competitive with other companies in the same sector, and provides a working environment with the quality of life and work safety. In addition, the Company treats all staff members equally and fairly, regardless of gender, religion or economic and social status.

Trade Competitors

The Company complies with the laws and adheres to applicable rules and code of business ethics, fair competition, with transparent and auditable business operations, in dealing with all competitors, counterparts and business alliances.

Community and Society

As a member of Thai communities and society, the Company acknowledges its role and participation in the development, support and care for communities, society, the environment and the country. The Company's responsibility to society, communities and the environment is clearly evident from its socially and environmentally responsible investments, and support to activities useful for communities, society and the environment, particularly such communities adjacent to its business, as well as promoting its executives' and staff's awareness, volunteer spirit and contribution to social activities.

2) Anti-Corruption

To ensure proper conduct of its directors, executives and staff for the professional business operations, adherence to morality and with responsibility for the overall economy, society and environment; and to promote the good corporate governance principles, along with integrity, fairness, transparency and auditability, the Company then prepares and distributes the code of business ethics to all directors, executives and staff, including rules, regulations and punishments for fraud or misconduct by staff in the organization. In addition, the Company also arranges for a whistleblower guide for any illegal acts or conduct which may reflect fraud dishonesty or misconduct of personnel in the organization, including any flaws in the internal control system caused by both staff and other stakeholders, as well as a whistleblower protection mechanism. The whistleblower guide allows for any report on such information to the executives and the Board of Directors. Any staff finding a violation of law or non-compliance with the code of ethics may inquire or file a complaint with their supervisor, the Internal Audit Office, the Company Secretary, the Managing Director, the Audit Committee, as well as the Board of Directors. The Company provides protection measures, confidentiality policy and limited access to such information and disclosure to the persons concerned only, in order to make the complainant feel confident and secure. Whistleblower or complainant may chose to disclose their identity or to remain anonymous. The Company may, if applicable, provide special protection measures if the process is likely and can be expected to cause trouble or unsafety, under the Company's management mechanism and the rules of laws.



3) Respect for Human Rights

Respect for human rights and values is the foundation of collaboration in an organization, interaction and teamwork, as well as development of human resources, as the heart of the business operations. The Company's respect for human rights is well recognized by its equal treatment of all staff and stakeholders, regardless of or without discrimination against race, nationality, gender, religion, disability, economic and social status. The Company also respects and accepts the difference in thoughts, i.e., each staff member has the right to freedom of thoughts and expression, without any impact on the Company's business operations and any violation of the laws.

4) Fair Treatment of Labors

All staff are the Company's most valuable resources. The Company pays considerable attention to the development of a human resource management system to ensure efficiency, fairness, and quality improvement of its personnel in terms of competency, skills, working condition and ethics, in order for them to become knowledgeable, good and happy and perform work to the best of their ability, as well as become valuable members of the organization and society.

Personnel Recruitment and Employment

The Company adopts a recruitment and selection process of personnel with proper qualifications, experience and suitability for work positions, taking into account their ethics and positive attitude, morality, in line with the good corporate governance principles. At present, the Company's personnel has a diverse variety of aspects, e.g., gender, age, educational institution, experience, expertise, as well as religion, which includes Buddhism and Islam, etc.

Personnel Development

The Company encourages all staff to consistently and equally attend training and competency development programs, which focus on both training directly related to their functions and training for other skills. Each year, the Company allocates sufficient budget for both internal and external training for staff, and also allows staff to propose any training programs of their interest to management who will consider assigning them to attend such programs as appropriate.

Study Visits

The Company arranges for staff's study visits to its power plants of various types, both local and overseas, for example, Nam Ngum 2 Hydroelectric Power Plant in the Lao People's Democratic Republic; Bangkhengchai Solar Photovoltaic Power Plant in Nakhon Ratchasima Province; and Bangpa-in Cogeneration Power Plant, Phase 1, in Phra Nakhon Si Ayutthaya Province, etc. This is aimed at promoting staff to learn and understand the Company's core business. The Company's executives and staff also attend training on energy business, accounting, finance, management, rules and regulations governing public limited companies, etc., organized by both local and overseas organizations.

Management of Compensation and Benefits

The Company's compensation and benefit packages comply with labor and other applicable laws, and are fairly and reasonably based on staff's competency and performance. Staff are encouraged to develop themselves for advancement in their career paths. Moreover, the Company provides welfare and benefit programs for staff and their families which are competitive with other companies in the same industry, e.g., provident fund, medical treatment allowance, annual health check-up and other financial allowances, etc.



5) Responsibility to Consumers

The Company, as a holding company in core businesses of electricity production and distribution, has no direct consumers.

6) Environmental Care

Based on the Company's missions to generate good, steady and fair returns for its shareholders, without compromising the significance of the environment, communities and all parties concerned, the Company has committed itself to environmental responsibility even before any project investment by way of social and environmental impact assessments (SIA and EIA) in all aspects, conducted by experts and under the applicable laws, whereby any impacts from the projects must be minimal relative to the expected benefits for communities, society and the country from project implementation. The Company, by the Board's representatives in the subsidiaries which operate various power plants under the Company's investments, shall monitor and ensure their compliance with the laws, including measures for efficient and effective environmental impact management on a regular basis.

By virtue of adherence to such environmental mission, all projects invested by the Company are eco-friendly and efficient power projects which are useful for society. The Company's investments focus on clean and renewable energy projects which cause minimal pollution and environmental impact, and efficiently optimize the utilization of resources in the production process, such as, investments in hydropower, solar and cogeneration power projects, etc.

7) Participation in Community and Social Development

Similarly to its commitment to environmental care, the Company undertakes to take care of communities, society and all related parties. The Company's social responsibility is evident even before its investments in projects, taking into consideration social and environmental impacts on communities, and conducting social impact assessment (SIA) in all respects by experts and under the applicable laws. Any project which may cause social impact on communities is required to have measures to mitigate such impact and compensate for those affected by such impact as appropriate, adequate and fair in the long run. The Company, including its subsidiaries which operate power plants, is also aware of the importance of the development of communities and society, especially for communities in the vicinity of the power projects, in order to help improve their quality of life and well-beings, by regularly organizing various activities for communities and society.



8) Innovations and Diffusion

CK Power Public Company Limited is the investor in power projects which focus on clean and renewable energy. Although the Company is not a technology developer, the Company is determined to diffuse knowledge of clean and renewable energy as well as such innovations designed to save energy and optimize its utilization and sustainability, which are essential to Thailand's energy security in the future. The Company and its subsidiaries regularly participate in various activities contributing to diffusion of such energy innovations and technology.



Corporate Social and Environmental Responsibility Activity Plan

The Company's corporate social and environmental responsibility activity plan focuses on such communities adjacent to the sites of power plants under the Company's investments, especially for youths, schools, under privileged children who need help from the private sector. The Company regards them as important to the future of the country. In addition to its support in the form of scholarships, the Company also provides support related to its business, such as, donation of light bulbs to promote learning about energy-saving for youths, schools and communities, and raise awareness of environmental care through activities organized by the Company, with active participation of the communities and the Company's executives and staff.





Activity: CK Power provided energy-saving LED bulbs to 10 schools in Ayutthaya Province

CK Power Public Company Limited has provided support to energy-saving communities, and on December 17, 2013, organized an activity to grant energy-saving LED bulbs to 10 schools in Amphoe Bang Pa-in, Phra Nakhon Si Ayutthaya Province, namely, Udhomseel Witthaya School, Wat Talat School, Wat Yom School, Chao Fa Sang School, Wat Choeng Tha School, Wat Lat Rahong School, Thung Si Pho School, Ban Kling School, Chipakhao School and Ban Phlub School.



To save energy consumption in schools and to enhance youths' learning in schools to become valuable human resources with awareness of efficient energy use for the national development, the Company firmly believes that a firm foundation for awareness and fundamental values in efficient and sustainable use of energy in communities and for the country in the future starts from schools. The use of LED light bulbs can help protect the environment. An LED light bulb uses far less energy than other light bulbs to produce light by converting electric current into light, as opposed to heat in other light bulbs, thereby resulting no energy loss and saving up to 50 percent. This technology helps save energy and lasts up to 10 times longer, thereby resulting in less frequent replacement and less hazardous wastes.





Activity: CK Power planted trees in schools

CK Power Public Company Limited realizes the problem and wishes to help mitigate the global warming. On December 17, 2013, the Company, in association with Udhomseel Witthaya School, organized an activity to plant trees in the school located in Amphoe Bang Pa-in, Phra Nakhon Si Ayutthaya Province, in order to enlarge the school's green zone and promote the school students to appreciate the value of these trees.



Activity: Bangkhengchai Co., Ltd. provided blankets to fight the cold winter in 2013

On December 20, 2013, Bangkhengchai Co., Ltd., a wholly-owned subsidiary of CK Power Public Company Limited, provided 260 blankets to people in Tambon Khok Thai Administrative Organization, Amphoe Pak Thong Chai, Nakhon Ratchasima Province. During October - February each year, the cold winter will cause temperature to dramatically drop in such area, and as a result, people suffer from the cold weather. Therefore, to keep them people warm during the cold winter, the Company provided blankets to under privileged people, poor families and those in need. All the blankets were delivered to Tambon Khok Thai Administrative Organization, Amphoe Pak Thong Chai, Nakhon Ratchasima Province, which covers 11 villages, namely, Ban Huai, Ban Sisa Krabue, Ban Samlai Tai, Ban Bu Samo, Ban Samlai Nuea, Ban Khok Thai, Ban Nong Lang Chang, Ban Nong Krathum, Ban Hua Na, Ban Nong Yai, and Ban Khok Krabueang.





Activity: The National Children's Day

CK Power Public Company Limited and Bangkhenchai Co., Ltd. sponsored the National Children's Day activity held annually at schools and child centers in the vicinity of Tambon Khok Thai, Amphoe Pak Thong Chai, Nakhon Ratchasima Province, granted scholarships, learning equipment, stationery, sports equipment and toys, to various schools, namely, Wat Sisa Krabue School, Khok Kasem School, Khok Thai Child Center and Nong Lang Chang Child Center. The activity is aimed to provide scholarships to youths, in particular those with good academic records but underprivileged, and to promote youths' physical, emotional and social development, good health and drug-free environment.



14. Internal Control

The Board of Directors authorized the Audit Committee comprising independent directors to review the evaluation of the internal control system. The Internal Audit Division shall report directly to the Audit Committee and also report to the Chief Executive Officer on administrative affairs. The scope of audits of the Company, its subsidiaries and associated companies shall be in accordance with the annual audit plans as approved by the Audit Committee. The objectives of such audits are to ensure that the Company's internal control system is appropriate, adequate and consistent with the guidelines of the Stock Exchange of Thailand; that the Company's operation is properly managed; that the financial reporting is correct, reliable and timely; that it complies with the policy and the provisions of laws and regulations of the authorities; and that the efficiency of the internal control system is regularly reviewed, to the best interests of shareholders and on the basis of fair returns to all stakeholders. In addition, the Audit Committee also has the duty to consider selecting and proposing the auditor for appointment, including remuneration for the auditor; to consider disclosing the Company's correct and complete information on connected transactions and transactions which may have a conflict of interest.

The Company recognizes the significance of the risk management, and as such, applies the risk management system to the administration and management. The Company's management shall consider both current and potential risk factors to analyze impact and the possibility of such risks, and then establish measures to prevent and manage such risks to stay at an acceptable level in compliance with the Company's policy. The risk management measures shall then be submitted to the Corporate Governance and Risk Management Committee for consideration of the adequacy and appropriateness. In this regard, the Internal Audit Division shall regularly monitor the risk management and report on the results of its monitoring to Management and the Corporate Governance and Risk Management Committee for acknowledgement.

Based on the aforesaid factors, together with the internal control system and operations provided for by the Company, the Board of Directors and the Audit Committee are of the same opinion that the internal control system of the Company and its subsidiaries is adequate and appropriate according to the internal control system adequacy evaluation form, comprising five elements, namely, organization and environment; risk management; operational control by management; information technology and communications system; and monitoring and evaluating system, which shall prevent the Company's assets from misuse or unauthorized use by executives or staff, and from any material damage. To date, the Audit Committee and the Board of Directors have never been informed on any material faults by the auditor and the Internal Audit Division.

The Audit Committee's Meeting No. 2/2013 on November 12, 2013 appointed CH. Karnchang Public Company Limited as the Company's internal auditor from November 1, 2013 onwards. CH. Karnchang Public Company Limited has authorized Mrs. Sudarat Phoyamjit, in her capacity as internal audit officer, to be in charge of the performance of duty of the Company's internal auditor.

The Audit Committee has considered and deemed the qualifications of CH. Karnchang Public Company Limited and Mrs. Sudarat Phoyamjit suitable and adequate in the performance of such duty, based on six years of experience in internal control. In this regard, the consideration and approval, appointment, removal, transfer of any person holding the position of the Internal Audit Manager of the Company shall be subject to approval of the Audit Committee. The qualifications of the Head of Internal Audit Unit are described in Attachment 3.

Moreover, the Company has authorized Miss Saranpat Suwannawat, Head of Compliance Unit, to perform the duty to supervise the compliance with the rules and regulations of the regulatory agencies in respect of the Company's business operations. The qualifications of the Head of Compliance Unit are described in Attachment 3.

15. Connected Transactions

The Company and its subsidiaries executed connected transactions with persons who may have a conflict of interests in 2013 under the criteria for consideration on the execution of transactions, as follows:

Necessity and Justification of Connected Transactions

The Company considers executing connected transactions as necessary and justifiable for the utmost benefit of the Company, without any transfer of interests between the Company, its subsidiaries and persons who may have a conflict of interests. The conditions of such transactions are not different from transactions executed with third parties, which are on an arm's length basis and in the ordinary course of business, and in compliance with regulations of the Stock Exchange of Thailand and the Capital Market Supervisory Board, as well as other related rules in all respects, so as to ensure the Company's efficient operation and to equally maintain the optimum benefit of shareholders.

Measures or Procedures for Approval of Connected Transactions

The Company specifies measures and procedures for approval of connected transactions, divided into two cases, namely, connected transactions in the category of related party transactions in the ordinary course of business and in support of the ordinary course of business with the Board of Directors' approval in principle to authorize management to execute such transactions; and connected transactions in other categories, whereby the Company determines the authority of persons authorized to approve the transactions under the rules of the Capital Market Supervisory Board, as well as the rules of the Stock Exchange of Thailand on the conditions and criteria for the execution of the connected transactions. In addition, the Audit Committee is assigned to review and provide opinions on connected transactions before proposing the same to the Board of Directors for consideration and approval.

Policy or Trend of Future Connected Transactions

The Company expects that connected transactions will be executed in the future, as they are in the ordinary course of business of the Company and for the utmost benefit of the Company. The Board of Directors' Meeting has considered granting approval in principle to authorize management to execute such connected transactions in the categories of related party transactions in the ordinary course of business and in support of the ordinary course of business on an arm's length basis. With respect to other categories of connected transactions with a volume that requires approval of the Board of Directors or shareholders, the Company is required to not only comply with the regulations, notifications, orders or requirements of the Stock Exchange of Thailand and the Capital Market Supervisory Board, but also assign the Audit Committee to consider and provide opinions on connected transactions as to necessity and justifications for execution of the transactions, and justification of price, so as to ensure that the conditions of such transactions are not different from transactions in the same category executed with third parties.

In this regard, the Company has disclosed the connected transactions in the Company's Notes to the Financial Statements as audited by the Company's auditor.



1. Relationship between the Company and its Subsidiaries, and Related Companies/Parties

CK Power Public Company Limited and its Subsidiaries

| Company | Shareholding Percentage | Business Operation |
|--|-----------------------------------|--|
| CK Power Public Company Limited (CKP) | N/A | CKP operates its core business as a holding company by holding shares in other companies engaging in the business of production and distribution of electricity generated from various kinds of energy. |
| SouthEast Asia Energy Limited (SEAN) | 56 percent of shares held by CKP | SEAN operates the business of investment and development of electricity production business in the Lao PDR and provision of consulting service and other services related to electricity production projects. |
| Nam Ngum 2 Power Company Limited (NN2) | 75 percent of shares held by SEAN | NN2 produces and distributes the hydroelectric power as concessionaire under the Concession Agreement for the Nam Ngum 2 Hydroelectric Power Project, awarded by the Government of the Lao PDR, with a production capacity of 615 megawatts. |
| Bangkhenchai Co., Ltd. (BKC) | 100 percent of shares held by CKP | BKC produces and distributes solar power with its solar photovoltaic power plant located at Amphoe Pak Thong Chai, Nakhon Ratchasima Province, with a production capacity of 8 megawatts. |
| Bangpa-in Cogeneration Limited (BIC) | 65 percent of shares held by CKP | BIC operates the business of production and distribution of electricity and steam from a cogeneration power plant, using natural gas as fuel, with a production capacity of 117.5 megawatts for electricity and 19.6 tons per hour for steam (for Project 1). Such power plant is located in the Bang Pa-in Industrial Estate, Amphoe Bang Pa-in, Phra Nakhon Si Ayutthaya Province. |
| CKP Solar Company Limited | 100 percent of shares held by CKP | This company has been established for electricity production and distribution. |
| HELIOS Power Company Limited | 100 percent of shares held by CKP | This company has been established for electricity production and distribution. |
| APOLLO Power Company Limited | 100 percent of shares held by CKP | This company has been established for electricity production and distribution. |
| VIS SOLIS Company Limited | 100 percent of shares held by CKP | This company has been established for electricity production and distribution. |
| SOLE Power Company Limited | 100 percent of shares held by CKP | This company has been established for electricity production and distribution. |

Related Companies/Parties

CH. Karnchang Public Company Limited (CK)

CK engages in the construction business and has the abilities to carry out a full range of development, investment and management of large-scale infrastructure concession projects within the country and the region. CK is also CKP's related company since CK is CKP's major shareholder, holding shares amounting to 31.78 percent of the registered and paid-up capital. Moreover, CKP and CK have three common directors, namely, (1) Mr. Plew Trivisvavet, (2) Mr. Narong Sangsuriya, and (3) Mr. Prasert Marittanaporn.

Thai Tap Water Supply Public Company Limited (TTW)

TTW engages in the tap water production and distribution business, with an intention to be Thailand's leading company in the business operation relating to water, energy and environment, and a commitment to entry into the energy business

sector. TTW is CKP's related company since TTW is one of the shareholders of CKP, with its shareholding of 25 percent of CKP's registered and paid-up capital. Both companies also have three common directors, namely, (1) Mr. Plew Trivisvavet, (2) Mr. Narong Sangsuriya, and (3) Mr. Sompodh Sripoom.

Bangkok Expressway Public Company Limited (BECL)

BECL engages in the business of construction and operation of the Si Rat Expressway (the Second Stage Expressway) and its extensions, including related businesses, and is CKP's related company since BECL is one of the shareholders of CKP, with its shareholding of 23.22 percent of CKP's registered and paid-up capital. Both companies also have two common directors, namely, (1) Mr. Plew Trivisvavet, and (2) Mr. Supong Chayutsahakij.

CH. Karnchang Lao Co., Ltd. (CKL)

CKL engages in the construction business with respect to the Nam Ngum 2 Hydroelectric Power Project and the Xayaburi Hydroelectric Power Project. CKL is CK's subsidiary, in which 100 percent of its registered and paid-up capital is held by CK.

Xayaburi Power Company Limited (XPCL)

XPCL engages in the business of development of the Xayaburi Hydroelectric Power Project on the Mekong River in Xayaburi Province, the Lao PDR, with a production capacity of 1,285 megawatts. It produces and distributes hydroelectric power under an electricity production concession awarded by the Lao PDR, and is CKP's related company since XPCL's shareholders, namely, CK and BECL, hold shares in XPCL representing 30 percent and 7.5 percent of its registered and paid-up capital, respectively. Both companies also have three common directors, namely, (1) Dr. Thanong Bidaya, (2) Mr. Plew Trivisvavet, and (3) Mr. Thanawat Trivisvavet.

Ratchaburi Electricity Generating Holding Public Company Limited (RATCH)

RATCH engages in the business as a holding company with the duty to lead the company group in setting out the direction of operations and various strategies in conformity with the target of business development and expansion by focusing on investments in the electricity production business and related businesses. It is a related company of the Company since RATCH holds shares representing 33.33 percent of the registered and paid-up capital in SEAN, CKP's subsidiary.

Ratch-Lao Services Company Limited (RATCH Lao)

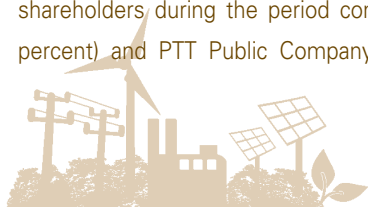
RATCH Lao is RATCH's subsidiary, in which RATCH holds 100 percent of shares in RATCH Lao. RATCH Lao was incorporated under the law of the Lao PDR and engages in the business of operation and maintenance of the Nam Ngum 2 Power Plant and also implements projects for feasibility surveys of development of other power plants in the Lao PDR in its capacity as RATCH's representative in the Lao PDR.

Electricity Generating Authority of Thailand (EGAT)

EGAT, as a state enterprise in the energy sector under the umbrella of the Ministry of Energy and the Ministry of Finance, engages in the core business of production, supply, and distribution of electric power to the Metropolitan Electricity Authority, the Provincial Electricity Authority, electricity users as required by law, and neighboring countries, together with other businesses relating to the electricity business pursuant to the EGAT Act. It is related to CKP since EGAT is RATCH's major shareholder, holding 45 percent of its registered and paid-up capital, and RATCH is also one of the shareholders of SEAN, CKP's subsidiary.

Global Power Synergy Company Limited (GPSC)

GPSC engages in the electricity business in PTT group. Its core business is to produce and distribute industrial electricity, steam and water to industrial customers and the Electricity Generating Authority of Thailand, with its major shareholders during the period comprising PTT Global Chemical Public Company Limited (shareholding representing 30.31 percent) and PTT Public Company Limited (shareholding representing 30.10 percent). Both companies are legal entities



incorporated in Thailand. GPSC accepted transfer of shares in BIC representing 25 percent of its registered and paid-up capital, from PTT on December 24, 2013, and as a result, as at December 31, 2013, GPSC is BIC's shareholder, and GPSC is a related company.

PTT Public Company Limited (PTT)

PTT engages in the petroleum business and other businesses in relation to or in support of the petroleum business, as well as investments in companies engaging in the business relating to petroleum. PTT is a related company since it holds shares representing 30.10 percent of GPSC's registered and paid-up capital.

Bang Pa-in Land Development Co., Ltd. (BLDC)

Bang Pa-in Land Development Co., Ltd. (BLDC) engages in the business of operation of the Bang Pa-in Industrial Estate, sale of areas in the industrial estate, management and service provision of certain utilities. The Bang Pa-in Industrial Estate covers an area of 1,962-1-64 rai, located at Km. 4, Udomsornayuth Road (Highway Route No. 308) separated from Asian Highway (Highway Route No. 32) in the vicinity of Moo 2, Tambon Khlong Chik, and Moo 16, Tambon Bang Krasan, Amphoe Bang Pa-in, Phra Nakhon Si Ayutthaya Province. It is a party to a Joint Operation Agreement for the Bang Pa-in Industrial Estate Project with the Industrial Estate Authority of Thailand (IEAT) dated December 22, 1989. BLDC is CKP's related company, with two common directors, namely, (1) Mr. Plew Trivisvavet and (2) Miss Supamas Trivisvavet.

Government of the Lao People's Democratic Republic (GOL)

GOL granted a concession for the Nam Ngum 2 Hydroelectric Power Project to SEAN (which subsequently transferred the Concession Agreement to NN2), for a concession period of 25 years from the Commercial Operation Date, which is renewable subject to the terms and conditions to be agreed upon between both parties. NN2 is obliged to pay the royalty fee and taxes to GOL as per the time and rates specified in the Concession Agreement. NN2 has started making payment of the royalty fee to GOL since the Initial Operation Date (March 26, 2011). GOL is a related party since GOL is a shareholder of EDL, of which EDL-Gen is a subsidiary. EDL holds 75 percent of shares in EDL-Gen, and EDL-Gen holds 25 percent of the registered and paid-up capital of NN2, SEAN's subsidiary, which in turn is CKP's subsidiary.

Electricité du Laos (EDL)

EDL, as a state enterprise under the Ministry for Energy and Mines, engages in the core business of production, supply, and distribution of electric power in the Lao PDR. It also imports and exports electric power. Moreover, EDL has the duty to develop power plant projects, including hydroelectric power projects of the GOL. EDL is a related company since EDL is EDL-Gen's major shareholder, holding 75 percent of shares in EDL-Gen, and EDL-Gen holds 25 percent of the registered and paid-up capital of NN2, SEAN's subsidiary, which in turn is CKP's subsidiary.

2. Connected Transactions of CKP and its Subsidiaries with Related Parties

The connected transactions of CKP and its subsidiaries with related companies/parties for the year ended December 31, 2013 may be divided into main areas as follows:

- 1) Transactions involving office leases, CKP, BIC and SEAN took office leases in Viriyathavorn Building of CK, which was beneficial and convenient for their business operations.
- 2) Transactions involving construction, NN2 and BIC engaged CK to carry out construction of power plants since CK was a large contractor with experience and capabilities to the benefit of NN2 and BIC.
- 3) Transactions involving electricity production of the Nam Ngum 2 Hydroelectric Power Plant in respect of which SEAN and NN2 entered into agreements with their related parties, as follows:
 - a. Agreement for engagement of RATCH for consulting services regarding operation and maintenance of power plant;

- b. Agreement for engagement of RATCH-Lao for operating and maintenance services¹;
- c. Agreement for engagement of RATCH-Lao for major maintenance²;
- d. Agreement for engagement of EDL for operation of transmission systems, namely, Ban Nabong Substation and Transmission Line from Ban Nabong Substation to the delivery point in the middle of the Mekong River;
- e. Agreement for engagement of EGAT as major maintenance service provider of Ban Nabong Substation and Transmission Line.

In this regard, the execution of such Agreements with related parties as per the details above has been made in order to minimize the risk from unavailability to distribute electricity. Since RATCH, EDL and EGAT have experience, personnel and expertise in the management of power plants, and EGAT also is the sole manager of transmission lines in Thailand, and EDL is the manager of transmission lines in the Lao PDR, therefore, both EGAT and EDL have expertise in the management of power plants and transmission lines, and as such, such transactions are beneficial to NN2. In addition, the transaction involving power purchase and sale between NN2 and EGAT is considered appropriate in ordinary course of business, since EGAT is Thailand's sole purchaser of imported electricity.

- 4) Transactions involving BIC's land lease in order to use the area for power plant project. Such land is appropriate since it is located in the industrial estate and has a suitable size for construction of power plant, and it enables the sale of electricity and steam to customers in the industrial estate. In addition, the lease for installation of power poles and gas pipes is reasonable since it is necessary in BIC's business operations.
- 5) Transactions involving purchase of natural gas from PTT for electricity production of the cogeneration power plant of BIC which are considered reasonable, since natural gas is the key raw material in the electricity production of the cogeneration power plant, and PTT distributes natural gas to the cogeneration power plants in Thailand and has standard agreement for purchase and sale of natural gas for general SPP Projects. In addition, BIC executed the agreement for purchase and sale of tap water for use in the electricity and steam production system, as well as water treatment service from the electricity production process, with TTW, as a tap water distributor in Bang Pa-In Industrial Estate where the power plant is located.
- 6) Transactions involving management fee of BKC's solar power plant for management of the electricity production and distribution system in the Pak Thong Chai solar power project, Nakhon Ratchasima Province, for the PEA, since CKP has personnel with knowledge and expertise in management of solar power projects.
- 7) Transactions involving financial management fee for BIC, since CKP has experience in finance and proper understanding in BIC's financial operation system.

3. Details of Connection Transactions

With respect to the business transactions with related businesses during the year, the Company and its subsidiaries executed significant transactions with related parties or businesses. Such transactions were in accordance with the commercial conditions and criteria as agreed upon between the Company and such related parties or businesses in the ordinary course of business, as follows:

^{1, 2} With respect to the Agreement for engagement of RATCH-Lao for operating and maintenance services and the Agreement for engagement of RATCH-Lao for major maintenance, RATCH-Lao executed the Agreement for engagement of EGAT as its subcontractor to provide certain substantial technical services, but RATCH-Lao is still responsible to the Company for EGAT's works, as well as its remaining technical and management services under the Agreement until the expiry of the Agreement.



3.1 Connected Transactions of CKP with Related Companies/Parties

3.1.1 Office Lease between CKP and CK

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|--|--|--|--|---|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| Lease of CKP's office area in CK's building <ul style="list-style-type: none"> Office area rental Utilities payable | 0.23 0.03 | 0.67 0.33 | The Company utilized the area on the 13 th floor of Viriyathavorn Building of CK as its temporary office (while waiting for decoration of its permanent office area on the 24 th floor of such building). CKP agreed to pay CK for cost of utilization of such area at the rate equal to office area rental and to pay actual utility cost at the normal utility cost rate charged by CK to general lessees. | The Audit Committee was of the opinion that such transaction was justifiable. Moreover, CK as lessor, charged CKP only for utility cost as actually utilized by CKP at the rate of utility cost charged by CK to general lessees. Therefore, such rental rate was reasonable. |

3.1.2 Transaction between CKP and CK

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|--|--|--|---|--|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| Service Agreement on Secondment of Internal Audit Duties Management Services Agreement between CKP and CK <ul style="list-style-type: none"> Administrative expenses Management fee payable | - - | 0.30 0.32 | CKP intended to engage a person with knowledge and direct expertise on finance and was of the view that CK had experience in the internal audit. Therefore, the Management Agreement was executed with CK for one personnel for a period of four months in 2013, from October 1, 2013 to February 1, 2014. CKP agreed to pay remuneration for CK in the amount of Baht 100,000 per month. | The Audit Committee was of the opinion that such transaction was justifiable, since CK had personnel and expertise in management. Moreover, such fee under the Agreement was calculated based on manpower, nature of work and staff remuneration. Therefore, such fee was justifiable. |

3.2 Connected Transactions of SEAN and NN2 with Related Companies/Parties

3.2.1 Transactions between SEAN and XPCL for Management Services for the Xayaburi Project

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|---|--|--|--|---|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| Management Services Agreement for the Xayaburi Project between SEAN with XPCL <ul style="list-style-type: none"> • Project management income • Accounts receivable (project management income) | 45.29 | 43.98 | <p>The Owner Engineer Agreement was executed between SEAN and XPCL to supervise and inspect the quality of construction and testing of mechanical and electrical equipment, contact and coordination with EGAT and EDL, in order to supervise the construction in compliance with the requirements and standards under the Power Purchase Agreement, etc., with a total fee under such Agreement of Baht 511.32 Million (excluding value added tax), divided into a lump sum service fee at the rate of Baht 452.80 Million and on-site service fee charged per actual trips in the amount of approximately (provision) Baht 58.82 Million. The term of the Agreement started from January 1, 2012 until the first anniversary of the Commercial Operation Date.</p> | <p>The Audit Committee was of the opinion that such transaction was reasonable since SEAN previously had experience in operation and management of the construction of the Nam Ngum 2 Hydroelectric Power Project, and it made use of its personnel to generate other income for SEAN. Moreover, such fee was justifiable since it was calculated based on manpower, operating period and scope of work and staff remuneration.</p> |
| | 4.04 | 3.92 | | |



3.2.2 Transaction involving Office Lease between SEAN and CK

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|---------------------------------------|--|--|---|---|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| SEAN's office lease in CK's building | | | | |
| • Office rental | 2.25 | 2.26 | SEAN took a lease on office area on the 20 th floor of Viriyathavorn Building from CK for use as its Bangkok office, covering an area of 468.91 square meters, with a lease term of three years from October 1, 2013 to September 30, 2016, at the rental rate of Baht 75,025.60 per month and service fees for air conditioning and facilities in the amount of Baht 112,538.40 per month | The Audit Committee was of the opinion that the lease of the area for use as SEAN's office was justifiable and such rental rate was reasonable since it was the rental rate charged by CK to general customers in Viriyathavorn Building. |
| • Other payable (office utility cost) | 0.03 | 0.03 | | |

3.2.3 Transactions between SEAN and RATCH

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|---|--|--|---|--|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| Assignment of RATCH's staff to perform works for SEAN | | | | |
| • Administrative expenses | 7.61 | 2.31 | The agreement among SEAN's shareholders, namely, CK, BECL, and RATCH, specifies that RATCH, as a result of its experience and expertise in management of hydroelectric power plants, will assign its personnel to jointly perform works in respect of engineering and finance of SEAN for the Nam Ngum 2 Hydroelectric Power Project. Therefore, RATCH entered into an agreement with SEAN for assignment of its staff to perform works in SEAN for management of the Nam Ngum 2 Hydroelectric Power Project. | The Audit Committee was of the opinion that such transaction was justifiable since RATCH had personnel and expertise in management of hydroelectric power projects. Moreover, the service fee under such agreement was calculated based on manpower, nature of work, and staff remuneration, and as such, such price was reasonable. |
| • Other payable (accrued administrative expenses) | 0.68 | - | | |

3.2.4 Transaction between SEAN and NN2 with RATCH

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|---|--|--|--|--|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| <p>Operation and Maintenance Consulting Service Agreement of Nam Ngum 2 Hydroelectric Power Project between, SEAN and NN2, and RATCH</p> <ul style="list-style-type: none"> • O&M consulting service Charges | 25.00 | 25.00 | <p>SEAN and NN2 entered into an Operation and Maintenance Consulting Service Agreement of Nam Ngum 2 Hydroelectric Power Project with RATCH on May 26, 2006. Such Agreement specifies the scope of work for RATCH as Project Consultant in respect of matters relating to project development, contract documents, technical and construction advice, purchase of parts, equipment, and other items related to business; with service charges in the amount of Baht 6.25 Million per quarter (or Baht 25 Million per year). The Agreement would end upon the end of the Power Purchase Agreement or Equity IRR of SEAN and/or NN2 amounting to not less than 14 percent per year, whichever was earlier.</p> | <p>The Audit Committee was of the opinion that the transaction executed by NN2 in engaging RATCH to serve as consultant for operation and maintenance of the Nam Ngum 2 Hydroelectric Power Project was reasonable since RATCH had experience in power plant operation. Moreover, the determination of consideration of such Agreement had been negotiated by management of SEAN, and the board of directors and/or the shareholders' meeting of SEAN considered the matter and were of the opinion that such consideration was reasonable and then resolved to approve the transaction. Therefore, the Audit Committee was of the opinion that the consideration under such Agreement was in compliance with the applicable practices as at the time of approval of the transaction, and the determination of such price was acceptable to all related parties.</p> |



3.2.5 Transaction related to Construction between NN2 and CKL

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|---|--|--|---|---|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| Engineering, Procurement and Construction Contract (EPC Contract) between NN2 and CKL <ul style="list-style-type: none"> • Advance payment (advance payment for repair under warranty period) | 0.75 | - | <p>NN2 engaged CKL to serve as contractor for carrying out construction of 615 MW Nam Ngum 2 Hydroelectric Power Plant. Such Engineering, Procurement and Construction Contract (EPC Contract) was signed on May 26, 2006, with the total value of Baht 13,416 Million and USD 180 Million. CKL began to carry out the construction for NN2 in May 2006, and the construction was completed in 2011. Under such Construction Contract, a warranty period was two years from the Initial Operation Date (IOD). In 2012, NN2 repaired the construction works and made an advance payment, subject to the warranty period, NN2 collected such payment from CKL, with the accrued advance payment at the end of 2012 amounted to Baht 0.75 Million.</p> | <p>The Audit Committee was of the opinion that such transaction was the repair cost under the warranty period pursuant to the Construction Contract which NN2 engaged CKL for service. NN2 advanced such payment for convenience, and NN2 submitted an invoice for the actual expenses advanced by NN2 to CKL. Therefore, such transaction was deemed reasonable and justifiable.</p> |

3.2.6 Transactions between NN2 and RATCH Lao

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|--|--|--|--|---|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| Long-Term Operation and Maintenance Service Agreement between NN2 and RATCH Lao <ul style="list-style-type: none"> • O&M service fees • Trade accounts payable • Advance payments • Other accounts payable (Internet cost, maintenance cost of the surrounding areas, oil cost and traveling costs, etc.) | 133.81 30.14 - 0.46 | 142.00 31.81 - 0.58 | NN2 entered into an Agreement for engagement of RATCH Lao, RATCH's subsidiary, with experience in the operation of powerhouses in the operation and maintenance of powerhouse. The Agreement was signed on June 25, 2009. The scope of such Agreement covered the operation service for electricity generation, maintenance of generator, hydro turbine, control system and equipment, including dam, powerhouse building, buildings and hydraulic structures, as well as the maintenance of office, residence, public utilities and areas around the project, including other works than those specified in the scope of works under the Agreement to be additionally agreed by NN2 in the interest of appropriateness and safety of the Project, for example, Internet installation cost, maintenance cost of the areas surrounding the dam, as well as oil cost or traveling costs of RATCH Lao's staff based on actual expenses in the operation | The Audit Committee was of the opinion that the transaction on NN2's execution of the Agreement for engagement of RATCH Lao to provide the O&M services and major maintenance services was reasonable, since RATCH Lao was RATCH's subsidiary, having experience in the operation of powerhouses. With respect to the consideration under the Agreement, as the scope of such service agreement was specific for each project, it would be unable to compare based on the information available to the public. However, the determination of such consideration of the Agreement had been negotiated by the managements of SEAN and NN2, and the board of directors and/or the shareholders' meetings of SEAN and NN2 considered the matter and were of the opinion that such consideration was reasonable and then resolved to approve such transaction. In addition, the consideration payable to RATCH Lao was acceptable to |



| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|-------------|--|--|---|--|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| | | | <p>of such additional works. Such Agreement had a service term from July 1, 2009 until the end of the concession period of the Project. Such Agreement divided the services into three phases, namely, (1) Pre-operational Phase, from June 25, 2009 until July 31, 2011, during which NN2 agreed to pay Baht 951,000 per month to RATCH Lao for the services; (2) Partial Operational Phase, from September 1, 2011 until October 31, 2011, during which NN2 agreed to pay Baht 7,740,000 per month to RATCH Lao for the services; and (3) Operational Phase, during which NN2 agreed to pay Baht 9,583,333 per month to RATCH Lao for the services. Such service fee rate would be increased by 3 percent per annum from January 1, 2012 for five years. The revision of such rate would be reviewed upon (1) the end of every five-year interval; or (2) prior to the commencement of the operation of the extension of the Nam Ngum 2 Project; or (3) the occurrence of any unusual event under the Agreement between both parties.</p> | <p>EDL-Gen (holding 25 percent of shares in NN2 and having two representatives on NN2's board of directors) as representative of the Government of the Lao PDR, having experience in management of seven hydroelectric power projects in the Lao PDR, with the total production capacity of 387 MW. Moreover, EDL-Gen was not a party to the Shareholders' Agreement of SEAN, it was thus able to independently make decisions on various issues without any obligation to comply with such Shareholders' Agreement. Therefore, the Audit Committee was of the opinion that the consideration under such Agreement was in compliance with the applicable practices as at the time of approval of the transaction and the determination of such price was acceptable to all related parties.</p> <p>As for other expenses such as Internet cost, maintenance costs of the surrounding areas, oil and traveling costs, the Audit Committee was of the opinion that the transaction was reasonable, since they were expenses to facilitate performance of staff at the Project site, and the price was justifiable based on the scope of works and actual expenses.</p> |

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|--|--|--|---|------------------------------------|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| Agreement on Major Maintenance Services between NN2 with RATCH Lao <ul style="list-style-type: none"> Service fees under the Agreement on Major Maintenance Services | 60.00 | 61.81 | <p>NN2 entered into an Agreement for engagement of RATCH Lao, as RATCH's subsidiary, with experience in the operation of powerhouses for the major maintenance of NN2's powerhouse. The scope of such Agreement covered the provision of services, divided into three types, as follows:</p> <p>1) The Preventive Maintenance Services included the annual test of the generator and other components in accordance with the requirements in the Power Purchase Agreement, which would take 3 days in operation, the minor check up and maintenance every two years which would take 21 days each, and the moderate maintenance every seven years which would be carried out in 2018 and would take 60 days each.</p> <p>2) The Corrective Maintenance Services referred to the 24-hour Emergency Corrective Maintenance Services.</p> <p>3) The scheduled and emergency maintenances, which would help minimize idle time of machinery. Such Agreement was signed on September 3, 2011, for a term of seven years from the date of the Agreement, and was renewable subject to the mutual agreement of both parties. Throughout such</p> | |



| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|-------------|--|--|---|------------------------------------|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| | | | seven years of services, NN2 agreed to pay to RATCH Lao the service fees in the amount of approximately Baht 460 Million, escalated by 3 percent annually from January 1, 2014, divided into monthly installments, provided that in the first year, the service fees would be a lump sum fixed amount of Baht 60 Million (payable in equal installments in four months commencing September until December 2012). After that, commencing January 2013, the service fees would be paid monthly in the amount of Baht 5.15 Million. | |

3.2.7 Transactions between NN2 and EGAT

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|---|--|--|---|---|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| Power Purchase Agreement between NN2 and EGAT | | | | |
| • Revenue from tariff | 3,838.16 | 4,155.15 | The Power Purchase Agreement of the Nam Ngum 2 Hydroelectric Power Project has been novated to NN2 on December 27, 2007. The Power Purchase Agreement has a total term of 27 years. The supply targets are divided into two phases, namely, (1) two years prior to COD (IOD), and (2) 25 years from COD throughout the concession period. | The Audit Committee was of the opinion that the execution of the Power Purchase Agreement was reasonable, as the sale of the high voltage electricity into the system in Thailand must be made with EGAT only, and the execution of such Agreement also fell into the scope of the execution of the Agreement with a public agency, having clear pricing regulations and practices. |
| • Trade accounts receivable | 919.57 | 535.85 | | |
| • Other long-term liabilities | 93.61 | 122.74 | | |
| • Costs of tariff, import energy and liquidated damages | 15.26 | 13.73 | | |

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|--|--|--|--|---|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| | | | installed in the powerhouse control room at the Nam Ngum 2 Dam for use in communication with the Central Division of EGAT. With respect to such expenses, EGAT has collected payment for telephone line maintenance from NN2 annually. In addition, it included the expenses for engagement of EGAT for metering system adjustment to ensure its precision and accuracy. EGAT would adjust the equipment and certify the adjustment on one occasion, and would annually collect payment from NN2 at the rate of USD 10,000 as specified in the Power Purchase Agreement. As from January 2013, an additional telephone line was connected, which would result in more convenient communication between NN2 and EGAT. | NN2 was required to closely communicate with EGAT in the operation of the powerhouse to maintain the stability of the electricity at all times, and the execution of such Agreement also fell into the scope of the execution of the Agreement with a public agency, having clear pricing regulations and practices. |
| Service fee for supervision and inspection of equipment installation <ul style="list-style-type: none"> • Service fee • Trade account payable | - | 0.55 | This transaction related to service fee for engagement of EGAT to supervise and inspect the availability and completeness of installation of the preventive equipment, namely, bus differential relay, distance relay, and breaker fail relay, at the powerhouse and the Nabong Substation, since NN2 engaged a contractor to upgrade such equipment. Therefore, in order to inspect the availability and completeness of the installed equipment, NN2 thus engaged EGAT to conduct the inspection, since EGAT had expertise and experience in respect of technical matters of the powerhouse. In this regard, NN2 made payment once without any renewal. | The Audit Committee was of the opinion that the execution of such transaction was reasonable, as NN2 was required to closely communicate with EGAT, and EGAT had expertise and experience in respect of technical matters of the powerhouse and transmission. It was therefore appropriate to engage EGAT to inspect the correctness and completeness of the equipment. The rate of service fee was reasonable based on the scope of actual work. |

3.2.8 Transaction between NN2 and GOL

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|---|--|--|---|---|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| Royalty Fee under the Concession Agreement <ul style="list-style-type: none"> Royalty fee paid under the Concession Agreement Trade accounts payable | 131.03 | 139.80 | <p>All rights in such Concession Agreement were novated from SEAN to NN2. Under the Concession Agreement, NN2 was required to pay the Royalty Fee to the Government of the Lao PDR at the specified rate:-</p> <ul style="list-style-type: none"> - For the six months prior to IOD, no Royalty Fee was to be paid, and for two years thereafter, until the COD (such thirty month (2½ years) period), the Royalty Fee was 3.4 percent of the gross operating revenue; - First Royalty Period (from the COD until the eighth anniversary of COD), the Royalty Fee was 3.4 percent of the gross operating revenue per year; - Second Royalty Period (from the start of the year following the First Royalty Period and ending six years thereafter), the Royalty Fee was 3.5 percent of the gross operating revenue per year; - Third Royalty Period (from the start of the year following the Second Royalty Period and ending two years thereafter), the Royalty Fee was 7.5 percent of the gross operating revenue per year; - Fourth Royalty Period (from the start of the year following the Third Royalty Period and ending on the 25th anniversary of the COD), the Royalty Fee was 13.5 percent of the gross revenue per year. | <p>The Audit Committee was of the opinion that the execution of such transaction was reasonable, as the execution of such Agreement was made with the governmental sector of the Lao PDR, having clear pricing regulations and practices.</p> |
| | 75.68 | 77.62 | | |



3.2.9 Transactions between NN2 and EDL

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|--|--|--|---|---|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| Agreement on Operation and Maintenance of Nabong Substation and Transmission Systems between NN2 and EDL | | | | |
| <ul style="list-style-type: none"> • Service fee under the Agreement on O&M of Nabong Substation and Transmission Systems | 18.07 | 17.14 | <p>NN2 engaged EDL in the operation and maintenance services of the Nabong Substation and transmission systems from the Project to the delivery point, namely, the 230 kV transmission line from the Project to the Nabong Substation, and the 500 kV transmission line from the Nabong Substation to the delivery point in the middle of the Mekong River.</p> <p>Both parties executed the Agreement on Operation and Maintenance of the Nabong Substation and Transmission Systems on January 15, 2010, with the contract period from 2010 until the earlier of the following events, (1) the end of the concession period under the CA, and (2) the date on which the Nabong Substation and 500 kV transmission line were taken over by EDL.</p> <p>The term under such Agreement was divided into two phases, namely, the Pre-operational Phase and the Operational Phase</p> <p>The payment under the Agreement was as follows:</p> | <p>The Audit Committee was of the opinion that the execution of such transaction was reasonable, as EDL had expertise in the transmission systems of the Lao PDR, and the execution of such Agreement was made with the governmental sector of the Lao PDR, having clear pricing regulations and practices.</p> |
| <ul style="list-style-type: none"> • Trade accounts payable | 1.73 | 1.52 | | |

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|-------------|--|--|--|------------------------------------|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| | | | <p>- Pre-operational Phase (4 months from January 31, 2010) in the amount of USD 66,432.25 per month;</p> <p>- Operational Phase (from June 1, 2010 until the end of the contract period) in the amount of USD 48,642 per month. On January 28, 2011, NN2 and EDL executed the Side Agreement for amendment of the Agreement on Operation and Maintenance of Transmission Systems to ensure more clarity and suitability with the reality. In 2011, the service fee was at the rate of USD 49,882 per month, escalated by 1 percent annually from 2012. (In 2012, the service fee was at the rate of USD 50,380.82 per month.) Later, on July 1, 2012, NN2 and EDL executed the Side Agreement Concerning the Agreement on Operation and Maintenance of Nabong Substation and Transmission Systems, by reducing scope of services in long distance control operation from the Northeastern Control Center, to ensure suitability with the changed command of the National Control Center of EGAT. And as a result, the rate of service fee decreased to USD 45,589 per month, effective from July 2012. Other terms and conditions remained unchanged.</p> | |



| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|--|--|--|---|--|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| Assignment of EDL's staff to perform works for NN2 • Administrative expenses | 1.53 | 1.55 | <p>The Executive Committee's Meeting of NN2 on November 19, 2010 resolved to appoint an EDL's staff to perform works for NN2 in the position of Assistant Managing Director of Maintenance Department, with the duties to supervise works relating to Nabong Substation and Transmission Systems of the Nam Ngum 2 Hydroelectric Power Project, effective from December 1, 2010. NN2 would pay the monthly service fee to EDL in the amount as agreed upon between both parties. Later, on January 4, 2011, EDL gave a notice on the service fee for assignment of its staff to perform works for NN2 at the rate of USD 3,500 per month, effective from December 1, 2010, and the payment would be made to EDL's account. In addition, NN2 was required to provide facilitation in accordance with NN2's rules and regulations to EDL's staff.</p> | <p>The Audit Committee was of the opinion that such transaction was reasonable, as EDL had personnel and expertise in management of powerhouses and transmission lines in the Lao PDR. Moreover, the service fee under such Agreement was calculated based on manpower, nature of work, and staff remuneration, and as such, such price was reasonable.</p> |
| Import Energy Cost • Cost of sale of electricity, Import Energy Cost | - | 0.24 | <p>Given NN2's equipment downtime for a certain period of time (February 2013), NN2 thus was unable to distribute electricity from the powerhouse to the operation building and staff residence. Therefore, it was necessary for NN2 to purchase partial electricity from EDL for use in the operation building and staff residence, thereby giving rise to the import energy cost based on actual volume of electricity at the general FT rate based on the building size. Such electricity system was designed to accommodate the operation under such conditions. It was therefore considered a transaction executed only in case of emergency.</p> | <p>The Audit Committee was of the opinion that such transaction was reasonable, as it was necessary to use electricity in NN2's staff residence, and the electricity line of EDL was the closest to the staff residence. It was therefore appropriate to purchase electricity from EDL. In addition, the price was justifiable, as it was calculated based on actual consumption of electricity and was the normal rate charged to general customers by EDL.</p> |

3.2.10 Transactions between NN2 and XPCL

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|---|--|--|--|--|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| Assignment of XPCL's staff to perform works for NN2 <ul style="list-style-type: none"> • Administrative expenses • Other account payable (accrued administrative expenses) | - | 7.08 | <p>Given NN2's organization restructure in line with the management and the increased workload, NN2 then needed more personnel, in conjunction with the resignation of certain staff, it was necessary for NN2 to recruit personnel with expertise in administration, as well as management of the hydroelectric power plant, to be in line with the increased workload. Therefore, during the period of personnel nomination, NN2 executed an agreement with XPCL for XPCL's assignment of its staff at the Xayaburi Project to perform works for NN2 in positions as agreed upon in the agreement. This was because XPCL had personnel with capabilities and experiences sufficient for works and they were able to perform management works for NN2. In this regard, NN2 executed such agreement with XPCL on February 1, 2013, for a period of one year from the execution date. It was expected that should NN2 nominate new personnel in its desired number, this agreement would be no longer required.</p> | <p>The Audit Committee was of the opinion that such transaction was reasonable, as XPCL had personnel with capabilities and experiences sufficient for prompt performance of general works as required by NN2. In addition, the payment under such agreement was calculated based on manpower, nature of work, and staff remuneration, and as such, such price was reasonable.</p> |
| | - | 1.20 | | |



3.3 Connected Transactions between BKC and Related Companies/Parties

3.3.1 Transactions between BKC and CKP

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|--|--|--|--|--|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| General Management Service Agreement between BKC and CKP <ul style="list-style-type: none"> Administrative expenses Other payable on management fee | 0.40 0.10 | 2.40 0.21 | The Executive Committee's Meeting of BKC on December 17, 2012 resolved to appoint CKP to manage the solar power plant, located at Bangkhengchai Nakhon Ratchasima Province, and to be responsible for wages and labor costs for personnel recruited by the contractor for operation of this Project, for a term of one year from January 1, 2013 to December 31, 2013, in the amount of Baht 200,000 per month. (Upon CKP's acquisition of BKC's ordinary shares from CK, BKC entered into the General Management Service Agreement with CKP, commencing from September 7, 2012 until December 31, 2012, in the amount of Baht 100,000 per month.) | The Audit Committee was of the opinion that such transaction was reasonable, as CKP had personnel and expertise in administration. In addition, the payment under such agreement was calculated based on manpower, nature of work, and staff remuneration, and as such, such price was reasonable. |

3.4 Connected Transactions between BIC and the Related Companies/Parties

3.4.1 Transactions between BIC and CK

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|---|--|--|---|---|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| Engineering, Procurement and Construction Contract between BIC and CK <ul style="list-style-type: none"> Project costs under construction Construction payable | 2,214.44 59.62 | - - | BIC executed a contract with CK for the construction of a Cogeneration Power Plant, | The Audit Committee was of the opinion that the engagement of CK as contractor in BIC's Project |

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|--|--|--|--|--|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| | | | representing the total value of Baht 4,485 Million. The engagement of CK as a construction contractor for BIC's project was due to the fact that CK was a large construction company in Thailand, and that CK had experience in undertaking large-sized projects. Such EPC Contract was initially executed on March 25, 2011, with the total value of Baht 4,550 Million, and an Amendment to such EPC Contract was executed on June 29, 2011, amending the value of construction to Baht 4,485 Million. After the execution of such EPC Contract, CK commenced to carry out the construction of such Cogeneration Power Project in May 2011, and to date, the construction was completed. | was reasonable, as CK was a large construction company in Thailand and had experience in various large construction projects, including NN2's large hydroelectric power dam construction project. The value of the construction paid by BIC to CK was reasonable. The payment under the Agreement was made based on the work progress. In addition, the price had been considered and approved by the lending banks. |
| Management Service Agreement between BIC and CK <ul style="list-style-type: none"> • Administrative expenses • Management fee payable | 1.61 0.31 | 2.04 0.18 | BIC was originally established by CK and BLDC. CK held shares in BIC, representing 49 percent, and BLDC held shares representing 19 percent of BIC's registered capital. In the initial period of incorporation, BIC intended to engage executives having knowledge and expertise in the business of a Cogeneration | The Audit Committee was of the opinion that the execution of such transaction was reasonable, as during the construction period, BIC required personnel with knowledge and skills needed for such business, and therefore engaged CK, which had a large number of experienced personnel for service to BIC. The service fee paid by |



| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|--|--|--|---|--|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| | | | Power Plant, but during the construction period, BIC did not wish to directly engage the executives holding such positions and considered that CK's executives had more experience in the related field. Therefore, BIC executed the Management Service Agreement with CK for one personnel for a period of 11 months in 2012, commencing February 1, 2012 to December 31, 2012. BIC agreed to pay Baht 146,000 per month to CK. On January 1, 2013, BIC renewed such Agreement with CK, with an additional term of one year from the date of execution of the Agreement, with the service fee in the amount of Baht 170,000 per month. | BIC to CK was calculated based on the rate of return, the number of working hours and personnel provided by CK for BIC. |
| BIC's office lease in CK's building <ul style="list-style-type: none"> Office rental | 0.72 | 0.70 | BIC took a lease on office area on the 17 th floor of Viriyathavorn Building from CK, covering an area of 140.91 square meters, with a lease term of three years from October 17, 2011 to October 16, 2014, at the rental rate of Baht 18,036.48 per month and service fee of Baht 27,054.72 per month. | The Audit Committee was of the opinion that the lease of the area for use as BIC's office was justifiable and such rental rate was reasonable since it was the rental rate charged by CK to general customers in Viriyathavorn Building. |

3.4.2 Connected Transaction between BIC and BLDC

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|---|--|--|---|--|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| BIC's lease in Bang Pa-In Industrial Estate from BLDC for construction <ul style="list-style-type: none"> Rental payment Trade account payable | 3.55 0.23 | 1.04 - | <p>BIC entered into a land lease with BLDC for various utilizations, with the following details:</p> <ol style="list-style-type: none"> 1) BIC took a lease on an area of 13-3-10.47 rai of BLDC's land for construction of an office building and temporary residence for staff, with a lease term of three years from June 1, 2011 to May 31, 2014, at the rental rate of Baht 206,642.61 per month. August 2013 was the final month. 2) BIC took a lease on an area of 10-0-2.75 rai of BLDC's land for installation of electric poles and wiring of 115 kV and 22 kV transmission lines and steam pipeline installation, with a lease term of three years from July 1, 2012 to December 31, 2014, at the rate of Baht 112,000 per rai per year. In the first year, BIC paid rental in the amount of Baht 560,380.80 in proportion to the actual period. August 2013 was the final month. 3) BIC took a lease on an area of 1-3-12.5 rai of BLDC's land for construction, expansion, utilization, service of maintenance and repair of the natural gas pipeline system, with a lease term of three years from May 3, 2011 to December 31, 2013, at the rental rate of Baht 112,000 per rai per year. October was the final month. | <p>The Audit Committee was of the opinion that the execution of such transaction was reasonable, as the land lease in the first transaction was for use as its office building and temporary residence for staff, which was considered as normal administration of the construction project.</p> <p>The land leases in the second and the third transactions were executed to acquire natural gas as the main raw material for use in BIC's Cogeneration Power Plant, as well as for purposes relating to electric poles and steam pipeline for sale of electricity and steam so produced to customers within Bang Pa-In Industrial Estate.</p> <p>In addition, the rental in the first transaction was reasonable, as it was the rate normally collected by BLDC from lessees for utilization of land of a similar nature. The rentals in the second and the third transactions were reasonable, as they were lower than the land rental rate for natural gas pipeline which BIC paid pursuant to an agreement with the State Railway of Thailand, which was not a related party.</p> |



3.4.3 Connected Transaction between BIC and PTT

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|--|--|--|---|---|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| BIC's Natural Gas Purchase Agreement with PTT <ul style="list-style-type: none"> Natural gas cost Trade account payable | - | 942.88 | <p>BIC executed the Natural Gas Purchase Agreement with PTT for use in the Project upon construction completion of the power plant and opening for operation. Such Agreement was PTT's standard format for sale of natural gas to SPP Projects. The Agreement specified the commencement date for commercial use of natural gas on June 1, 2013, with a daily purchase volume of 18.83 million cubic feet per day, and a maximum gas use of not exceeding 21.55 million cubic feet per day. In addition, the Agreement specified a minimum purchase from PTT at not less than 85 percent of the total volume of gas for the whole year as calculated from the formula specified in the Agreement. The gas price comprised gas cost and transmission cost as per the formula specified in the Agreement. The Agreement was executed on March 18, 2011, for a term of 25 years from the commencement date of commercial use of gas.</p> | <p>The Audit Committee was of the opinion that the execution of such transaction was reasonable, as it was the purchase and sale of natural gas in the ordinary course of business. The price was justifiable and reasonable, as it was in accordance with the Natural Gas Purchase Agreement for the SPP Projects which PTT used as standard for general SPP customers, with a clear formula for calculation of gas price.</p> |
| | - | 326.95 | | |

3.4.4 Connected Transaction between BIC and CKP

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|--|--|--|---|--|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| Service Agreement on Secondment of Finance Duties between BIC and CKP <ul style="list-style-type: none"> • Administrative expenses • Management fee payable | - | 0.20 | BIC intended to engage personnel with direct knowledge and expertise on finance and was of the view that CKP had personnel with experience in finance. Therefore, BIC executed the Management Service Agreement with CKP for one personnel for a period of 2 months in 2013, commencing November 1, 2013 to December 31, 2013. BIC agreed to pay Baht 100,000 per month to CKP. | The Audit Committee was of the opinion that such transaction was reasonable, as CKP had personnel and expertise in administration. In addition, the payment under such agreement was calculated based on manpower, nature of work, and staff remuneration. |

3.4.5 Connected Transaction between BIC and TTW

| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|--|--|--|---|--|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| Tap Water Purchase Agreement between BIC and TTW <ul style="list-style-type: none"> • Raw water cost • Water treatment cost | 5.46 | 6.65 | BIC executed the Tap Water Purchase Agreement with TTW, Contract No. 001/2554, on February 15, 2011, from February 15, 2011 to February 16, 2012. Upon completion of one year under the Agreement, unless a notice of termination is given at least 90 days in advance, | The Audit Committee was of the opinion that such transaction was reasonable, as it was the purchase and sale of raw water in the ordinary course of business. The price was justifiable and reasonable, as it was in accordance with the standard form of the Agreement. |



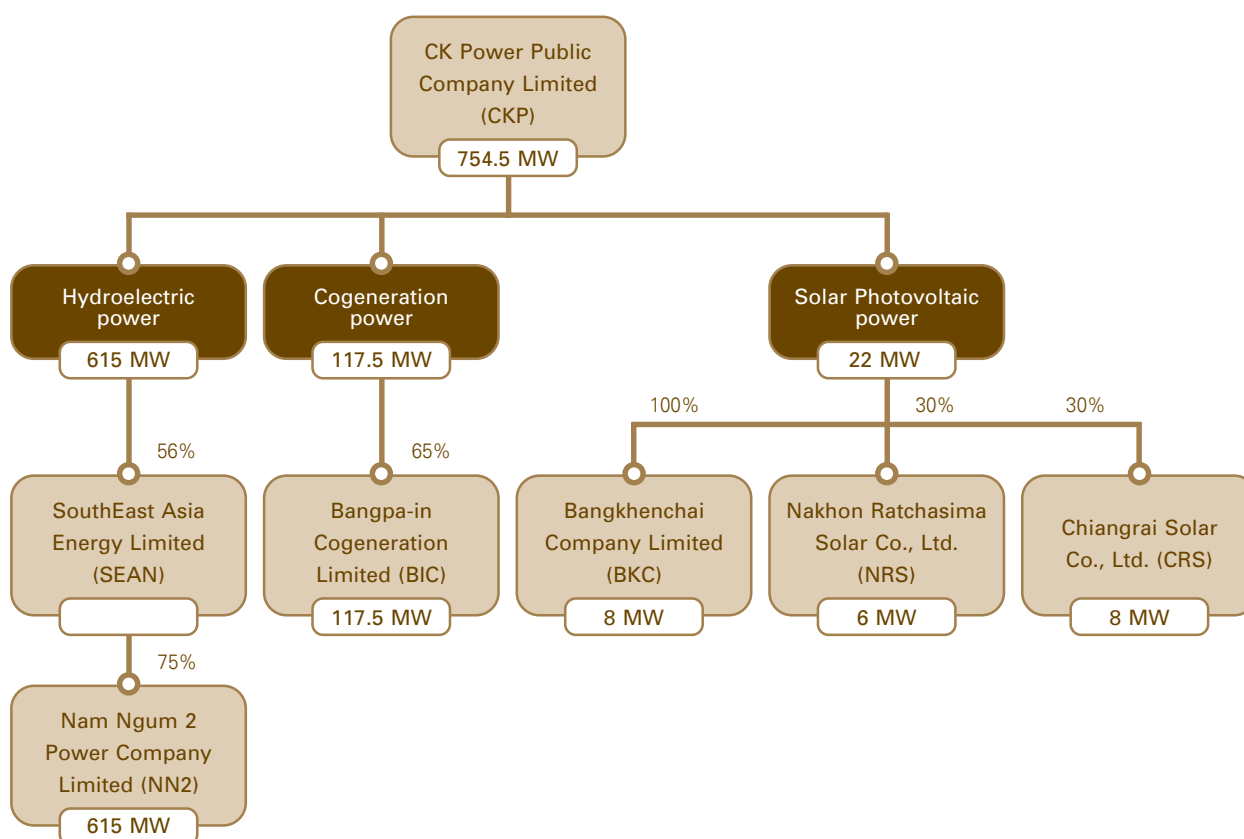
| Transaction | Transaction Volume (Million Baht) | | Nature of Transaction/ Necessity and Justification | Opinions of the Audit Committee |
|-------------|--|--|--|------------------------------------|
| | Accounting Period Ended December 31, 2012 | Accounting Period Ended December 31, 2013 | | |
| | | | <p>it shall be deemed that the Agreement remains valid until further notice of termination would be given. The rate of tap water charges was Baht 22.50 per cubic meter (excluding value added tax). During the construction period of the power plant, the water treatment cost shall be paid at 80 percent of total volume of tap water consumption. During the period from the operation commencement, the water treatment cost shall be paid at 20 percent of total volume of tap water consumption.</p> | |

16. Management Discussion and Analysis

16.1 Overview

16.1.1 Past Operation Overview

The Company operates its core business by holding shares in other companies (Holding Company) operating business of production and distribution of electricity generated from various types of energy. At present, the Company is holding shares in five companies which produce electricity from three sources of energy, i.e., one company for hydroelectric power plant, namely, SouthEast Asia Energy Limited (SEAN); one company for cogeneration power plant, namely, Bangpa-in Cogeneration Limited (BIC); and three companies for solar power plants, namely, Bangkhengchai Co., Ltd. (BKC), Nakhon Ratchasima Solar Co., Ltd. (NRS) and Chiangrai Solar Co., Ltd. (CRS).



According to the Company's consolidated financial statements in 2013, the total revenues of the Company and its subsidiaries amounted to Baht 5,633.43 Million, representing an increase by Baht 3,055.36 Million from the previous year. The core revenue is derived from sales of electricity and steam in the amount of Baht 5,568.27 Million, representing 98.84 percent of the total revenues, divided into revenue from hydroelectric power in the amount of Baht 4,115.15 Million; revenue from cogeneration power in the amount of Baht 1,292.79 Million; and revenue from solar power in the amount of Baht 160.33 Million. In 2012, the total revenues of the Company and its subsidiaries amounted to Baht 2,578.07 Million, where by the core revenue was derived from sales of electricity in the amount of Baht 2,512.46 Million, representing 97.46 percent of the total revenues, divided into revenue from hydroelectric power in the amount of Baht 2,447.77 Million and revenue from solar power in the amount of Baht 64.69 Million.

The Company's cost of sales in 2013 amounted to Baht 2,786.45 Million, representing 50.04 percent of the revenues from sales of electricity and steam, resulting in a gross profit of Baht 2,781.82 Million, representing 49.96 percent. In 2012, the cost of sales amounted to Baht 1,118.74 Million, representing 44.53 percent of revenue from sales of electricity, resulting in a gross profit of Baht 1,393.72 Million, representing 55.47 percent. In 2013 and 2012, the Company's administrative expenses amounted to Baht 409.83 Million and Baht 195.98 Million, respectively, representing 7.27 percent and 7.60 percent of the total revenues in each period.

In 2013, the net profit attributable to equity holders of the Company amounted to Baht 218.88 Million representing an increase by Baht 163.87 Million or 297.85 percent.

16.1.2 Significant Events in 2013

16.1.2.1 Acquisition of Investments and Commencement of Commercial Operations

- On January 2, 2013, the Company acquired additional 19 percent of shares in BIC, resulting in a total shareholding of 65 percent in BIC. BIC is a cogeneration power plant, with a production capacity of 117.5 megawatts for electricity and 19.6 tons per hour for steam, located in Bang Pa-in Industrial Estate, Amphoe Bang Pa-in, PhraNakhon Si Ayutthaya Province. BIC executed the Power Purchase Agreement with the Electricity Generating Authority of Thailand (EGAT) for 90-megawatt electricity, for a period of 25 years from COD. The remaining electricity and steam will be sold to industrial operators in Bang Pa-in Industrial Estate.
- On January 17, 2013, CRS, a solar power plant, commenced its commercial operation, with a production capacity of 8 megawatts, located in Chiang Rai Province, and executed the Power Purchase Agreement with the Provincial Electricity Authority (PEA), for a period of five years, which is renewable every five years, and with the Adder of Baht 8 per unit.
- On June 28, 2013, BIC commenced its commercial operation for distribution of electricity to EGAT and industrial operators.
- On October 3, 2013, BIC started selling steam to operators in the Industrial Estate in addition to the distribution of electricity which started in late June 2013, thereby enhancing the efficiency of the power plant. On November 5, 2013, BIC executed additional power purchase agreements with operators in Bang Pa-in Industrial Estate in respect of the remaining production capacity which will increase revenue for the Company.

16.1.2.2 New Project Development

- On August 8, 2013, NN2 concluded and signed the Project Development Agreement for the Nam Bak Hydroelectric Power Project in the Lao PDR, with a production capacity of 160 megawatts. It is expected to start construction in late 2014 which will take around 4 - 5 years to complete.
- The development of the Bangpa-in Cogeneration Phase 2 Project is pending the design and preparation of the tender documents, and it is expected to conclude the negotiations for project financing and construction agreements by 2014 and to start construction in early 2015.

16.2 Analysis of Operational Results

Summary of Operational Results between 2013 and 2012

| Description | Consolidated Financial Statements | | | |
|--|-----------------------------------|-----------------|---------------|---------------|
| | 2013 | 2012 | Changes | |
| | Million Baht | Million Baht | Million Baht | percent |
| Revenue from sales of electricity and steam | 5,568.27 | 2,512.46 | 3,055.81 | 121.63 |
| Project management income | 44.05 | 29.84 | 14.21 | 47.62 |
| Other income | 21.11 | 35.77 | (14.66) | (40.98) |
| Total expenses (excluding finance cost) | (3,704.37) | (1,637.18) | (2,067.19) | 126.27 |
| Share of profit from investments in associated companies | 15.73 | 108.49 | (92.76) | (85.50) |
| Earnings before interest and tax | 1,944.79 | 1,049.38 | 895.41 | 85.33 |
| Finance cost | (1,340.30) | (935.37) | (404.93) | 43.29 |
| Income tax expenses | (1.88) | (1.95) | 0.07 | (3.59) |
| Net profit for the period | 602.61 | 112.06 | 490.55 | 437.76 |
| - Equity holders of the Company | 218.88 | 55.02 | 163.87 | 297.85 |
| - Non-controlling interests of the subsidiaries | 383.73 | 57.04 | 326.68 | 572.68 |

16.2.1 Revenue

16.2.1.1 Revenue

The Company's revenue structure is divided into 4 categories, namely, (1) revenue from sales of electricity, comprising hydroelectric power, cogeneration power and solar power; (2) revenue from sales of steam; (3) project management income; and (4) other income, with the details as follows:

| Description | Revenues from Consolidated Financial Statements | | | | | |
|-----------------------------------|---|---------------|-----------------|---------------|-----------------|---------------|
| | 2013 | | 2012 | | Changes | |
| | Million Baht | percent | Million Baht | percent | Million Baht | Percent |
| Revenue from sales of electricity | 5,547.67 | 98.48 | 2,512.46 | 97.46 | 3,035.21 | 120.81 |
| Revenue from sales of steam | 20.60 | 0.37 | - | - | 20.60 | N/A |
| Project management income | 44.05 | 0.78 | 29.84 | 1.16 | 14.21 | 47.62 |
| Other income | 21.11 | 0.37 | 35.77 | 1.39 | (14.66) | (40.98) |
| Total revenues | 5,633.43 | 100.00 | 2,578.07 | 100.00 | 3,055.36 | 118.51 |

(1) Revenue from sales of electricity

| | Electricity Sale Volume | | Changes | | Revenue from Sales of Electricity | | Changes | |
|---------------------|-------------------------|-----------------------|---------------------|--------------|-----------------------------------|-----------------|---------------------|---------------|
| | Unit: Gigawatt-Hour | | Unit: Gigawatt-Hour | | Unit: Million Baht | | Unit: Million Baht | |
| | 2013 | 2012 | Increase (Decrease) | Percent | 2013 | 2012 | Increase (Decrease) | Percent |
| Hydroelectric power | 2,559.80 | 1,596.04 ¹ | 963.75 | 60.38 | 4,115.15 | 2,447.77 | 1,667.38 | 68.12 |
| Cogeneration power | 370.07 | - | 370.07 | N/A | 1,272.19 | - | 1,272.19 | N/A |
| Solar power | 14.01 | 5.67 ² | 8.34 | 147.09 | 160.33 | 64.69 | 95.64 | 147.84 |
| Total | 2,943.88 | 1,601.71 | 1,342.16 | 83.80 | 5,547.67 | 2,512.46 | 3,035.21 | 120.81 |

¹ Electricity volume from May to December 2012.

² Electricity volume from August to December 2012.

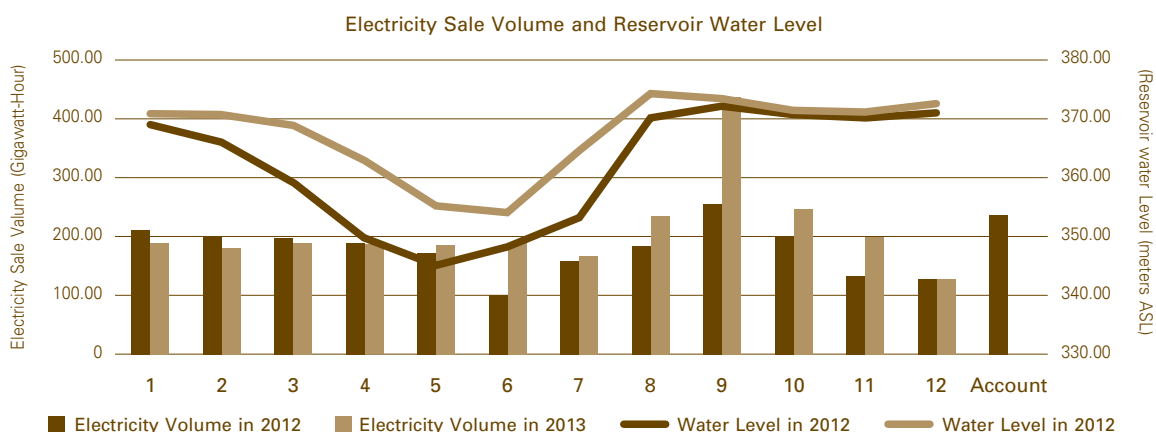
In 2013, the revenue from sales of electricity of the Company and its subsidiaries amounted to Baht 5,547.67 Million, representing 98.48 percent of the total revenues, which increased from the revenue from sales of electricity in 2012 of Baht 2,512.46 Million. The increase in revenue from sales of electricity by Baht 3,035.21 Million or representing 120.81 percent was mainly due to:

- Recognition of revenue from sales of electricity by SEAN and BKC for the entire year, including recognition of BIC's revenue in the second half of the year

In 2012, the Company was undergoing its shareholding restructure in the group, and, therefore, recognized only certain portions of revenue from sales of electricity by its subsidiaries. On May 10, 2012, the Company acquired additional shares in SEAN, and as a result, SEAN's status was changed from an associated company to a subsidiary. Therefore, the Company was able to recognize revenue from SEAN's consolidated financial statements for eight months in the amount of Baht 2,447.77 Million. In addition, BKC, one of the Company's subsidiaries, commenced its commercial operation on August 10, 2012. Therefore, the Company's consolidated financial statements in 2012 included BKC's revenue for five months in the amount of Baht 64.69 Million. In 2012, the Company did not recognize BIC's revenue which was under construction.

In 2013, the Company recognized revenues from sales of electricity of SEAN and BKC for the entire year in the amount of Baht 4,115.15 Million and Baht 160.33 Million, respectively. Moreover, the Company invested more in BIC, and as a result, BIC's status was changed to the Company's subsidiary during the year. BIC commenced its commercial operation on June 28, 2013, therefore, the Company recognized BIC's revenue for six months in the amount of Baht 1,272.19 Million.

- Increased volume of water to the Nam Ngum 2 Dam in 2013 as compared with that of 2012



The graph above indicates the electricity sale volume and the reservoir water level in comparison between 2013 and 2012. In 2013, NN2 was able to produce electricity more than that in 2012 due to the increased volume of water flow around the reservoir as compared with the previous year. In 2013, the volume of water flowing through the dam was 7,029 million cubic meters, as compared to 5,856 million cubic meters of the previous year, and as a result, the electricity production not only met the target of 2,310 million units per year, but also generated 150.67 million units of Excess Energy³ by the influence of Tropical Storm MANGKHUT, thereby resulting in more rainfall than expected. Moreover, NN2 could record the volume of produced electricity more than the supply target volume in the amount of 95.91 million units in the Primary Energy Account (PE Account)⁴ and in the amount of 3.21 million units in the Secondary Energy Account (SE Account) to make up the supply shortfall in any year with less water volume. For instance, in 2012, NN2 made use of 163.25 million units and 77.78 million units from the PE Account and SE Account, respectively, since the water volume was less in that year, and the upstream Nam Ngum 5 Dam started impounding, which was completed in September 2012, until then, the volume of water flowing into the Nam Ngum 2 Dam returned to normal.

³ Excess Energy refers to the volume of electricity produced in excess of forecast. Normally, the sales of Primary Energy and Secondary Energy must first be declared in advance to the EGAT by the 10th day of the preceding month. In case the water volume is more than forecast, such excess will be sold as Excess Energy.

⁴ Reserve Energy refers to the volume of electricity produced in excess of the supply target (2,310 million units) and such excess can be recorded in the Reserve Energy Account for make-up in any year with insufficient water volume to produce electricity to meet the supply target.

- **Increase in average selling price of electricity**

The average selling price of electricity of 2013 was Baht 1.88 per unit; while the average selling price of electricity of 2012 was Baht 1.57 per unit. The increase in the average selling price of electricity was due to changes in proportions of energy sources, since BIC started distributing electricity to the system. The tariff structure of electricity prices varies by different energy sources, with the selling price of electricity from solar power as the highest, followed by cogeneration power and hydroelectric power, respectively. As a result, the revenue from sales of electricity increased by 120.81 percent, which was relatively higher than the increased electricity sale volume which increased by 83.80 percent.

(2) Revenue from sales of steam

BIC, as one of the subsidiaries, produces steam as by-product from its cogeneration power, with a steam production capacity of 19.6 tons per hour. BIC started selling steam to industrial operators in the Industrial Estate in October 2013, with a total of 24,442 tons for Baht 20.60 Million.

(3) Project management income

Project management income in the Company's consolidated financial statements was mostly recognized from the project management agreement between SEAN and Xayaburi Power Company Limited (XPCL) for the period from January 1, 2012 until the one-year anniversary following XPCL's commencement of commercial operation (one year after COD). In 2013, the Company recognized project management income for the entire year in the amount of Baht 44.05 Million, which increased from Baht 29.84 Million in the previous year, in which the Company only recognized SEAN's income during the period from May 10, 2012 to December 31, 2012.

(4) Other income

Other income comprises gain on exchange rate and interest income.

In 2012, the Company recognized NN2's gain on exchange rate of Baht 30.48 Million, which was incurred only during the period from May 10, 2012, on which SEAN's status was changed to the Company's subsidiary, until the end of the accounting period. Such gain was mostly due to conversion of the USD-denominated loans to Baht. However, the Company applied hedge accounting in the third quarter of 2013, which helped minimize the fluctuations of gain or loss on exchange rate, and as a result, in 2013, the Company recognized gain on exchange rate in the amount of Baht 2.68 Million. The unrealized loss on exchange rate in the amount of Baht 275.50 Million is shown under the caption of other comprehensive income.

Interest income was mostly derived from restricted bank deposits and short-term investments of the Company and its subsidiaries.

16.2.2 Operating expenses

The Company's expenses comprise cost of sales of electricity, amortization of right to produce and sell electricity, and administrative expenses, with the details as follows:

| Description | Expenses in the Consolidated Financial Statements | | | | | |
|---|---|---------------|-----------------|---------------|-----------------|---------------|
| | 2013 | | 2012 | | Changes | |
| | Million Baht | percent | Million Baht | percent | Million Baht | percent |
| Cost of sales of electricity and steam | 2,786.45 | 75.22 | 1,118.74 | 68.33 | 1,667.71 | 149.07 |
| Depreciation | 1,214.75 | 32.79 | 732.18 | 44.72 | 482.57 | 65.91 |
| Fuel cost | 929.33 | 25.09 | - | - | 929.33 | N/A |
| Operation and maintenance costs | 410.60 | 11.08 | 286.50 | 17.50 | 124.1 | 43.32 |
| Concession fee | 139.81 | 3.77 | 83.10 | 5.08 | 56.71 | 68.24 |
| Others | 91.96 | 2.48 | 16.96 | 1.04 | 75 | 22,258.84 |
| Amortization of right to produce and sell electricity | 508.09 | 13.72 | 322.46 | 19.70 | 185.63 | 57.57 |
| Administrative expenses | 409.83 | 11.06 | 195.98 | 11.97 | 213.85 | 109.12 |
| Total | 3,704.37 | 100.00 | 1,637.18 | 100.00 | 2,067.19 | 126.27 |

- **Cost of sales of electricity and steam**

In 2013, the cost of sales of electricity and steam of the Company and its subsidiaries amounted to Baht 2,786.45 Million, representing 50.04 percent of the revenue from sales of electricity and steam. The increase in the cost of sales of electricity from Baht 1,667.71 Million or representing 149.07 percent in 2012 was due to the fact that in 2012, the Company recognized the cost of sales of electricity of SEAN, which was incurred by NN2 as SEAN's subsidiary since May 10, 2012, and also recognized the cost of sales of electricity of BKC since August 10, 2012 upon BKC's commercial operation commencement. Therefore, in 2012, the cost of sales of electricity in the amount of Baht 1,118.74 Million covered only parts of the year.

- **Depreciation:** This represents the major cost for power plants, which require huge investment, particularly hydroelectric and solar power plants, using the straight-line method throughout the project period.
 - **Fuel cost:** BIC uses natural gas as fuel in its production of electricity and steam, at the heat rate of 7,875 BTU per kilowatt-hour; while other power plants in the group incur no fuel cost.
 - **Operation and maintenance cost:** Most of this item is fixed cost as the subsidiaries engaged specialized contractors for maintenance.
 - **Concession fee:** This refers to such payment to the Government of the Lao PDR, which directly varies according to revenue from sales of electricity of NN2.
- **Amortization of right to produce and sell electricity** refers to the amortization of intangible assets as a result of acquisition of business, which is non-cash transaction. The increased figure from the previous year was due to the shareholding restructure and commercial operation commencement of power plants.
 - **Administrative expenses** mostly comprise salary, bonus, insurance premiums, professional fees and depreciation.

16.2.3 Share of profit from investment in associated companies

In 2013, the Company's share of profit from investments in associated companies amounted to Baht 15.73 Million, which included BIC's operational results (prior to change of its status to subsidiary), as well as NRS and CRS, in which the Company held 30 percent of investment each. The share of profit decreased by Baht 92.76 Million from the previous year, representing 85.50 percent, as in 2012, SEAN was considered as an associated company for four months.

16.2.4 Finance cost

The finance cost increased by Baht 404.93 Million or 43 percent, from Baht 935.37 Million in 2012 to Baht 1,340.30 Million in 2013, due to increased liabilities as a result of including BIC as a subsidiary, despite such decrease in NN2's finance cost from gradual debt repayment during the year. In addition, the finance cost is likely to decrease by the results of the ongoing negotiations with financial institutions for interest reduction and certain financial conditions.

16.2.5 Profitability and Significant Financial Ratios

Based on the foregoing factors, the operational results of 2013 showed the net profit attributable to equity holders of the Company in the amount of Baht 218.88 Million representing an increase by Baht 163.87 Million or 297.85 percent. The profitability ratios are as follows:

| Description | 2013 | 2012 | Changes |
|---|--------|--------|----------|
| Gross Profit Margin | 49.96% | 55.47% | (5.51%) |
| Earnings before interest, tax, depreciation and amortization | 65.58% | 82.28% | (16.71%) |
| Earnings before interest, tax, depreciation and amortization (excluding effect of exchange rate) | 65.56% | 82.07% | (16.51%) |
| Net Profit Ratio | 10.70% | 4.35% | 6.35% |
| Net Profit Ratio (excluding effect of exchange rate) | 10.65% | 3.20% | 7.45% |
| Return on Equity | 2.37% | 0.50% | 1.87% |

16.3 Analysis of Financial Position

16.3.1 Analysis of Assets

As at December 31, 2013, the total assets of the Company and its subsidiaries amounted to Baht 50,481.51 Million, representing an increase from the end of 2012 by Baht 5,327.63 Million or 11.80 percent, with the details of significant increases and decreases as follows:

| Description Unit : Million Baht | December 31, 2013 | December 31, 2012 | Change | |
|---|----------------------|----------------------|------------------------|--------------|
| | | | Increase (Decrease) | percent |
| Cash and cash equivalents | 1,791.47 | 572.83 | 1,218.64 | 212.74 |
| Short-term restricted bank deposits | 464.83 | 295.27 | 169.56 | 57.43 |
| Current investments | 64.35 | 20.34 | 44.01 | 216.43 |
| Trade and other receivables | 1,002.31 | 953.36 | 48.95 | 5.13 |
| Other current assets | 179.05 | 45.97 | 133.08 | 289.51 |
| Restricted bank deposits | 1,360.62 | 1,245.83 | 114.79 | 9.21 |
| Investments in associated companies | 219.15 | 1,008.33 | (789.18) | (78.27) |
| Right to produce and sell electricity - Company | 5,494.23 | 5,299.22 | 195.01 | 3.68 |
| Right to produce and sell electricity - others | 6,878.90 | 6,922.34 | (43.44) | (0.63) |
| Project costs during construction phase | 366.65 | 342.72 | 23.93 | 6.98 |
| Assets of hydroelectric power project under concession agreement | 26,458.46 | 27,525.85 | (1,067.39) | (3.88) |
| Property, plant and equipment | 5,993.21 | 918.68 | 5,074.53 | 552.37 |
| Other non-current assets | 208.28 | 3.14 | 205.14 | 6,535.90 |
| Total assets | 50,481.51 | 45,153.88 | 5,327.63 | 11.80 |

- **Receivables:** Most of receivables are receivables from sales of electricity and steam, including management fees, whereby all trade receivables are not due.
- **Investments in associated companies** amounted to Baht 219.15 Million, representing investments in NRS and CRS, whereby such investments decreased from the end of the previous year by Baht 789.18 Million due to the Company's additional investments in BIC, and as such, such company's status was changed to a subsidiary from an associated company at the end of 2012, per the following details:



| Company | Shareholding Percentage | Value by Equity Method (Million Baht) | | Change | |
|--------------|-------------------------|---------------------------------------|-------------------|-----------------|----------------|
| | | December 31, 2013 | December 31, 2012 | Amount | percent |
| NRS | 30% | 98.94 | 89.08 | 9.86 | 11.07 |
| CRS | 30% | 120.21 | 107.55 | 12.66 | 11.77 |
| BIC | 65%, formerly 46% | - | 811.70 | (811.70) | (100.00) |
| Total | | 219.15 | 1,008.33 | (789.18) | (78.27) |

- **Assets of hydroelectric power project under concession agreement** amounted to Baht 26,458.46 Million, representing a decrease from the end of the previous year by Baht 1,067.39 Million or 3.88 percent, due to depreciation.
- **Property, plant and equipment** amounted to Baht 5,993.21 Million, representing an increase from the end of the previous year by Baht 5,074.53 Million or 552.37 percent, due to inclusion of property, plant and equipment of BIC.

16.3.2 Analysis of Liabilities

As at December 31, 2013, the total liabilities of the Company and its subsidiaries amounted to Baht 25,067.89 Million, representing an increase from the end of 2012 by Baht 2,186.77 Million or 9.56 percent, with the details of significant increases and decreases as follows:

| Description Unit : Million Baht | December 31, 2013 | December 31, 2012 | Change | |
|--|----------------------|----------------------|------------------------|-------------|
| | | | Increase (Decrease) | percent |
| Trade and other payables | 674.11 | 205.57 | 468.54 | 227.92 |
| Liabilities under financial lease agreements | 14.70 | 17.49 | (2.79) | (15.97) |
| Short-term loans from financial institutions | 60.00 | 1,829.25 | (1,769.25) | (96.72) |
| Long-term loans from related companies and accrued interests | - | 341.91 | (341.91) | (100.00) |
| Long-term loans from financial institutions | 24,134.08 | 20,380.52 | 3,753.56 | 18.42 |
| Income tax payable | 0.63 | 1.22 | (0.59) | (48.64) |
| Retention payable - related companies | 4.54 | 3.64 | 0.90 | 24.82 |
| Other current liabilities | 50.61 | 6.28 | 44.33 | 706.48 |
| Provision for long-term employee benefits | 6.48 | 1.63 | 4.85 | 297.72 |
| Other long-term liabilities - related companies | 122.74 | 93.61 | 29.13 | 31.12 |
| Total liabilities | 25,067.89 | 22,881.12 | 2,186.77 | 9.56 |

- **Trade and other payables** amounted to Baht 674.11 Million, representing an increase by Baht 468.54 Million or 227.92, due to inclusion of various payables of BIC, such as, fuel and maintenance costs.
- **Short-term loans from financial institutions** amounted to Baht 60 Million, representing a decrease by Baht 1,769.25 Million or 96.72 percent, due to the Company's repayment of bridging loan and revolving loan amounting to Baht 1,888 Million after the initial public offering (IPO) of new shares. In this regard, the remaining loans have been changed from short-term loans to long-term loans.

- **Long-term loans from related companies** decreased by Baht 342 Million, due to the full repayment of such loans.
- **Long-term loans from financial institutions** amounted to Baht 24,134.08 Million, which included USD-denominated loans of USD 163.8 Million, representing an increase by Baht 3,753.56 Million or 18.42 percent, due to the inclusion of BIC's long-term loans of Baht 4,087.30 Million as at December 31, 2013. However, in 2013, the Company and other subsidiaries repaid such long-term loans in the amount of Baht 1,168.06 Million.

16.3.3 Analysis of Shareholders' Equity

As at December 31, 2013, the total shareholders' equity of the Company and its subsidiaries amounted to Baht 25,413.62 Million, representing an increase from the end of the previous year by Baht 3,140.86 Million or 14.10 percent, with the details of significant increases and decreases as follows:

| Description Unit : Million Baht | December 31, 2013 | December 31, 2012 | Change | |
|---|----------------------|----------------------|------------------------|------------|
| | | | Increase (Decrease) | percent |
| Issued and fully paid-up capital | 5,500.00 | 9,200.00 | (3,700.00) | (40.22) |
| Share premium | 5,966.91 | - | 5,966.91 | N/A |
| Retained earnings - unappropriated | 235.07 | 16.19 | 218.88 | 1,352.35 |
| Other components of shareholders' equity | (112.19) | 3.36 | (115.55) | (3,432.60) |
| Non-controlling interests of the subsidiaries | 13,823.83 | 13,053.21 | 770.62 | 5.90 |
| Total shareholders' equity | 25,413.62 | 22,272.76 | 3,140.86 | 14.10 |

- **Issued and fully paid-up capital** amounted to Baht 5,500 Million, representing a decrease by Baht 3,700 Million, while the share premium increased by Baht 5,966.91 Million, or representing an increase by Baht 2,266.91 Million as a whole, as a result of the IPO by issuing new 180 million shares at an IPO price of Baht 13.
- **Other components of shareholders' equity** amounted to Baht 112.19 Million, mostly comprising unrealized loss due to cash flow hedge, namely, since July 2013, the Nam Ngum 2 Hydroelectric Power Project started applying hedge accounting in order to hedge the foreign exchange exposure on a certain portion of its forecasted revenue from sales of electricity in USD currency, whereby such revenue from sales of electricity was designated as the hedged item and the long-term loans in USD was designated as the hedging instrument. Based on the cash flow hedge accounting principles, the fluctuation of gain and loss on exchange rate could be minimized, whereby the effective portion of the change in the fair value of the cash flow hedging instrument is recognized in other comprehensive income, instead of profit and loss, and then transferred to profit or loss when the hedged item affects profit or loss.
- **Non-controlling interests of the subsidiaries** amounted to Baht 13,823.83 Million, representing an increase from the end of the previous year by Baht 770.62 Million or 5.90 percent, due to inclusion of BIC as a subsidiary during the period.



16.4 Liquidity and Capital Adequacy of the Company

16.4.1 Source and Use of Capital

As at December 31, 2013, cash and cash equivalents amounted to Baht 1,791.47 Million, representing an increase from the end of 2012 in the total of Baht 1,218.63 Million, comprising:

| Description Unit : Million Baht | December 31, 2013 | December 31, 2012 | Change | |
|---|----------------------|----------------------|------------------------|----------|
| | | | Increase (Decrease) | percent |
| Net cash from operating activities | 3,980.78 | 2,024.28 | 1,956.50 | 96.65 |
| Net cash used in investing activities | (1,925.16) | (7,979.29) | 6,054.13 | (75.87) |
| Net cash from (used in) financing activities | (850.23) | 6,520.71 | (7,370.94) | (113.04) |
| Decrease in cash from loss due to effect of exchange rate changes | 13.24 | (2.37) | 15.61 | (658.05) |
| Net increase in cash | 1,218.63 | 563.33 | 655.30 | 116.33 |

Operating activities

Net cash from operating activities amounted to Baht 3,980.78 Million, due to the improved results of operations of the subsidiaries as compared to that of the previous year, representing an increase by Baht 1,956.50 Million or representing 96.65 percent, as a result of the full year operations in 2013.

Investing activities

Net cash used in investing activities amounted to Baht 1,925.16 Million, resulting from the purchase of investments in its subsidiaries during the year, together with additional investments in those subsidiaries.

Financing activities

Net cash used in financing activities amounted to Baht 850.23 Million, as a net result of capital increase by way of fund-raising from the Stock Exchange and the loan repayment, as well as interest expenses during the year.

| Debt to Equity Ratio Unit : Times | December 31, 2013 | December 31, 2012 | Change |
|--------------------------------------|----------------------|----------------------|--------|
| | | | |
| Consolidated Financial Statements | 0.99 | 1.03 | (0.04) |
| Separate Financial Statements | 0.04 | 0.20 | (0.16) |

16.4.2 Liquidity Adequacy

| Current Ratio Unit : Times | December 31, 2013 | December 31, 2012 | Change |
|-----------------------------------|----------------------|----------------------|--------|
| | | | |
| Consolidated Financial Statements | 1.40 | 0.54 | 0.85 |
| Separate Financial Statements | 28.98 | 0.03 | 28.96 |

17. Report and consolidated financial statements

Independent Auditor's Report

To the Shareholders of CK Power Public Company Limited

I have audited the accompanying consolidated financial statements of CK Power Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of CK Power Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CK Power Public Company Limited and its subsidiaries and of CK Power Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Siraporn Ouankun

Certified Public Accountant (Thailand) No. 3844

CK Power Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2013

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|--------------------------------------|-----------------------|----------------------------------|-----------------------|
| | | 2013 | 2012 | 2013 | 2012 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 7 | 1,791,473,304 | 572,833,322 | 491,512,047 | 24,911,566 |
| Short-term restricted bank deposits | 7 | 464,831,748 | 295,264,210 | - | - |
| Current investments | | 64,348,124 | 20,335,951 | 10,270,124 | 20,335,951 |
| Trade and other receivables | 6, 8 | 1,002,307,606 | 953,363,063 | 2,910,428 | 175,215 |
| Other current assets | | 179,056,702 | 45,970,239 | 105,297 | 1,941,584 |
| Total current assets | | 3,502,017,484 | 1,887,766,785 | 504,797,896 | 47,364,316 |
| Non-current assets | | | | | |
| Long-term restricted bank deposits | 9 | 1,360,617,411 | 1,245,832,048 | - | - |
| Investments in subsidiaries | 10 | - | - | 11,084,075,400 | 9,776,512,025 |
| Investments in associated companies | 11 | 219,147,179 | 1,008,332,517 | 192,938,970 | 1,004,636,557 |
| Right to produce and sell electricity - | | | | | |
| Equity attributable to owners of the Company | 12 | 5,494,228,856 | 5,299,218,426 | - | - |
| Right to produce and sell electricity - | | | | | |
| Non-controlling interests of the subsidiaries | 12 | 6,878,902,004 | 6,922,338,646 | - | - |
| Project costs during construction phase | 13 | 366,650,526 | 342,717,965 | - | - |
| Assets of hydroelectric power project under | | | | | |
| concession agreement | 14 | 26,458,463,976 | 27,525,851,467 | - | - |
| Property, plant and equipment | 15 | 5,993,207,108 | 918,680,875 | 9,755,360 | 812,278 |
| Other non-current assets | | 208,277,334 | 3,138,646 | 362,127 | 217,524 |
| Total non-current assets | | 46,979,494,394 | 43,266,110,590 | 11,287,131,857 | 10,782,178,384 |
| Total assets | | 50,481,511,878 | 45,153,877,375 | 11,791,929,753 | 10,829,542,700 |

The accompanying notes are an integral part of the financial statements.

Statement of financial position (Cont.)

As at 31 December 2013

(Unit: Baht)

| | | Consolidated | | Separate | |
|---|-------|----------------------|----------------|----------------------|---------------|
| | | financial statements | | financial statements | |
| | Note | 2013 | 2012 | 2013 | 2012 |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 6, 16 | 674,111,183 | 205,573,108 | 6,841,346 | 5,699,899 |
| Current portion of liabilities under finance lease agreements | | 4,867,485 | 4,289,310 | - | - |
| Short-term loans from financial institutions | 17 | 60,000,000 | 1,829,248,307 | - | 1,829,248,307 |
| Current portion of long-term loans from related companies and accrued interests | 6 | - | 341,908,765 | - | - |
| Current portion of long-term loans from financial institutions | 18 | 1,713,605,080 | 1,082,594,475 | 10,000,000 | - |
| Income tax payable | | 626,153 | 1,219,086 | - | - |
| Retention payable | | 4,544,373 | 3,640,699 | 40,685 | - |
| Other current liabilities | | 50,610,445 | 6,275,503 | 534,608 | 842,479 |
| Total current liabilities | | 2,508,364,719 | 3,474,749,253 | 17,416,639 | 1,835,790,685 |
| Non-current liabilities | | | | | |
| Liabilities under finance lease agreements, net of current portion | | 9,830,195 | 13,200,917 | - | - |
| Long-term loans from financial institutions, net of current portion | 18 | 22,420,476,393 | 19,297,925,715 | 483,823,665 | - |
| Provision for long-term employee benefits | | 6,477,690 | 1,628,709 | 2,295,852 | - |
| Other long-term liabilities - related party | 6, 19 | 122,743,625 | 93,611,705 | - | - |
| Total non-current liabilities | | 22,559,527,903 | 19,406,367,046 | 486,119,517 | - |
| Total liabilities | | 25,067,892,622 | 22,881,116,299 | 503,536,156 | 1,835,790,685 |

The accompanying notes are an integral part of the financial statements.



CK Power Public Company Limited and its subsidiaries

Statement of financial position (Cont.)

As at 31 December 2013

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|--------------------------------------|-----------------------|----------------------------------|-----------------------|
| | | 2013 | 2012 | 2013 | 2012 |
| Shareholders' equity | | | | | |
| Share capital | 20 | | | | |
| Registered | | | | | |
| 1,100,000,000 ordinary shares of Baht 5 each | | | | | |
| (31 December 2012: 920,000,000 ordinary shares | | | | | |
| of Baht 10 each) | | 5,500,000,000 | 9,200,000,000 | 5,500,000,000 | 9,200,000,000 |
| Issued and fully paid up | | | | | |
| 1,100,000,000 ordinary shares of Baht 5 each | | | | | |
| (31 December 2012: 920,000,000 ordinary shares | | | | | |
| of Baht 10 each) | | 5,500,000,000 | 9,200,000,000 | 5,500,000,000 | 9,200,000,000 |
| Share premium | 20 | 5,966,908,660 | - | 5,966,908,660 | - |
| Retained earnings - unappropriated (deficit) | | 235,069,281 | 16,185,486 | (178,663,679) | (206,247,985) |
| Other components of shareholders' equity | | (112,192,854) | 3,366,523 | 148,616 | - |
| Equity attributable to owners of the Company | | 11,589,785,087 | 9,219,552,009 | 11,288,393,597 | 8,993,752,015 |
| Non-controlling interests of the subsidiaries | | 13,823,834,169 | 13,053,209,067 | - | - |
| Total shareholders' equity | | 25,413,619,256 | 22,272,761,076 | 11,288,393,597 | 8,993,752,015 |
| Total liabilities and shareholders' equity | | 50,481,511,878 | 45,153,877,375 | 11,791,929,753 | 10,829,542,700 |

The accompanying notes are an integral part of the financial statements.

Statement of comprehensive income

For the year ended 31 December 2013

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|-------|--------------------------------------|----------------------|----------------------------------|----------------------|
| | | 2013 | 2012 | 2013 | 2012 |
| Profit or loss: | | | | | |
| Revenues | | | | | |
| Revenue from sales | | | | | |
| Revenue from sales of electricity and steam | | 5,456,624,340 | 2,467,315,797 | - | - |
| Revenue from sales of electricity - electricity tariff adders | | 111,648,960 | 45,146,856 | - | - |
| Project management income | 6 | 44,048,130 | 29,836,773 | 2,600,000 | 400,000 |
| Dividend income | 6, 10 | - | - | 161,784,224 | - |
| Other income | | | | | |
| Interest income | | 16,212,277 | 5,079,851 | 5,843,887 | 1,333,561 |
| Gain on exchange | | 2,680,881 | 30,484,173 | - | - |
| Others | | 2,211,644 | 208,927 | 121,625 | - |
| Total revenues | | 5,633,426,232 | 2,578,072,377 | 170,349,736 | 1,733,561 |
| Expenses | | | | | |
| Cost of sales | | | | | |
| Cost of sales of electricity and steam | | 2,786,448,353 | 1,118,743,002 | - | - |
| Amortisation of right to produce and sell electricity | | 508,090,538 | 322,457,837 | - | - |
| Administrative expenses | | 409,830,054 | 195,976,053 | 66,315,786 | 17,849,739 |
| Total expenses | | 3,704,368,945 | 1,637,176,892 | 66,315,786 | 17,849,739 |
| Profit (loss) before share of profit from investments in associated companies, finance cost and income tax expenses | | 1,929,057,287 | 940,895,485 | 104,033,950 | (16,116,178) |
| Share of profit from investments in associated companies | 11 | 15,734,753 | 108,494,623 | - | - |
| Profit (loss) before finance cost and income tax expenses | | 1,944,792,040 | 1,049,390,108 | 104,033,950 | (16,116,178) |
| Finance cost | | (1,340,295,662) | (935,374,204) | (76,449,644) | (103,708,021) |
| Profit (loss) before income tax expenses | | 604,496,378 | 114,015,904 | 27,584,306 | (119,824,199) |
| Income tax expenses | 22 | (1,887,392) | (1,955,371) | - | - |
| Profit (loss) for the year | | 602,608,986 | 112,060,533 | 27,584,306 | (119,824,199) |
| Other comprehensive income: | | | | | |
| Gain on changes in value of available-for-sale investments | | 148,616 | - | 148,616 | - |
| Unrealised loss from cash flow hedges | | (275,495,220) | - | - | - |
| Other comprehensive income for the year | | (275,346,604) | - | 148,616 | - |
| Total comprehensive income for the year | | 327,262,382 | 112,060,533 | 27,732,922 | (119,824,199) |

The accompanying notes are an integral part of the financial statements.

CK Power Public Company Limited and its subsidiaries

Statement of comprehensive income (Cont.)

For the year ended 31 December 2013

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|--------------------------------------|--------------------|----------------------------------|--------------------|
| | | 2013 | 2012 | 2013 | 2012 |
| Profit (loss) attributable to: | | | | | |
| Equity holders of the Company | | 218,883,795 | 55,016,440 | 27,584,306 | (119,824,199) |
| Non-controlling interests of the subsidiaries | | 383,725,191 | 57,044,093 | | |
| | | <u>602,608,986</u> | <u>112,060,533</u> | | |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the Company | | 103,324,418 | 55,016,440 | 27,732,922 | (119,824,199) |
| Non-controlling interests of the subsidiaries | | 223,937,964 | 57,044,093 | | |
| | | <u>327,262,382</u> | <u>112,060,533</u> | | |
| Earnings (loss) per share | 24 | | | | |
| Basic earnings (loss) per share | | | | | |
| Profit (loss) attributable to equity holders of the Company | | 0.22 | 0.06 | 0.03 | (0.13) |
| Weighted average number of ordinary shares (shares) | | <u>1,003,835,616</u> | <u>920,000,000</u> | <u>1,003,835,616</u> | <u>920,000,000</u> |

The accompanying notes are an integral part of the financial statements.

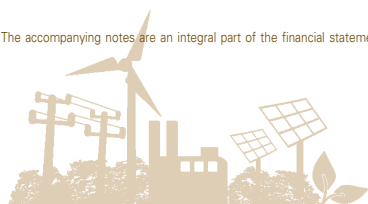
Statement of changes in shareholders' equity

For the year ended 31 December 2013

(Unit: Baht)

| | Consolidated financial statements | | | | | | | | | |
|---|--|---------------|--|---|---------------------------------------|----------------------------|--|--|--|----------------------------|
| | Equity attributable to owners of the Company | | | | | | | | Equity attributable to non-controlling interests of the subsidiaries | Total shareholders' equity |
| | Issued and paid-up share capital | Share premium | Retained earnings - unappropriated (deficit) | Other components of equity | | | Total other components of shareholders' equity | Total equity attributable to owners of the Company | | |
| | | | | Other comprehensive income | | Other Change by the owners | | | | |
| | | | | Surplus on changes in value of available-for-sale investments | Unrealised loss from cash flow hedges | | | | | |
| | | | | | | | | | | |
| Balance as at | | | | | | | | | | |
| 1 January 2012 | 100,000,000 | - | (38,830,954) | - | - | - | - | 61,169,046 | - | 61,169,046 |
| Issuance of ordinary shares (Note 20) | 9,100,000,000 | - | - | - | - | - | - | 9,100,000,000 | - | 9,100,000,000 |
| Total comprehensive income for the year | - | - | 55,016,440 | - | - | - | - | 55,016,440 | 57,044,093 | 112,060,533 |
| Increase in non-controlling interests of the subsidiary from acquisition of the subsidiary (Note 10) | - | - | - | - | - | - | - | - | 12,996,164,974 | 12,996,164,974 |
| Surplus on change in interest in equity of subsidiary | - | - | - | - | - | 3,366,523 | 3,366,523 | 3,366,523 | - | 3,366,523 |
| Balance as at | | | | | | | | | | |
| 31 December 2012 | 9,200,000,000 | - | 16,185,486 | - | - | 3,366,523 | 3,366,523 | 9,219,552,009 | 13,053,209,067 | 22,272,761,076 |
| Balance as at | | | | | | | | | | |
| 1 January 2013 | 9,200,000,000 | - | 16,185,486 | - | - | 3,366,523 | 3,366,523 | 9,219,552,009 | 13,053,209,067 | 22,272,761,076 |
| Total comprehensive income for the year | - | - | 218,883,795 | 148,616 | (115,707,993) | - | (115,559,377) | 103,324,418 | 223,937,964 | 327,262,382 |
| Capital reduction (Note 20) | (6,133,300,000) | - | - | - | - | - | - | (6,133,300,000) | - | (6,133,300,000) |
| Issuance of ordinary shares (Note 20) | 2,433,300,000 | 5,966,908,660 | - | - | - | - | - | 8,400,208,660 | - | 8,400,208,660 |
| Increase in non-controlling interests of the subsidiary from additional investments in the subsidiary (Note 10) | - | - | - | - | - | - | - | - | 699,347,108 | 699,347,108 |
| Decrease in non-controlling inerests of the subsidiary from dividend payment of the subsidiary | - | - | - | - | - | - | - | - | (152,659,970) | (152,659,970) |
| Balance as at | | | | | | | | | | |
| 31 December 2013 | 5,500,000,000 | 5,966,908,660 | 235,069,281 | 148,616 | (115,707,993) | 3,366,523 | (112,192,854) | 11,589,785,087 | 13,823,834,169 | 25,413,619,256 |

The accompanying notes are an integral part of the financial statements.



Statement of changes in shareholders' equity (Cont.)

For the year ended 31 December 2013

(Unit: Baht)

| | Separate financial statements | | | | |
|---|--|------------------|---------------|---|-----------------|
| | Issued and paid-up share capital | Share premium | Deficit | Other components of equity | Total |
| | | | | Other comprehensive income | |
| | | | | Surplus on changes in value of available-for-sale investments | |
| Balance as at 1 January 2012 | 100,000,000 | - | (86,423,786) | - | 13,576,214 |
| Issuance of ordinary shares (Note 20) | 9,100,000,000 | - | - | - | 9,100,000,000 |
| Total comprehensive income for the year | - | - | (119,824,199) | - | (119,824,199) |
| Balance as at 31 December 2012 | 9,200,000,000 | - | (206,247,985) | - | 8,993,752,015 |
| Balance as at 1 January 2013 | 9,200,000,000 | - | (206,247,985) | - | 8,993,752,015 |
| Total comprehensive income for the year | - | - | 27,584,306 | 148,616 | 27,732,922 |
| Capital reduction (Note 20) | (6,133,300,000) | - | - | - | (6,133,300,000) |
| Issuance of ordinary shares (Note 20) | 2,433,300,000 | 5,966,908,660 | - | - | 8,400,208,660 |
| Balance as at 31 December 2013 | 5,500,000,000 | 5,966,908,660 | (178,663,679) | 148,616 | 11,288,393,597 |

The accompanying notes are an integral part of the financial statements.

Cash flow statement

For the year ended 31 December 2013

(Unit: Baht)

Cash flows from operating activities

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|----------------------|----------------------------------|----------------------|
| | 2013 | 2012 | 2013 | 2012 |
| Profit (loss) before tax | 604,496,378 | 114,015,904 | 27,584,306 | (119,824,199) |
| Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities: | | | | |
| Depreciation and amortisation | 1,241,202,575 | 750,309,040 | 241,935 | 4,391,435 |
| Share of profit from investments in associated companies | (15,734,753) | (108,494,623) | - | - |
| Gain on sales of equipment | (999,999) | (9,596) | - | - |
| Unrealised gain (loss) on exchange | 26,161,144 | (13,742,877) | - | - |
| Amortisation of interest rate reduction fee | 3,233,424 | 1,230,997 | - | - |
| Amortisation of right to produce and sell electricity | 508,090,537 | 322,457,837 | - | - |
| Interest expenses | 1,331,228,476 | 925,047,980 | 76,375,980 | 99,231,514 |
| Provision for long-term employee benefits (reversal) | 4,345,790 | (196,726) | 2,295,852 | - |
| Dividend income | - | - | (161,784,224) | - |
| Profit (loss) from operating activities before changes in operating assets and liabilities | 3,702,023,572 | 1,990,617,936 | (55,286,151) | (16,201,250) |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | (51,920,010) | 3,097,134 | (2,735,213) | (175,215) |
| Other current assets | (26,195,797) | 82,298,116 | 1,913,617 | (1,929,000) |
| Other non-current assets | (3,754,529) | 1,363,573 | (123,020) | (91,818) |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | 411,931,650 | 35,042,870 | 1,469,427 | 4,170,665 |
| Retention payable | 903,673 | (3,212,938) | 40,685 | - |
| Other current liabilities | 40,120,621 | 3,958,354 | (307,871) | 842,479 |
| Other long-term liabilities - related company | 21,383,437 | 13,091,624 | - | - |
| Cash flows from (use in) operating activities | 4,094,492,617 | 2,126,256,669 | (55,028,526) | (13,384,139) |
| Cash paid for interest expenses | (111,127,797) | (99,562,044) | (76,817,795) | (99,562,044) |
| Cash paid for corporate income tax | (2,586,013) | (2,410,054) | (98,914) | (12,583) |
| Net cash flows from (used in) operating activities | 3,980,778,807 | 2,024,284,571 | (131,945,235) | (112,958,766) |

The accompanying notes are an integral part of the financial statements.



Cash flow statement (Cont.)

For the year ended 31 December 2013

(Unit: Baht)

Cash flows from investing activities

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|------------------------|----------------------------------|------------------------|
| | 2013 | 2012 | 2013 | 2012 |
| Decrease (increase) in short-term restricted bank deposits | (161,979,236) | (751,548,562) | - | 161,404,032 |
| Increase in long-term restricted bank deposits | (87,494,534) | (296,021,595) | - | - |
| Decrease (increase) in current investments | (43,863,558) | (20,335,951) | 10,214,442 | (20,335,951) |
| Increase in investments in subsidiaries | - | (220,225,000) | (495,865,787) | (3,500,099,550) |
| Net cash paid for acquisition of subsidiaries (Note 10) | (412,236,911) | (2,367,023,338) | - | - |
| Increase in investments in associated companies | - | (4,171,049,032) | - | (4,171,049,032) |
| Increase in project costs during construction phase | (13,983,882) | (127,111,560) | - | - |
| Increase in assets of hydroelectric power project under concession agreement | (5,579,201) | (267,849,650) | - | - |
| Decrease (increase) in property, plant and equipment | (1,106,115,761) | 245,335,216 | (8,997,516) | (827,206) |
| Proceeds from sales of equipment | 1,000,000 | 16,920 | - | - |
| Dividend receipt from subsidiaries | - | - | 161,784,224 | - |
| Cash paid for interest capitalised as part of project costs during construction phase | (94,903,662) | (3,478,651) | - | - |
| Net cash flows used in investing activities | (1,925,156,745) | (7,979,291,203) | (332,864,637) | (7,530,907,707) |

Cash flows from financing activities

| | | | | |
|--|----------------------|----------------------|--------------------|----------------------|
| Cash receipt from short-term loans from financial institutions | 643,866,386 | 1,259,248,307 | 583,866,387 | 1,259,248,307 |
| Repayment of short-term loans from financial institutions | (1,913,114,694) | (2,700,000,000) | (1,913,114,694) | (2,700,000,000) |
| Decrease in long-term loans from financial institutions | (234,055,675) | (312,753,587) | (5,000,000) | - |
| Decrease in long-term loans from related companies | (250,000,000) | - | - | - |
| Cash paid as result of capital reduction | (6,133,300,000) | - | (6,133,300,000) | - |
| Cash receipt from issuance of ordinary shares | 8,400,208,660 | 9,100,000,000 | 8,400,208,660 | 9,100,000,000 |
| Cash paid for interest expenses | (1,209,920,080) | (825,967,863) | - | - |
| Cash paid for loan arrangement fee | (1,250,000) | 178,322 | (1,250,000) | - |
| Dividend payment of subsidiary | (152,660,026) | - | - | - |
| Net cash flows from (used in) financing activities | (850,225,429) | 6,520,705,179 | 931,410,353 | 7,659,248,307 |

Effect of exchange rate changes on cash and cash equivalents

| | | | | |
|--|----------------------|--------------------|--------------------|-------------------|
| | 13,243,349 | (2,373,157) | - | - |
| Net increase in cash and cash equivalents | 1,218,639,982 | 563,325,390 | 466,600,481 | 15,381,834 |
| Cash and cash equivalents at beginning of year | 572,833,322 | 9,507,932 | 24,911,566 | 9,529,732 |
| Cash and cash equivalents at end of year | 1,791,473,304 | 572,833,322 | 491,512,047 | 24,911,566 |

Supplemental disclosures of cash flows information

Non-cash transactions

| | | | | |
|---|------------|-------------|---------|---|
| Increase in project costs during construction phase from project payables | 5,736,126 | 35,227,431 | - | - |
| Increase in project costs during construction phase from accrued interests | - | 13,958,870 | - | - |
| Increase in property, plant and equipment from trade and other payables | 1,024,847 | - | - | - |
| Increase in property, plant and equipment from liabilities under finance lease agreements | - | 3,348,000 | 113,837 | - |
| Transfer project costs during construction phase to property, plant and equipment | 14,090,012 | 742,495,268 | - | - |

The accompanying notes are an integral part of the financial statements.

Notes to consolidated financial statements

For the year ended 31 December 2013

1. General information

CK Power Public Company Limited (“the Company”) is a limited company incorporated on 8 June 2011 and domiciled in Thailand and registered the change in the Company’s status to a public company limited, in accordance with the Public Limited Companies Act B.E. 2535, on 6 February 2013. The major shareholder of the Company is CH. Karnchang Public Company Limited, which is incorporated in Thailand. The Company is principally engaged in investment in companies whose the principal business operation is the generation of electricity for sales.

The registered office of the Company is at 587 Viriyathavorn Building 19th Floor, Sutthisarn Road, Kwaeng Dindaeng, Khet Dindaeng, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of CK Power Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

| Company’s name | Nature of business | Country of incorporation | Percentage of shareholding | |
|--|--|--------------------------|----------------------------|---------|
| | | | 2013 | 2012 |
| | | | Percent | Percent |
| <u>Investments in subsidiaries</u> | | | | |
| (held by Company) | | | | |
| SouthEast Asia Energy Limited ⁽¹⁾ (included equity interest in Nam Ngum 2 Power Company Limited) | Investing in Nam Ngum 2 Power Company Limited and provision of consulting services relating to electricity generating projects | Thailand | 56 | 56 |
| Bangkhenchai Company Limited | Generating and sale of electricity for solar power | Thailand | 100 | 100 |
| Bangpa-in Cogeneration Limited ⁽²⁾ | Generating and sale of electric power and power from other sources | Thailand | 65 | - |
| CKP Solar Company Limied | Generating and sale of electricity | Thailand | 100 | - |
| Apollo Power Company Limied | Generating and sale of electricity | Thailand | 100 | - |

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|--|---|----------------------------------|----------------------------|---------|
| | | | 2013 | 2012 |
| | | | Percent | Percent |
| Vis Solis Company Limited | Generating and sale of electricity | Thailand | 100 | - |
| Sole Power Company Limited | Generating and sale of electricity | Thailand | 100 | - |
| Helios Power Company Limited (held by subsidiary company) | Generating and sale of electricity | Thailand | 100 | - |
| Nam Ngum 2 Power Company Limited (75 percent held by SouthEast Asia Energy Limited) | Generating and sale of electricity for the Nam Ngum 2 Hydroelectric Power Project | Lao People's Democratic Republic | 42 | 42 |

⁽¹⁾ Change status from an associated company to a subsidiary on 10 May 2012.

⁽²⁾ Change status from an associated company to a subsidiary on 28 June 2013.

In January 2013, the Company acquired ordinary shares of Bangpa-in Cogeneration Limited. As a result, the Company's equity interest in Bangpa-in Cogeneration Limited increased from 46 percent to 65 percent, as described in Note 10. The condition in an agreement drawn up among the shareholders regarding the management structure and decision-making on finance matters and economic operations, which was required to be approved by both the Company and another shareholder, was released on the date on which Bangpa-in Cogeneration Limited started its commercial operation (28 June 2013). As a result, the Company has control over Bangpa-in Cogeneration Limited and the Company therefore classified Bangpa-in Cogeneration Limited as a subsidiary. The Company has included the financial statements of such subsidiary in the consolidated financial statements from 28 June 2013.

b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

d) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements, which present investments in the subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting year

Accounting standards:

| | |
|-----------------------|--|
| TAS 12 | Income Taxes |
| TAS 20 (revised 2009) | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 (revised 2009) | The Effects of Changes in Foreign Exchange Rates |

Financial Reporting Standard:

| | |
|--------|--------------------|
| TFRS 8 | Operating Segments |
|--------|--------------------|

Accounting Standard Interpretations:

| | |
|---------|---|
| TSIC 10 | Government Assistance - No Specific Relation to Operating Activities |
| TSIC 21 | Income Taxes - Recovery of Revalued Non-Depreciable Assets |
| TSIC 25 | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders |

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements.

(b) Accounting standards that will become effective in the future

| | | <u>Effective date</u> |
|--------------------------------------|--|-----------------------|
| Accounting Standards: | | |
| TAS 1 (revised 2012) | Presentation of Financial Statements | 1 January 2014 |
| TAS 7 (revised 2012) | Statement of Cash Flows | 1 January 2014 |
| TAS 12 (revised 2012) | Income Taxes | 1 January 2014 |
| TAS 17 (revised 2012) | Leases | 1 January 2014 |
| TAS 18 (revised 2012) | Revenue | 1 January 2014 |
| TAS 19 (revised 2012) | Employee Benefits | 1 January 2014 |
| TAS 21 (revised 2012) | The Effects of Changes in Foreign Exchange Rates | 1 January 2014 |
| TAS 24 (revised 2012) | Related Party Disclosures | 1 January 2014 |
| TAS 28 (revised 2012) | Investments in Associates | 1 January 2014 |
| TAS 31 (revised 2012) | Interests in Joint Ventures | 1 January 2014 |
| TAS 34 (revised 2012) | Interim Financial Reporting | 1 January 2014 |
| TAS 36 (revised 2012) | Impairment of Assets | 1 January 2014 |
| TAS 38 (revised 2012) | Intangible Assets | 1 January 2014 |
| Financial Reporting Standards: | | |
| TFRS 2 (revised 2012) | Share-based Payment | 1 January 2014 |
| TFRS 3 (revised 2012) | Business Combinations | 1 January 2014 |
| TFRS 4 | Insurance Contracts | 1 January 2016 |
| TFRS 5 (revised 2012) | Non-current Assets Held for Sale and Discontinued Operations | 1 January 2014 |
| TFRS 8 (revised 2012) | Operating Segments | 1 January 2014 |
| Accounting Standard Interpretations: | | |
| TSIC 15 | Operating Leases - Incentives | 1 January 2014 |
| TSIC 27 | Evaluating the Substance of Transactions Involving the Legal Form of a Lease | 1 January 2014 |
| TSIC 29 | Service Concession Arrangements: Disclosures | 1 January 2014 |
| TSIC 32 | Intangible Assets - Web Site Costs | 1 January 2014 |



Financial Reporting Standard Interpretations:

| | | |
|----------|--|----------------|
| TFRIC 1 | Changes in Existing Decommissioning, Restoration and Similar Liabilities | 1 January 2014 |
| TFRIC 4 | Determining whether an Arrangement contains a Lease | 1 January 2014 |
| TFRIC 5 | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds | 1 January 2014 |
| TFRIC 7 | Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i> | 1 January 2014 |
| TFRIC 10 | Interim Financial Reporting and Impairment | 1 January 2014 |
| TFRIC 12 | Service Concession Arrangements | 1 January 2014 |
| TFRIC 13 | Customer Loyalty Programmes | 1 January 2014 |
| TFRIC 17 | Distributions of Non-cash Assets to Owners | 1 January 2014 |
| TFRIC 18 | Transfers of Assets from Customers | 1 January 2014 |

The management of the Company has assessed the effect of the above accounting standard, financial reporting standard, accounting standard interpretation and financial reporting standard interpretations and believes that they are not relevant to the business of the Company, except TSIC 29, TFRIC 4 and TFRIC 12 which affect the financial statement in the year they are adopted, as described below.

Accounting Standard Interpretation TSIC 29: Service Concession Arrangements: Disclosures and Financial Reporting Standard Interpretations TFRIC 12: Service Concession Arrangements

TSIC 29 provides guidelines on disclosures related to service concession arrangements, while TFRIC 12 provides accounting guidelines for concession operators with respect to public-to-private service concession arrangements, if they meet the criteria defined by the standard.

The Company's management considers the arrangement under the Nam Ngum 2 Hydroelectric Power Project's Concession Agreement between Nam Ngum 2 Power Company Limited and the Government of the Lao People's Democratic Republic to be outside the scope of TFRIC 12.

Financial Reporting Standard Interpretations TFRIC 4: Determining Whether an Arrangement Contains a Lease

This Financial Reporting Standard Interpretations provides guidelines on determining whether an arrangement is or contains a lease. If so, a company is required to apply Accounting Standard No. 17 Leases.

The Company's management considers the arrangement under the Power Purchase Agreement ("PPA") between Nam Ngum 2 Power Company Limited and the Electricity Generating Authority of Thailand ("EGAT") to be within the scope of TFRIC 4. The PPA contains components of a lease, and based on the principles of Accounting Standard No. 17 Leases, the company retains the risks and rewards of ownership of a majority of the assets of the Nam Ngum 2 Hydroelectric Power Project. The Company therefore considers the agreement to be an operating lease.

The Hydroelectric Power Project of such company is presented as assets under the caption "Assets of hydroelectric power project under concession agreement" in the statement of financial position. Depreciation is calculated over the useful life of the assets, based on the concession agreement.

Since the terms of the Power Purchase Agreement with EGAT do not stipulate a minimum amount that EGAT is to pay Nam Ngum 2 Power Company Limited, such company recognises revenue from sales of electricity under the project based on actual electricity sales to EGAT (actual amount of electricity delivered and amount available for delivery) under the power purchase agreement.

The Power Purchase Agreement between Bangkhenchai Company Limited and the Provincial Electricity Authority and the Power Purchase Agreement between Bangpa-in Cogeneration Limited and EGAT are considered to be outside the scope of TFRIC 4.

4. Significant accounting policies

4.1 Business Combinations

The Company accounts for business combinations under the acquisition method. The cost of acquisition is the sum of the transferred consideration at its acquisition-date fair value and any non-controlling interest in the acquiree. Non-controlling interests (if any) in the acquiree are measured at either fair value or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The Company recognises cost of acquisition as an expense when it is incurred and when service has been rendered.

4.2 Revenue and expense recognition

Revenue from sales of electricity and steam

Revenue from sales of electricity and steam is recognised when the significant risks and rewards pass to the buyer.

Revenue from sales of electricity from the hydroelectric power project is recognised based on the amount of electricity agreed to be sold to EGAT (actual amount of electricity delivered and electricity available and awaiting delivery to EGAT) and the rates stipulated in the Power Purchase Agreement.

Revenue from sales of electricity from solar power includes electricity tariff adders and fuel adjustment charges (Ft) but is net of PEA operating charges.

Project management income

Project management income is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

Other revenues and expenses

Other revenues and expenses are recognised on an accrual basis.

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.4 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.



4.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

4.6 Right to produce and sell electricity and amortisation

Intangible assets (Right to produce and sell electricity) acquired in a business combination were measured initially at their acquisition-date fair values. Subsequent to initial recognition, right to produce and sell electricity has been stated at cost less accumulated amortisation and allowance for loss on impairment (if any).

Amortisation of rights to produce and sell electricity is calculated by reference to cost on a straight-line basis over the remaining terms of the rights to produce and sell electricity, from the date on which the Company assumes control over the subsidiaries or, if the subsidiary has not yet commenced sale of electricity at the date the Company assumes control, recognition of amortisation begins from the date on which the subsidiary first sells electricity under the Power Purchase Agreement (estimated around 10 to 27 years). The Company reviews assets for impairment whenever events or changes in circumstances indicate that an asset may be impaired, and reviews the amortisation period and the amortisation method used for right to produce and sell electricity at least every year. Amortisation is recognised as an expense in profit or loss.

4.7 Project costs during construction phase

All expenditures and other related expenses which are incurred during the construction of a power plant to enable it to become operational are capitalised as assets. Such project costs during construction phase include, inter alia, project administrative and management costs, consulting fees, design fees, interests and other financing costs.

4.8 Assets of hydroelectric power project under concession agreement

Nam Ngum 2 Power Company Limited capitalised all expenditures and other expenses related to the construction of the hydroelectric power plant as assets under the caption “Assets of hydroelectric power project under concession agreement” in the statement of financial position.

Assets of the hydroelectric power project under the concession agreement are stated at costs less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation of assets of the hydroelectric power project under the concession agreement are calculated by reference to their costs on the straight-line basis over estimated useful lives of 27 years, in accordance with the concession agreement. Depreciation is included in determining income.

4.9 Property, plant and equipment/Depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of building and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

| | |
|---|-------------------|
| Solar Power Plant | 25 years |
| Cogeneration Power and equipment | 5 to 25 years |
| Furniture and office equipment | 3, 5 and 10 years |
| Motor vehicles | 5 years |
| Leased asset improvements of the subsidiaries | 10 and 24 years |

Depreciation is included in determining the operating result.

No depreciation is provided on land and assets under construction.

4.10 Borrowing costs

Borrowing costs directly attributable to the construction of the power plant project, which necessarily takes a substantial period of time to get ready for its intended use, are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.11 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.12 Long-term leases

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the assets.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining the operating result. Gains and losses on exchange relevant to the construction of the power plant project are included as part of project costs during construction phase.

4.14 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss



4.15 Employee benefits

Short-term employee benefits

Salaries, wages, bonus, annual rewards and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and the subsidiaries and their employees have jointly established provident funds. The funds are monthly contributed by employees and by the Company and the subsidiaries. The fund's assets are held in separate trust funds and the Company's and subsidiaries contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.16 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on calculation determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.18 Hedge accounting - Cash flow hedges

Nam Ngum 2 Power Company Limited applies hedge accounting in order to hedge the foreign exchange exposure on a certain portion of its forecasted revenue from sales of electricity in USD currency where the revenues from sales of electricity are designated as the hedged item and long-term loans in USD are the hedging instrument. The subsidiary has recorded such transactions using cash flow hedge accounting.

The effective portion of the change in the fair value of the cash flow hedging instrument is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss. Gains or losses accumulated in other comprehensive income are then transferred to profit or loss in the period when the hedged items affect profit or loss.

5. Use of accounting estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | | Transfer pricing policy |
|--|--------------------------------------|-------|----------------------------------|-------|---------------------------------|
| | 2013 | 2012 | 2013 | 2012 | |
| <u>Transactions with subsidiary</u> | | | | | |
| Project management income | - | - | 3 | - | Based on contracts |
| Dividend income | - | - | 162 | - | As declared |
| <u>Transactions with related parties</u> | | | | | |
| Revenue from sales of electricity | 4,115 | 2,434 | - | - | Based on contracts |
| Project management income | 44 | 30 | - | - | Based on contracts |
| Cost of sales of electricity | 1,448 | 350 | - | - | Based on contracts |
| Administrative expenses | 18 | 9 | 2 | 1 | Based on contracts |
| Project construction costs ⁽¹⁾ | - | 107 | - | - | Based on construction contracts |
| Project administration and management ⁽¹⁾ | 3 | 2 | - | - | Based on contracts |
| Interest expenses ⁽¹⁾ | 3 | 14 | - | - | Interest rate at MLR + 1 |
| Purchase of investment | 335 | 4,505 | 335 | 4,505 | Based on contracts |
| Dividend paid | 153 | - | - | - | As declared |

⁽¹⁾ included as part of project costs during construction phase



The balances of the accounts as at 31 December 2013 and 2012 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

| Related by | | Consolidated financial statements | | Separate financial statements | |
|---|--|--------------------------------------|---------|----------------------------------|------|
| | | 2013 | 2012 | 2013 | 2012 |
| Trade and other receivables - related parties (Note 8) | | | | | |
| Trade receivables - related parties | | | | | |
| - Electricity Generating Authority of Thailand | Major shareholder of a shareholder of the subsidiary | 531,921 | 919,570 | - | - |
| - Xayaburi Power Company Limited | Common directors | 3,915 | 4,043 | - | - |
| | | 535,836 | 923,613 | - | - |
| Other receivables - related parties | | | | | |
| a) Advances - related party | | | | | |
| Related company | | | | | |
| - CH. Karnchang (Lao) Company Limited | Common shareholders | 11 | 746 | - | - |
| b) Other receivables - related parties | | | | | |
| Subsidiary | | - | - | 321 | 100 |
| Related company | | | | | |
| - Xayaburi Power Company Limited | Common directors | - | 167 | - | - |
| | | - | 167 | 321 | 100 |
| Total trade and other receivables - related parties | | 535,847 | 924,526 | 321 | 100 |
| Trade and other payables - related parties (Note 16) | | | | | |
| Trade payables - related parties | | | | | |
| - P.T. Construction Company Limited | A shareholder of the subsidiary | 64,571 | 38,341 | - | - |
| - RATCH - LAO Services Company Limited | A group shareholder of the subsidiary | 31,812 | 30,138 | - | - |
| - Electricité du Laos | Major shareholder of a shareholder of the subsidiary | 1,517 | 1,726 | - | - |
| - Electricity Generating Authority of Thailand | Major shareholder of a shareholder of the subsidiary | 2,924 | 2,134 | - | - |
| - The Government of the Lao People's Democratic Republic | A group shareholder of the subsidiary | 77,622 | 75,676 | - | - |
| - PTT Public Company Limited | A group shareholder of the subsidiary | 326,953 | - | - | - |
| - Bangpa-in Land Company Limited | Common directors | 55 | - | - | - |
| | | 505,454 | 148,015 | - | - |
| Other payables - related parties | | | | | |
| a) Project payable - related party | | | | | |
| - P.T. Construction Company Limited | A shareholder of the subsidiary | 750 | 571 | - | - |

(Unit: Thousand Baht)

| | Related by | Consolidated | | Separate | |
|--|--|----------------------|---------|----------------------|------|
| | | financial statements | | financial statements | |
| | | 2013 | 2012 | 2013 | 2012 |
| b) Other payables - related parties | | | | | |
| - CH. Karnchang Public Company Limited | Common directors | 560 | 54 | 331 | 27 |
| - Ratchaburi Electricity Generating Holding Public Company Limited | A shareholder of the subsidiary | 206 | 678 | - | - |
| - RATCH - LAO Services Company Limited | A group shareholder of the subsidiary | 584 | 457 | - | - |
| - Bangkok Expressway Public Company Limited | Common directors | - | 307 | - | 307 |
| - Xayaburi Power Company Limited | Common directors | 1,200 | - | - | - |
| - Electricité du Laos | Major shareholder of a shareholder of the subsidiary | 259 | - | - | - |
| - Bangpa-in Land Company Limited | Common directors | 11 | - | - | - |
| | | 2,820 | 1,496 | 331 | 334 |
| Total trade and other payables - related parties | | 509,024 | 150,082 | 331 | 334 |
| Retention payable - related company | | | | | |
| - P.T. Construction Company Limited | A shareholder of the subsidiary | 4,504 | 3,641 | - | - |
| | | 4,504 | 3,641 | - | - |
| Other long-term liabilities - related party | | | | | |
| - Electricity Generating Authority of Thailand | Major shareholder of a shareholder of the subsidiary | 122,744 | 93,612 | - | - |
| | | 122,744 | 93,612 | - | - |

Long-term loans from related companies and accrued interest

As at 31 December 2013, the balance of loans between SouthEast Asia Energy Limited and those related companies and the movement are as follows:

(Unit: Thousand Baht)

| | | Consolidated financial statements | | | |
|--|---------------------------------|-----------------------------------|--------------------------|--------------------------|--------------------------------|
| Loans from related companies and accrued interest | Related by | Balance as at 31 December 2012 | Increase during the year | Decrease during the year | Balance as at 31 December 2013 |
| Loans | | | | | |
| - CH. Karnchang Public Company Limited | Common directors | 156,250 | - | (156,250) | - |
| - Ratchaburi Electricity Generating Holding Public Company Limited | A shareholder of the subsidiary | 62,500 | - | (62,500) | - |
| - Bangkok Expressway Public Company Limited | Common directors | 31,250 | - | (31,250) | - |
| | | 250,000 | - | (250,000) | - |



(Unit: Thousand Baht)

| Loans from related companies and accrued interest | Related by | Consolidated financial statements | | | |
|---|---------------------------------|---|--------------------------------|--------------------------------|---|
| | | Balance as at 31 December 2012 | Increase during the year | Decrease during the year | Balance as at 31 December 2013 |
| Accrued interest | | | | | |
| - CH. Karnchang Public Company Limited | Common directors | 57,443 | 2,084 | (59,527) | - |
| - Ratchaburi Electricity Generating Holding Public Company Limited | A shareholder of the subsidiary | 22,977 | 834 | (23,811) | - |
| - Bangkok Expressway Public Company Limited | Common directors | 11,489 | 416 | (11,905) | - |
| | | 91,909 | 3,334 | (95,243) | - |
| Total loans and accrued interest | | 341,909 | 3,334 | (345,243) | - |

On 4 September 2007, SouthEast Asia Energy Limited and its shareholders entered into the Shareholders' Loan Agreement to obtain funds in order to carry out the feasibility study and the development of the Nam Bak Hydroelectric Power Project for the aggregate amount of Baht 250 million. The loan carries interest at MLR plus 1 per annum. The loan and interest payment will be repaid in full in one (1) repayment on the earlier of (a) the date the subsidiary of SouthEast Asia Energy Limited draws down the first installment of the Project loan and (b) the date which is eighteen (18) months after 4 September 2007.

Subsequently, SouthEast Asia Energy Limited and its shareholders entered into an Agreement To Extend Term of Shareholders' Loan No.1 on 2 March 2009, No.2 on 2 March 2010, No.3 on 15 September 2011 and No.4 on 10 September 2012, respectively, whereby the loan and interest are to be paid in full in one (1) repayment on the earlier of (a) the date such subsidiary draws down the first installment of the Project loan and (b) 72 months after 4 September 2007 (due on 4 September 2013). The Company made the repayment of the loans and accrued interests in March 2013.

Directors and management's benefits

During the years ended 31 December 2013 and 2012, the Company and the subsidiary had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|------------------------------|--------------------------------------|------|----------------------------------|------|
| | 2013 | 2012 | 2013 | 2012 |
| Short-term employee benefits | 62.4 | 54.3 | 15.7 | 7.3 |
| Post-employment benefits | 2.2 | 0.2 | 1.4 | - |
| Total | 64.6 | 54.5 | 17.1 | 7.3 |

7. Cash and cash equivalents/Short-term restricted bank deposits

Cash and cash equivalents

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---------------|--------------------------------------|---------|----------------------------------|--------|
| | 2013 | 2012 | 2013 | 2012 |
| Cash | 805 | 685 | 56 | 50 |
| Bank deposits | 1,790,668 | 572,148 | 491,456 | 24,862 |
| Total | 1,791,473 | 572,833 | 491,512 | 24,912 |

The subsidiaries have pledged and assigned rights of claim in bank accounts with outstanding balances as at 31 December 2013 totaling approximately Baht 1,301 million (2012: Baht 543 million) with lenders to secure long-term loans of the subsidiaries, in accordance with conditions stipulated in the long-term loan agreements. However, the subsidiary is able to withdraw these deposits for payments of its regular operating expenses, in accordance with purpose of each account.

As at 31 December 2013, bank deposits in saving accounts and fixed accounts carried interests between 0.10 and 3.25 percent per annum (2012: 0.10 and 0.75 percent per annum).

Short-term restricted bank deposits

Nam Ngum 2 Power Company Limited has pledged and assigned rights of claim in bank accounts with outstanding balances as at 31 December 2013 totaling approximately Baht 465 million (2012: Baht 295 million) with lenders to secure long-term loans of the subsidiary, in accordance with conditions stipulated in the long-term loan agreements. Those bank accounts have restrictions on withdrawal in order to repay loan principal and interest due within 6 months.

8. Trade and other receivables

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|---------|----------------------------------|------|
| | 2013 | 2012 | 2013 | 2012 |
| <u>Trade receivables - related parties</u> | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | 535,836 | 923,613 | - | - |
| Past due | | | | |
| Up to 3 months | - | - | - | - |
| 3 - 6 months | - | - | - | - |
| 6 - 12 months | - | - | - | - |
| Over 12 months | - | - | - | - |
| Total Trade receivables - related parties | 535,836 | 923,613 | - | - |
| <u>Trade receivables - unrelated parties</u> | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | 463,872 | 28,743 | - | - |
| Past due | | | | |
| Up to 3 months | - | - | - | - |
| 3 - 6 months | - | - | - | - |
| 6 - 12 months | - | - | - | - |
| Over 12 months | - | - | - | - |
| Total Trade receivables - unrelated parties | 463,872 | 28,743 | - | - |
| Total Trade receivables | 999,708 | 952,356 | - | - |

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------------------|--------------------------------------|---------|----------------------------------|------|
| | 2013 | 2012 | 2013 | 2012 |
| <u>Other receivables</u> | | | | |
| Advance to - related parties | 11 | 746 | - | - |
| Other receivables - related parties | - | 167 | 321 | 100 |
| Interest receivables | 2,589 | 94 | 2,589 | 75 |
| Total other receivables | 2,600 | 1,007 | 2,910 | 175 |
| Total trade and other receivables | 1,002,308 | 953,363 | 2,910 | 175 |

9. Long-term restricted bank deposits

Nam Ngum 2 Power Company Limited has pledged and assigned rights of claim on bank accounts with outstanding balances as at 31 December 2013 totaling approximately Baht 1,361 million (2012: Baht 1,246 million) with lenders to secure long-term loans of a group of that company, in accordance with conditions stipulated in the long-term loan agreements. Those bank accounts have restrictions on withdrawal in order to reserve cash for loan principal repayment and interest payment. This includes a reserve in case of claim from the bank guarantee under the Power Purchase Agreement.

10. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

| Company's name | Paid-up capital | | Shareholding percentage | | Cost | | Dividend received during the year | |
|---|-----------------|-----------|-------------------------|------|------------|-----------|-----------------------------------|------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | | | (%) | (%) | | | | |
| SouthEast Asia Energy Limited ⁽¹⁾ | 6,606,750 | 6,606,750 | 56 | 56 | 9,249,450 | 9,249,450 | 96,194 | - |
| Bangkhenchai Company Limited | 234,250 | 234,250 | 100 | 100 | 527,062 | 527,062 | 65,590 | - |
| Bangpa-in Cogeneration Limited ⁽²⁾ | 1,370,000 | - | 65 | - | 1,305,563 | - | - | - |
| CKP Solar Company Limited ⁽³⁾ | 1,000 | - | 100 | - | 1,000 | - | - | - |
| Apollo Power Company Limited ⁽³⁾ | 250 | - | 100 | - | 250 | - | - | - |
| Vis Solis Company Limited ⁽³⁾ | 250 | - | 100 | - | 250 | - | - | - |
| Sole Power Company Limited ⁽³⁾ | 250 | - | 100 | - | 250 | - | - | - |
| Helios Power Company Limited ⁽³⁾ | 250 | - | 100 | - | 250 | - | - | - |
| Total | | | | | 11,084,075 | 9,776,512 | 161,784 | - |

⁽¹⁾ Change status from an associated to a subsidiary company on 10 May 2012.

⁽²⁾ Change status from an associated to a subsidiary company on 28 June 2013.

⁽³⁾ Not commenced their business activities

Acquisition of subsidiaries during the year 2012

a) SouthEast Asia Energy Limited

In May 2012, the Company acquired 110.1 million ordinary shares of SouthEast Asia Energy Limited from a related company at Baht 25 each, or for a total of Baht 2,752.8 million. As a result, the Company's equity interest in the above company increased from 38 percent to 54.66 percent. The status of SouthEast Asia Energy Limited has changed from an associated company to a subsidiary. SouthEast Asia Energy Limited is principally engaged in making investment in as well as provision of consulting services and other services relating to electricity generating projects. The company has a subsidiary, namely Nam Ngum 2 Power Company Limited, which is a limited company incorporated and domiciled in the Lao People's Democratic Republic, principally engaged in the generation and sale of electricity from the Hydroelectric Power Project in the Lao People's Democratic Republic. The Company has included its financial statements to the consolidated financial statements since 10 May 2012.

The fair values of identified assets and liabilities of SouthEast Asia Energy Limited as at the acquisition date were as follow:

| | (Unit: Million Baht) |
|--|----------------------|
| Cash and cash equivalents | 872 |
| Trade receivables | 958 |
| Other current assets | 85 |
| Restricted bank deposits | 334 |
| Right to produce and sell electricity | 12,245 |
| Project costs during construction phase | 325 |
| Property, plant and equipment - net | 28,333 |
| Other non-current assets | 5 |
| Total assets | 43,157 |
| Trade and other payables | 179 |
| Other current liabilities | 31 |
| Current portion of long-term loans from related companies and accrued interests | 328 |
| Long-term loans from financial institutions | 20,126 |
| Other non-current liabilities | 91 |
| Total liabilities | 20,755 |
| Total net assets | 22,402 |
| Less: The fair value at the acquisition date of interests in subsidiary held by the Company prior to the date of acquisition | (6,429) |
| Non-controlling interests of the subsidiary | (13,220) |
| Cash paid for investment in subsidiary | 2,753 |
| Reconciliation of net cash | |
| Cash paid for investment in subsidiary | 2,753 |
| Less: Cash and cash equivalents of subsidiary | (872) |
| Net cash paid for investment in subsidiary | 1,881 |

The Company undertook to measure the fair value of identified assets and liabilities acquired as at the acquisition date and completed this measurement in the third quarter of year 2012, which is within the measurement period of 12 months from the acquisition date stipulated in TFRS 3 (revised 2009). The fair value of these assets and liabilities are not different from the estimated fair values that were recorded at the acquisition date.

Trade receivables derived from the business combination during the period, amounting to Baht 958 million, consist of short-term receivables with contract values equal to their fair values.

The Company measures the value of non-controlling interests of the subsidiary based on the value of the identified net assets of the acquiree, in proportion to the shareholding of the non-controlling interests.

On 10 May 2012, the Company entered into an Equity Contribution Agreement with SouthEast Asia Energy Limited and Nam Ngum 2 Power Company Limited (co - borrower), other shareholders and lenders of SouthEast Asia Energy Limited. Under the agreement, the Company agreed to provide equity contributions of up to Baht 307.5 million for any revenue shortfall in the event that the construction of the Nam Ngum 3 Hydroelectric Power Project negatively impacts on the energy production of the above company, causing such company to be unable to comply with its obligations under the Financing Documents. It also agreed to provide additional equity contributions of up to Baht 205 million if the co-borrower of that company defaults on loan payment or is unable to comply with its obligations under the Financing Documents.

In August 2012 the Company acquired 8.8 million ordinary shares of SouthEast Asia Energy Limited from a related company at Baht 25 each, or for a total of Baht 220.2 million. As a result, the Company's equity interest in this company increased from 54.66 percent to 56 percent.

The Company has pledged share certificates for its investment in SouthEast Asia Energy Limited with banks to guarantee a loan facility granted to that company by the banks.

b) Bangkhenchai Company Limited

In June 2012 the Company acquired all ordinary shares of Bangkhenchai Company Limited from the major shareholder of the Company amounting to 2.3 million ordinary shares at Baht 225 each, or for a total of Baht 527 million. This company is principally engaged in the generation and sale of electricity from solar power. As a result, the Company's equity interest in such company increased to 100 percent. The Company has therefore included its financial statements to the consolidated financial statements from 26 June 2012.

The fair values of identified assets and liabilities of Bangkhenchai Company Limited as at the acquisition date were as follow:

| | (Unit: Million Baht) |
|---|----------------------|
| Cash and cash equivalents | 41 |
| Other current assets | 44 |
| Right to produce and sell electricity | 299 |
| Project costs during construction phase | 631 |
| Property and equipment - net | 96 |
| Total assets | 1,111 |
| Other current liabilities | 1 |
| Long-term loans from financial institution | 583 |
| Total liabilities | 584 |
| Total net assets | 527 |
| Reconciliation of net cash | |
| Cash paid for investment in subsidiary | 527 |
| Less: Cash and cash equivalents of subsidiary | (41) |
| Net cash paid for investment in subsidiary | 486 |

The Company undertook to measure the fair value of identified assets and liabilities acquired as at the acquisition date and completed this measurement in the third quarter of year 2012, which is within the measurement period of 12 months from the acquisition date stipulated in TFRS 3 (revised 2009). The fair value of these assets and liabilities are not different from the estimated fair values that were recorded at the acquisition date.

The Company entered into a Shareholders Support Agreement with Bangkhengchai Company Limited and lenders of that company. Under the agreement, the Company agreed to provide financial support to such company in the event of any budget cost overruns in the construction of the power plant project and in the event that such company has continually negative working capital for a certain period stipulated in the agreement.

Revenue and profit of SouthEast Asia Energy Limited for the period from the acquisition date (10 May 2012) to 31 December 2012, as included in the consolidated statement of comprehensive income, amounted to Baht 2,512 million and Baht 310 million, respectively.

Revenue and profit of Bangkhengchai Company Limited for the period from the acquisition date (26 June 2012) to 31 December 2012, as included in the consolidated statement of comprehensive income, amounted to Baht 65 million and Baht 34 million, respectively.

The consolidated financial statements include revenue and profit (attributable to equity holders of the Company) of the Company derived from the merger of the two companies, as if the business combination that occurred during the year had occurred at the beginning of the reporting period (1 January 2012). The consolidated statement of comprehensive income for the year ended 31 December 2012 include amounts of Baht 4,139 million and Baht 74 million, respectively.

Acquisition of subsidiaries during the year 2013

a) Bangpa-in Cogeneration Limited

In January 2013, the Company acquired 26 million ordinary shares of Bangpa-in Cogeneration Limited from a related company at Baht 12.88 each, for a total of Baht 335 million. As a result, the Company's equity interest in the above company increased from 46 percent to 65 percent.

In the first and the second quarter of 2013, the Company made share payments in proportion to its investment in Bangpa-in Cogeneration Limited amounting to Baht 158.6 million, as such company called up an additional 20 percent of the value of the 79.3 million ordinary shares held by the Company which were not fully paid, with a par value of Baht 10 each.

In addition, the condition in an agreement drawn up among the shareholders regarding the management structure and decision-making on finance matters and economic operations, which was required to be approved by both the Company and another shareholder, was released on the date on which Bangpa-in Cogeneration Limited started its commercial operation (28 June 2013). As a result, the Company has control over Bangpa-in Cogeneration Limited and the Company therefore classified Bangpa-in Cogeneration Limited as a subsidiary. The Company has included the financial statements of such subsidiary in the consolidated financial statements from 28 June 2013.



The fair values of identified assets and liabilities of Bangpa-in Cogeneration Limited as at the acquisition date (the date the Company has control over the subsidiary) were as follow:

| | (Unit: Million Baht) |
|--|----------------------|
| Cash and cash equivalents | 82 |
| Trade receivables | 43 |
| Other current assets | 107 |
| Right to produce and sell electricity | 660 |
| Project costs during construction phase | 5 |
| Property, plant and equipment - net | 5,173 |
| Other non-current assets | 206 |
| Total assets | 6,276 |
| Trade and other payables | 1,121 |
| Other current liabilities | 5 |
| Long-term loans from financial institutions | 3,152 |
| Total liabilities | 4,278 |
| Total net assets | 1,998 |
| Less: The fair value of interests in subsidiary held by the Company prior to the date of acquisition | (805) |
| Non-controlling interests of the subsidiary | (699) |
| Cash paid for investment in subsidiary | 494 |
| Reconciliation of net cash | |
| Cash paid for investment in subsidiary | 494 |
| Less: Cash and cash equivalents of subsidiary | (82) |
| Net cash paid for investment in subsidiary | 412 |

The Company undertook to measure the fair value of identified assets and liabilities acquired as at the acquisition date and completed this measurement in July 2013, which is within the measurement period of 12 months from the acquisition date stipulated in TFRS 3 (revised 2009).

Trade receivables derived from the business combination during the period, amounting to Baht 43 million, consist of short-term receivables with contract values equal to their fair values.

The Company measures the value of non-controlling interests of the subsidiary based on the value of the identified net assets of the acquiree, in proportion to the shareholding of the non-controlling interests.

Revenue and profit of Bangpa-in Cogeneration Limited for the period from the acquisition date (28 June 2013) to 31 December 2013, as included in the consolidated statement of comprehensive income, amounted to Baht 1,294 million and Baht 21 million, respectively.

Revenue and profit attributable to equity holders of the Company (excluding other comprehensive income) derived from the merger, included in the consolidated financial statements as if the business combination that occurred during the period had occurred at the beginning of the reporting period (1 January 2013) amounted Baht 5,650 million and Baht 219 million for the year ended 31 December 2013, respectively.

The Company entered into a Sponsor Undertaking Agreement with Bangpa-in Cogeneration Limited, other shareholders and lenders of such company. Under the agreement, the Company agreed to provide financial support to that company in the proportion to its shareholding stipulated in the agreement, in the event of any budget cost overruns in the construction of the power plant project.

11. Investments in associated companies

11.1 Detail of associated companies:

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Shareholding percentage | | Consolidated financial statements | | Separate financial statements | |
|---|---|--------------------------|-------------------------|------|---|-----------|-------------------------------|-----------|
| | | | | | Carrying amounts based on equity method | | Cost of investment | |
| | | | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | | | (%) | (%) | | | | |
| Nakhon Ratchasima Solar Company Limited | Generating and sale of electricity from solar power | Thai | 30 | 30 | 98,941 | 89,084 | 85,388 | 85,388 |
| Chiang Rai Solar Company Limited | Generating and sale of electricity from solar power | Thai | 30 | 30 | 120,206 | 107,551 | 107,551 | 107,551 |
| Bangpa-in Cogeneration Limited ⁽¹⁾ | Generating and sale of electricity and other source | Thai | - | 46 | - | 811,698 | - | 811,698 |
| | | | | | 219,147 | 1,008,333 | 192,939 | 1,004,637 |

⁽¹⁾ Change status from an associated company to a subsidiary company on 28 June 2013.

11.2 Share of profit (loss) and dividend received

During the years, the Company has recognised its share of profit (loss) from investments in associated companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

| Company's name | Consolidated financial statements | | Separate financial statements | |
|---|--|---------|------------------------------------|------|
| | Share of profit/loss from investments in associated companies during the years | | Dividend received during the years | |
| | 2013 | 2012 | 2013 | 2012 |
| SouthEast Asia Energy Limited ⁽¹⁾ | - | 104,799 | - | - |
| Nakhon Ratchasima Solar Company Limited | 9,857 | 3,696 | - | - |
| Chiang Rai Solar Company Limited | 12,655 | - | - | - |
| Bangpa-in Cogeneration Limited ⁽²⁾ | (6,777) | - | - | - |
| Total | 15,735 | 108,495 | - | - |

⁽¹⁾ Change status from an associated company to a subsidiary on 10 May 2012.

⁽²⁾ Change status from an associated company to a subsidiary on 28 June 2013.



11.3 Summarised financial information of associated companies

Financial information of associated companies is summarised below.

(Unit: Million Baht)

| Company's name | Paid-up capital as at 31 December | | Total assets as at 31 December | | Total liabilities as at 31 December | | Total revenues for the year ended 31 December | | Profit (loss) for the year ended 31 December | |
|---|-----------------------------------|-------|--------------------------------|-------|-------------------------------------|-------|---|------|--|------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Nakhon Ratchasima Solar Company Limited | 188 | 188 | 856 | 867 | 596 | 656 | 123 | 102 | 42 | 25 |
| Chiang Rai Solar Company Limited | 277 | 277 | 1,088 | 906 | 761 | 629 | 134 | - | 50 | - |
| Bangpa-in Cogeneration Limited ⁽¹⁾ | - | 1,126 | - | 4,190 | - | 3,085 | - | - | - | (13) |

⁽¹⁾ Change status from an associated company to a subsidiary on 28 June 2013.

SouthEast Asia Energy Limited

In May 2012, the Company acquired ordinary shares of SouthEast Asia Energy Limited from a related company, as described in Note 10. As a result, the status of SouthEast Asia Energy Limited has changed from an associated company to a subsidiary.

Nakhon Ratchasima Solar Company Limited

In June 2012, the Company acquired 0.66 million ordinary shares of Nakhon Ratchasima Solar Company Limited from the major shareholder of the Company at Baht 128.5 each, or for a total of Baht 85.4 million. As a result, the Company's equity interest in the above company increased to 30 percent.

The Company entered into a Shareholders Agreement with Nakhon Ratchasima Solar Company Limited and another shareholder. Under the agreement, the Company agreed to provide financial support to such company in the proportion stipulated in the agreement (30 percent), or in total not more than Baht 12.6 million, if such company has continually negative working capital for a certain period stipulated in the agreement.

The Company has pledged all of share certificates for its investment in Nakhon Ratchasima Solar Company Limited with banks to guarantee a loan facility granted to that company by the banks.

Chiang Rai Solar Company Limited

In December 2012, the Company acquired 0.88 million ordinary shares of Chiang Rai Solar Company Limited from the major shareholder of the Company at Baht 122.88 each, or for a total of Baht 107.6 million. As a result, the Company's equity interest in the above company increased to 30 percent.

The Company entered into a Shareholders Agreement with Chiang Rai Solar Company Limited and another shareholder. Under the agreement, the Company agreed to provide financial support to such company in the proportion stipulated in the agreement (30 percent), or in total not more than Baht 16.5 million, if such company has continually negative working capital for a certain period stipulated in the agreement.

The Company has pledged all of share certificates for its investment in Chiang Rai Solar Company Limited with banks to guarantee a loan facility granted to that company by the banks.

Bangpa-in Cogeneration Limited

In December 2012, the Company acquired 63.02 million ordinary shares of Bangpa-in Cogeneration Limited from the major shareholder of the Company at Baht 12.88 per share, or for a total of Baht 811.7 million. As a result, the Company's equity interest in the above company increased to 46 percent. Subsequently, In January 2013, the Company acquired ordinary shares of Bangpa-in Cogeneration Limited from a related company, as described in Note 10. The status of Bangpa-in Cogeneration Limited has thus changed from an associated company to a subsidiary.

12. Right to produce and sell electricity

(Unit: Thousand Baht)

| | Consolidated financial statements | |
|--|--------------------------------------|------------|
| | 2013 | 2012 |
| Right to produce and sell electricity | 13,203,679 | 12,544,015 |
| Less: Accumulated amortisation of right to produce and sell electricity | (830,548) | (322,458) |
| Right to produce and sell electricity - net | 12,373,131 | 12,221,557 |
| Right to produce and sell electricity - net consist of Equity attributable to shareholders of the Company | 5,494,229 | 5,299,218 |
| Non-controlling interests of the subsidiaries | 6,878,902 | 6,922,339 |
| Total | 12,373,131 | 12,221,557 |

13. Project costs during construction phase

(Unit: Thousand Baht)

| | Consolidated financial statements | |
|--|--------------------------------------|---------|
| | 2013 | 2012 |
| Project administrative and management fee and other costs | 271,408 | 250,809 |
| Interest expenses and other financial cost during construction phase | 95,243 | 91,909 |
| Total | 366,651 | 342,718 |

As at 31 December 2013, the balances of project costs during construction phase represented Nam Bak Hydroelectric Power and Cogeneration Power projects.

During the year ended 31 December 2013, the subsidiary had the borrowing costs totaling approximately Baht 3 million (2012: Baht 17 million) capitalised for project costs during construction phase. The interest rates used to determine the amount of borrowing costs were the Minimum Loan Rate plus 1 (MLR + 1) per annum (2012: MLR +1 per annum).

14. Assets of hydroelectric power project under concession agreement

Movements of assets of hydroelectric power project under concession agreement for the year ended 31 December 2013 are summarised below.



(Unit: Thousand Baht)

**Consolidated
financial statements**

Cost

| | |
|---|------------|
| 1 January 2012 | - |
| Acquisition of the subsidiary during the year | 29,413,476 |
| Additions | 9,489 |
| 31 December 2012 | 29,422,965 |
| Additions | 5,258 |
| 31 December 2013 | 29,428,223 |
| Accumulated depreciation | |
| 1 January 2012 | - |
| Acquisition of the subsidiary during the year | 1,177,383 |
| Depreciation for the year | 719,731 |
| 31 December 2012 | 1,897,114 |
| Depreciation for the year | 1,072,645 |
| 31 December 2013 | 2,969,759 |
| Net book value | |
| 31 December 2012 | 27,525,851 |
| 31 December 2013 | 26,458,464 |

The subsidiary has mortgaged immovable assets and pledged other movable assets of the Nam Ngum 2 Hydroelectric Power Project with a group of lenders to secure the long-term loans.

15. Property, plant and equipment

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | | | |
|---|-----------------------------------|-------------------|--|---------------------------|--------------------------------|----------------|---------------------------|
| | Land | Solar power plant | Cogeneration power Plant and equipment | Leased asset improvements | Furniture and office equipment | Motor vehicles | Assets under improvements |
| Cost | | | | | | | |
| 1 January 2012 | - | - | - | - | 128 | - | 128 |
| Additions | - | - | - | - | 4,827 | 4,109 | 589 |
| Transfer in (out) | - | 742,372 | - | - | (128) | - | - |
| Disposals | - | - | - | - | (2,232) | - | - |
| Acquisition of the subsidiary during the year | 95,983 | - | - | 23,740 | 38,697 | 77,898 | - |
| 31 December 2012 | 95,983 | 742,372 | - | 23,740 | 41,292 | 82,007 | 589 |
| Additions | - | - | 47,724 | 94 | 7,019 | 1,723 | 7,056 |
| Transfer in (out) | - | 338 | - | - | 302 | - | (390) |
| Disposals | - | - | - | - | (2) | (2,900) | - |
| Acquisition of the subsidiary during the year | 165,101 | - | 5,007,166 | 741 | 3,089 | - | - |
| 31 December 2013 | 261,084 | 742,710 | 5,054,890 | 24,575 | 51,700 | 80,830 | 7,255 |

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | | | | |
|---|-----------------------------------|-------------------|--|---------------------------|--------------------------------|----------------|---------------------------|-----------|
| | Land | Solar power plant | Cogeneration power Plant and equipment | Leased asset improvements | Furniture and office equipment | Motor vehicles | Assets under improvements | Total |
| Accumulated depreciation | | | | | | | | |
| 1 January 2012 | - | - | - | - | 9 | - | - | 9 |
| Depreciation for the year | - | 11,683 | - | 915 | 4,869 | 8,533 | - | 26,000 |
| Transfer out | - | - | - | - | (9) | - | - | (9) |
| Depreciation on disposals | - | - | - | - | (2,225) | - | - | (2,225) |
| Acquisition of the subsidiary during the year | - | - | - | 4,642 | 15,138 | 23,747 | - | 43,527 |
| 31 December 2012 | - | 11,683 | - | 5,557 | 17,782 | 32,280 | - | 67,302 |
| Depreciation for the year | - | 29,697 | 110,926 | 1,402 | 8,323 | 12,589 | - | 162,937 |
| Depreciation on disposals | - | - | - | - | (1) | (2,900) | - | (2,901) |
| Acquisition of the subsidiary during the year | - | - | 1,650 | 101 | 748 | - | - | 2,499 |
| 31 December 2013 | - | 41,380 | 112,576 | 7,060 | 26,852 | 41,969 | - | 229,837 |
| Net book value | | | | | | | | |
| 31 December 2012 | 95,983 | 730,689 | - | 18,183 | 23,510 | 49,727 | 589 | 918,681 |
| 31 December 2013 | 261,084 | 701,330 | 4,942,314 | 17,515 | 24,848 | 38,861 | 7,255 | 5,993,207 |

Depreciation for the year

| | |
|--|---------|
| 2012 (All included in administrative expenses) | 26,000 |
| 2013 (Baht 141 million included in cost of sales of electricity and steam, and the balance in administrative expenses) | 162,937 |

(Unit: Thousand Baht)

| | Separate financial statements | | |
|---------------------------------|-------------------------------|---------------------------|-------|
| | Office equipment | Assets under improvements | Total |
| Cost | | | |
| 1 January 2012 | 128 | - | 128 |
| Additions | 239 | 589 | 828 |
| Transfer out | (128) | - | (128) |
| 31 December 2012 | 239 | 589 | 828 |
| Additions | 2,445 | 6,666 | 9,111 |
| 31 December 2013 | 2,684 | 7,255 | 9,939 |
| Accumulated depreciation | | | |
| 1 January 2012 | 9 | - | 9 |
| Depreciation for the year | 15 | - | 15 |
| Transfer out | (9) | - | (9) |
| 31 December 2012 | 15 | - | 15 |
| Depreciation for the year | 168 | - | 168 |
| 31 December 2013 | 183 | - | 183 |
| Net book value | | | |
| 31 December 2012 | 224 | 589 | 813 |
| 31 December 2013 | 2,501 | 7,255 | 9,756 |

Depreciation for the year included in administrative expenses

| | |
|------|-----|
| 2012 | 15 |
| 2013 | 168 |



On 10 August 2012, construction of the Solar Power Project was completed and the subsidiary has commenced the Commercial Operation Date as specified in the Power Purchase Agreement with the Provincial Electricity Authority. The subsidiary therefore recorded receipts from the transfer of all project costs incurred during the construction phase of the Solar Power Project to the solar power plant under the caption of “Property, plant and equipment” in the statement of financial position.

As at 31 December 2013, the subsidiary had vehicles under finance lease agreements with net book values amounting to Baht 16 million (2012: Baht 20 million).

As at 31 December 2013, certain furniture and office equipment items of the subsidiary have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 4 million (2012: Baht 3 million).

Bangkhenchai Company Limited has mortgaged some plots of land and the solar power plant project with a total net book value as at 31 December 2013 of approximately Baht 763 million (2012: Baht 792 million) to the lender as collateral against credit facilities received from the bank.

Bangpa-in Cogeneration Limited has mortgaged land and construction thereon the solar power plant project with a total net book value as at 31 December 2013 of Baht 5,094 million to the lender as collateral against credit facilities received from the bank.

16. Trade and other payables

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------------------|--------------------------------------|---------|----------------------------------|-------|
| | 2013 | 2012 | 2013 | 2012 |
| Trade payables - related parties | 505,454 | 148,015 | - | - |
| Trade payables - unrelated parties | 85,456 | 22,531 | - | - |
| Project payable - related party | 750 | 571 | - | - |
| Project payable - unrelated parties | 9,183 | 163 | - | - |
| Other payables - related parties | 2,820 | 1,496 | 331 | 334 |
| Other payables - unrelated parties | 13,029 | 7,609 | 694 | 3,387 |
| Accrued expenses | 19,180 | 11,407 | 5,468 | 1,190 |
| Accrued finance cost | 38,239 | 13,781 | 348 | 789 |
| Total trade and other payables | 674,111 | 205,573 | 6,841 | 5,700 |

17. Short-term loans from financial institution

During year 2013, the Company drew down loans totaling Baht 583 million. The loans carry interest at the Minimum Loan Rate minus a stipulated margin (MLR - margin) per annum. Repayment is to be made in 16 semi-annual installments, in the amounts stipulated in the loan agreements, with the first installment due in June 2013 and the final installment in December 2020. However, all principle is to be repaid in the event that the Company receives funds from an initial public offering of its shares. Subsequently, on 25 July 2013 the Company made an addendum to the loan agreements with the bank whereby the bank agreed that the Company shall repay the loan with funds from the public offering amounting to approximately Baht 1,914 million, and the remaining balance of the loan amounted to Baht 500 million. This loan carries interests of the Minimum Loan Rate minus a stipulated margin (MLR - margin) and the Minimum Loan Rate (MLR) per annum

and is to be paid in 15 semi-annual installments, in the amounts stipulated in the loan agreements, with the first installment due in December 2013 and the final installment in December 2020. The Company classified the loan as long-term loan from financial institution in the statement of financial position as at 31 December 2013.

The balance as at 31 December 2013 represented loans under the Tranche B Facility of Bangpa-in Cogeneration Limited, as described in Note 18.

18. Long-term loans from financial institutions

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|-------------|----------------------------------|------|
| | 2013 | 2012 | 2013 | 2012 |
| Long-term loans | 24,134,081 | 20,380,520 | 493,824 | - |
| Less: Current portion of long-term loans | (1,713,605) | (1,082,594) | (10,000) | - |
| Long-term loans, net of current portion | 22,420,476 | 19,297,926 | 483,824 | - |

Movement in the long-term loans account during the year are summarised below.

(Unit: Thousand Baht)

| | Consolidated financial statements | Separate financial statements |
|--|--------------------------------------|----------------------------------|
| Balance as at 1 January 2013 | 20,404,937 | - |
| Add: Increase from acquisition of the subsidiary during the year | 3,176,000 | - |
| Addition borrowing during the year | 934,000 | - |
| Classified to long-term loans (Note 17) | 500,000 | 500,000 |
| Unrealised loss on exchange | 352,218 | - |
| Less: Repayment during the period | (1,168,056) | (5,000) |
| | 24,199,099 | 495,000 |
| Less: Deferred loan arrangement fee | (27,426) | (1,176) |
| Deferred interest rate deduction fee | (37,592) | - |
| Balance as at 31 December 2013 | 24,134,081 | 493,824 |

SouthEast Asia Energy Limited

As at 31 December 2013, the balances of loan totaling Baht 18,928 million, the branch of SouthEast Asia Energy Limited and Nam Ngum 2 Power Company Limited entered into long-term loan agreements with a consortium of commercial banks in Thailand to obtain the following 3 credit facilities:

- 1) Tranche A Facility: Baht 15,003 million for use in the payment of project costs.
- 2) Tranche B Facility: USD 180 million for use in the payment of project costs.
- 3) Tranche C Facility: A bank guarantee of USD 25 million provided to guarantee its subsidiary's obligations under the Power Purchase Agreement with the Electricity Generating Authority of Thailand.



The rate of interest under Tranche A Facility is MLR plus a stipulated margin for the Initial Operation Date. Subsequently, the lenders have approved a reduction in the interest rate of the Tranche A Facility to be MLR per annum, effective from April 2012 onwards. On October 2013 the lenders have approved a reduction in the interest rate of the Tranche A Facility to be MLR less a stipulated margin per annum for the three years, effective from November 2013 onwards. The rate for the Tranche B Facility is LIBOR plus a stipulated margin per annum. The principal repayments under Tranche A and B Facilities shall be made semi-annually in 22 installments, in the amounts stipulated in the long-term loan agreements. The first repayment date is the earlier of (a) the last Business Day of the 12th calendar month after the month in which the Initial Operation Date falls and (b) the calendar month falling 72 months after the date of the long-term loan agreement.

Under the long-term loan agreements, those companies are to conform to covenants imposed by the lenders in respect of, among other things, the increase in the registered capital, the maintenance of a certain debt to equity ratio and provision of securities by mortgaging of its immovable properties, the pledge of movable properties located in the Lao People's Democratic Republic, pledges of share certificates of SouthEast Asia Energy Limited and some of share certificates of Nam Ngum 2 Power Company Limited, pledges and assignments of rights in bank accounts, the assignment of beneficiary rights under insurance policies, and the assignment of rights and obligations under the relevant agreements relating to the Nam Ngum 2 Hydroelectric Power Project.

Bangkhenchai Company Limited

As at 31 December 2013, the balances of loan totaling Baht 625 million, Bangkhenchai Company Limited entered into a long-term loan agreement with a local commercial bank granting loan facilities of Baht 703 million. The long-term loan carries interest at the Minimum Loan Rate minus a stipulated margin (MLR - margin) per annum and the lender will reduce the stipulated margin two times, in November 2014 and November 2016. Principal is to be paid in 40 quarterly installments in the amounts stipulated in the long-term loan agreement, with the first payment due on the earlier of (a) 3 months after the Commercial Operation Date and (b) 30 September 2012. As collateral for this loan, that company mortgaged some plots of land and constructions and assigned the rights in bank accounts.

Under the long-term loan agreement, Bangkhenchai Company Limited is to conform to covenants imposed by the lenders in respect of, among other things, the maintenance of a certain debt to equity ratio.

Bangpa-in Cogeneration Limited

As at 31 December 2013, the balance of loans, totaling Baht 4,087 million is loans under agreements made between Bangpa-in Cogeneration Limited and two local commercial banks, granting the following 3 credit facilities:

1) Tranche A Facility is a long-term loan of Baht 4,110 million for use in the payment of project costs. The rate of interest of the Tranche A Facility is the fixed deposit rate plus a stipulated margin per annum, with the lender to reduce the stipulated margin as from the Commercial Operation Date. Principal is to be paid in 26 semi-annually installments in the amounts stipulated in the long-term loan agreement, with the first payment in March 2013. Thereafter, payment is made in June and December of each year, with the final payment in June 2026.

2) Tranche B Facility is short-term working capital loan facilities of Baht 120 million in the form of promissory notes, bank overdrafts and letters of credit. The loan carries interest at the Minimum Overdraft Rate minus a stipulated margin (MOR - margin) per annum.

3) Tranche C Facility is a bank guarantee facility of Baht 803 million provided to guarantee the subsidiary's obligations under the Power Purchase Agreement with the Electricity Generating Authority of Thailand and provide other guarantees.

As collateral for this loan, that company mortgaged some plots of land and constructions thereon and assigned the rights in bank accounts, benefits under insurance policy and commitments under agreements related to the project and others as stipulated in loan agreement.

Under the long-term loan agreements Bangpa-in Cogeneration Limited is to conform to covenants imposed by the lenders in respect of, among other things, the maintenance of a certain debt to equity ratio.

19. Other long-term liabilities - related party

The balance of other long-term liabilities is excess cash which Nam Ngum 2 Power Company Limited received from sales of electricity to EGAT as excess energy under the Nam Ngum 2 Hydroelectric Power Project, and which it is obligated to repay to EGAT in 2022, in accordance with a condition in the Power Purchase Agreement. Nam Ngum 2 Power Company Limited records such long-term liabilities at the present value of the amounts to be repaid, calculated using a discount rate tied to the cost of financing rate of that company, and records gains from the calculation of the present value of long-term liabilities in profit or loss. In addition, the carrying amount of the liabilities increases in each period to reflect the passage of time, with Nam Ngum 2 Power Company Limited recognising this increase as a finance cost.

20. Share capital

On 1 November 2011, the 2011 Annual General Meeting of the shareholders of the Company approved the increase of the registered share capital from Baht 100 million to Baht 9,200 million through the issuance of 910 million ordinary shares with a par value of Baht 10 each, to be offered to the existing shareholders and full payment to be called up in May 2012. The Company received from issuance of ordinary shares amounting to Baht 9,100 million. The Company registered the capital increase with the Ministry of Commerce on 10 May 2012.

On 28 November 2012, the Extraordinary General Meeting of the shareholders of the Company passed a resolution to decrease the registered share capital from Baht 9,200 million to Baht 3,066.7 million, through the cancellation of 613.33 million ordinary shares, leaving 306.67 million ordinary shares. The capital decrease of Baht 6,133.3 million is to be returned to the shareholders in proportion to their shareholding. The Company registered the capital decrease with the Ministry of Commerce on 11 January 2013 and paid the capital to the shareholders on 5 February 2013.

On 4 February 2013, the Extraordinary General Meeting of the Company passed the following resolutions.

a) Approved the increase of the registered share capital from Baht 3,066.7 million to Baht 4,600 million through the issuance of 153.33 million shares with a par value of Baht 10 each, to be offered to the existing shareholders in proportion to their shareholding at a price of Baht 40 per share, resulting in share premium of Baht 4,600 million. The Company received from issuance of ordinary shares amounting to Baht 6,133.3 million on 5 February 2013.

b) Approved the change of the value of its ordinary shares from 460 million shares at Baht 10 each to 920 million shares of Baht 5 each.

c) Approved the increase of its registered capital from Baht 4,600 million to Baht 5,500 million through the issuance of 180 million shares at a par value of Baht 5 each to reserve for the initial public offering.

The Company registered the significant matters described in a) to c) with the Ministry of Commerce in February 2013.



From 10 to 12 July 2013, the Company made a public offering of the 180 million additional shares at a price of Baht 13 per share, or for a total of Baht 2,340 million. On 15 July 2013, the Company received payment of this share capital increment and registered the increase in its paid-up capital with the Ministry of Commerce. The Company incurred expenses relating to the share offering amounting to approximately Baht 73 million, and these expenses were recorded as a deduction against share premium.

On 16 July 2013, the Stock Exchange of Thailand (“SET”) approved the listing of the ordinary shares of the Company.

21. Expenses by nature

Significant expenses by nature are as follow:

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|---------|----------------------|-------|
| | Consolidated | | Seperate | |
| | financial statements | | financial statements | |
| | 2013 | 2012 | 2013 | 2012 |
| Depreciation and amortisation | 1,239,883 | 745,731 | 237 | 15 |
| Fuel costs | 929,332 | - | - | - |
| Operation and maintenance of power plant and transmission systems | 347,768 | 227,595 | - | - |
| Royalty fee | 139,804 | 131,026 | - | - |
| Environment and public consultation | 104,030 | 123,705 | - | - |
| Salary and other employee benefits | 125,622 | 59,435 | 20,602 | 8,251 |
| Director’s benefits | 22,805 | 16,195 | 9,400 | 3,525 |
| Traveling expenses | 36,614 | 8,917 | 2,682 | 228 |
| Consultant expenses | 45,892 | 16,332 | 10,014 | 5,582 |
| Insurance premium | 103,105 | 88,320 | - | - |

22. Income tax

Income tax expense reported in the statement of comprehensive income is current income tax.

As at 31 December 2013 the Company has deductible temporary differences and unused tax losses totaling Baht 208 million (2012: Baht 86 million), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

Corporate income tax of Nam Ngum 2 Power Company Limited will be calculated by multiplying net income by the tax rate as specified in the Concession Agreement for each period commencing from the Initial Operation Date (26 March 2011) to the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project. However, for a period of 5 years from the Initial Operation Date, that company has been granted exemption from the corporate income tax. Therefore, no corporate income tax was payable for the current year.

23. Promotional privileges

Bangkhenchai Company Limited has received promotional privileges from the Board of Investment for generation of electricity from solar power, pursuant to the promotion certificate No. 1089(1)/2555 on 23 January 2012. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted activity commenced generating revenues (10 August 2012).

Bangpa-in Cogeneration Limited has received promotional privileges from the Board of Investment for generation of electricity from Cogeneration power and steam, pursuant to the promotion certificate No. 1565(2)/2554 on 18 May 2012. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted activity commenced generating revenues (23 June 2013).

24. Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year after reflecting the effect of stock split (as discussed in Note 20).

For comparative purposes, prior basic earnings (loss) per share has been re-calculated to reflect the effect of the stock split.

25. Provident fund

The Company and a subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, the subsidiary and their employees all contribute to the fund monthly at the rate of 5 percent of basic salary. The funds, which are managed by TMB Asset Management Company Limited and Kasikorn Asset Management Company Limited (Separate financial statements: TMB Asset Management Company Limited), will be paid to employees upon termination in accordance with the fund rules. During the years 2013 and 2012, the Company and the subsidiary contributed Baht 1.7 million and Baht 0.5 million, respectively (Separate financial statement: Baht 0.7 million and Baht 0.1 million, respectively) to the funds.

26. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as Chairman of the Executive Board. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements.

The Company is principally engaged in investment in other companies, while the subsidiaries' core businesses are the generation and sale of electricity and steam and the operation of secondary businesses, which are the provision of consulting and other services related to power generation projects.

For management purposes, the Company and its subsidiaries are organised into business segments based on the type of power plant and the three reportable segments are (1) generation of electricity from hydroelectric power (2) generation of electricity and steam from solar power and (3) generation of electricity from Cogeneration power. The geographic areas in which these activities are carried on are Thailand (generation of electricity from solar and Cogeneration power) and the Lao People's Democratic Republic (generation of electricity from hydroelectric power), where operations are carried out by Nam Ngum 2 Power Company Limited.

The investment and project management segments were included in other operating segments.

Inter-segment revenues are eliminated on consolidation.



The following tables present revenue and profit (loss) information regarding the Company and its subsidiaries' operating segments for the year ended 31 December 2013 and 2012.

(Unit: Million Baht)

| For the year ended 31 December 2013 | Generation of electricity from hydroelectric power segment | Generation of electricity from solar power segment | Generation of electricity from Cogeneration power segment | Other operation | Total segments | Adjustments and eliminations | Consolidated financial statement |
|---|---|--|--|--------------------|-------------------|------------------------------------|--|
| Revenue | | | | | | | |
| Revenue from external customers | 4,115 | 160 | 1,293 | 44 | 5,612 | - | 5,612 |
| Inter-segment | - | - | - | 39 | 39 | (39) | - |
| Total revenue | 4,115 | 160 | 1,293 | 83 | 5,651 | (39) | 5,612 |
| Depreciation and amortisation | 1,073 | 30 | 113 | 25 | 1,241 | | 1,241 |
| Segment operating profit (loss) | 1,775 | 88 | 106 | (58) | 1,911 | | 1,911 |
| Unallocated income and expenses: | | | | | | | |
| Other income | | | | | | | 18 |
| Share of profit from investments in associated companies | | | | | | | 16 |
| Finance cost | | | | | | | (1,340) |
| Income tax expenses | | | | | | | (2) |
| Profit for the year | | | | | | | 603 |

In 2013, the Company and its subsidiaries had revenues from a group of government agencies amounting to Baht 5,433 million.

(Unit: Million Baht)

| For the year ended 31 December 2012 | Generation of electricity from hydroelectric power segment | Generation of electricity from solar power segment | Other operation | Total segments | Adjustments and eliminations | Consolidated financial statement |
|---|---|--|--------------------|-------------------|------------------------------------|--|
| Revenue | | | | | | |
| Revenue from external customers | 2,448 | 65 | 30 | 2,543 | - | 2,543 |
| Inter-segment | - | - | 24 | 24 | (24) | - |
| Total revenue | 2,448 | 65 | 54 | 2,567 | (24) | 2,543 |
| Depreciation and amortisation | 720 | 12 | 19 | 751 | | 751 |
| Segment operating profit (loss) | 913 | 35 | (12) | 936 | | 936 |
| Unallocated income and expenses: | | | | | | |
| Other income | | | | | | 5 |
| Share of profit from investments in associated companies | | | | | | 108 |
| Finance cost | | | | | | (935) |
| Income tax expenses | | | | | | (2) |
| Profit for the year | | | | | | 112 |

In 2012, the Company and its subsidiaries had revenues from a group of government agencies amounting to Baht 2,512 million.

Non-current assets of the Company and its subsidiaries by segment as at 31 December 2013 and 2012 are as follows.

(Unit: Million Baht)

| | Generation of electricity from hydroelectric power segment | Generation of electricity from solar power segment | Generation of electricity from Cogeneration power segment | Other operation | Consolidated financial statement |
|----------------------------|---|--|--|--------------------|--|
| Non-current assets* | | | | | |
| As at 31 December 2013 | 39,672 | 1,054 | 5,969 | 3,786 | 50,481 |
| As at 31 December 2012 | 41,086 | 1,112 | - | 1,067 | 43,265 |

* Other than financial instruments, deferred tax assets, net defined benefit assets and rights arising under insurance contracts.

27. Commitments and contingent liabilities

27.1 Capital commitments

As at 31 December 2013, the Company and the subsidiary have capital commitments in respect of the following agreements.

- Consultancy and other service agreements for the Nam Bak Hydroelectric Power Project, totaling Baht 10.0 million (2012: Baht 8.2 million).
- Administration and coordination contracts for the Nam Bak Hydroelectric Power Project with the related company, amounting to Baht 0.25 million per month (2012: Baht 0.25 million per month).
- Consultancy and other service agreements, amounting to Baht 0.2 million and purchases of equipment for a Cogeneration power project, amounting to Baht 0.4 million.

27.2 Operating lease and other commitments

As at 31 December 2013, the Company and its subsidiaries have commitments in respect of the following operating lease and other agreements as well as other commitments:

- The Company has service commitments amounting to approximately Baht 0.3 million per month (2012: Baht 9.0 million and Baht 0.1 million per month in respect of financial consultancy and other service agreements).
- The Company has commitments in respect of its undertakings to provide financial support to three subsidiaries and two associated companies, as stipulated in the conditions in the agreements (as discussed in Note 10 and 11).
- The subsidiaries have commitments in respect of agreements leasing motor vehicles with leasing companies for a period of the 5 years.

As at 31 December 2013, future minimum lease payments required under these operating leases contracts were as follows.

(Unit: Million Baht)

| As at 31 December | |
|-------------------|------|
| 2013 | 2012 |
| 2.8 | - |
| 10.1 | - |

Payable:

In up to 1 year

In over 1 and up to 5 years

d) The Company and its subsidiaries have commitments in respect of an agreement leasing the location of the office and other service agreements with a major shareholder and car leasing agreements. The terms of the agreement are 3 to 5 years.

As at 31 December 2013, future minimum lease payments under these operating leases contracts were as follows.

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------|--------------------------------------|------|----------------------------------|------|
| | 2013 | 2012 | 2013 | 2012 |
| Payable: | | | | |
| In up to 1 year | 7.5 | 1.7 | 3.1 | - |
| In over 1 and up to 5 years | 13.8 | - | 8.7 | - |

e) The subsidiary has commitments in respect of an agreement leasing the location of its office in the Lao People's Democratic Republic. The term of the agreement is 25 years.

As at 31 December 2013, future minimum lease payments required under this operating leases contract were as follows.

(Unit: Thousand USD)

| | As at 31 December | |
|-----------------------------|-------------------|------|
| | 2013 | 2012 |
| Payable: | | |
| In up to 1 year | 51 | 51 |
| In over 1 and up to 5 years | 212 | 209 |
| In over 5 years | 933 | 987 |

f) The subsidiary has commitments in respect of an agreement leasing land for locating gas pipelines with the State Railway of Thailand and agreement leasing land with a related company for a period of 3 years.

As at 31 December 2013, future minimum lease payments under these operating leases contracts were as follows.

(Unit: Million Baht)

| | As at 31 December | |
|-----------------|-------------------|------|
| | 2013 | 2012 |
| Payable: | | |
| In up to 1 year | 5.0 | - |

g) The subsidiary has commitments amounting to approximately Baht 0.8 million per month in respect of other service contracts and advisors (2012: Baht 0.4 million per month).

h) The subsidiary has commitments totaling CHF 0.3 million, Baht 164.5 million and Baht 1.7 million per month in respect of consultancy and other service agreements for the Nam Ngum 2 Hydroelectric Power Project (2012: CHF 0.1 million, Baht 268 million and Baht 0.2 million per month).

i) The subsidiary has commitment in respect of the Agreement on Operation and Maintenance of Dam and Powerhouse for Nam Ngum 2 Hydroelectric Power Project with a related company, amounting to approximately Baht 10.17 million per month for the period from January 2013 to the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project, with the service fee to increase on an annual basis at the rate specified in the agreement.

j) The subsidiary has commitment in respect of the Agreement on Operation and Maintenance of Transmission Systems for Nam Ngum 2 Hydroelectric Power Project with a related company, amounting to approximately USD 0.05 million per month for the period from July 2012 to the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project, with the service fee to increase on an annual basis at the rate specified in the agreement.

k) The subsidiary has commitment amounting to approximately Baht 25 million per year in respect of the Service Agreement with a related company, for consultancy services relating to operation and maintenance of the Nam Ngum 2 Hydroelectric Power Plant.

l) The subsidiary has commitment to pay royalty fees to the Government of the Lao People's Democratic Republic commencing from the Initial Operation Date to the end of the concession period, which will be calculated by multiplying revenue from sales of electricity by the royalty rate for each period as specified under the Concession Agreement.

m) The subsidiary has commitment totaling approximately Baht 349.1 million in respect of the Agreements on Major Maintenance Services and Transmission System Maintenance Services for the Nam Ngum 2 Hydroelectric Power Plant with related parties (2012: Baht 413.8 million)

n) The subsidiary has commitment in respect of the Agreement on Operation and Maintenance of the Solar Power Plant Project, amounting to approximately Baht 11.7 million (2012: Baht 2.1 million).

o) The subsidiary has commitment in respect of the Service Agreement and Maintenance of the Solar Power Plant, amounting to approximately Baht 1.1 million (2012: Baht 1.3 million).

p) The subsidiary has commitment in respect of the Agreement concerning maintenance of the Cogeneration power plant with a company, amounting to approximately USD 0.7 million and has commitment for the quarterly service fee amounting to USD 0.6 million per quarter for the period from the first quarter of 2014 to the second quarter of 2026, with the service fee to increase on an annual basis at the rate specified in the agreement.

q) The subsidiary has a commitment in respect of an agreement to purchase natural gas from PTT Public Company Limited in a specified quantity and at a stipulated price as defined in the agreement for a period of 25 years. The agreement will expire in May 2038.

r) The subsidiary has a commitment in respect of an agreement with a related company to purchase treated water in a specified quantity and at a stipulated price as defined in the agreement for a period of one year, renewable for an additional period of one year from 16 February 2012

27.3 Bank guarantees

As at 31 December 2013, there were outstanding bank guarantees of USD 22.5 million (2012: USD 22.5 million) issued by banks on behalf of the subsidiary in respect of the guarantee required under the Power Purchase Agreement with the Electricity Generating Authority of Thailand and Baht 306.1 million in respect of the guarantee required under the Power Purchase Agreement, the filing for sales of electricity of small power producer, the land lease for the gas pipeline and permission for electricity use from the Provincial Electricity Authority.

28. Financial instruments

28.1 Financial risk management

The Company's and the subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments,



trade and other receivable, restricted bank deposits, trade and other payables, short-term loan, long-term loans and other long-term liabilities - related party. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

Credit risk is the potential for a financial loss as a result of the failure of a customer or counterparty to settle its financial and contractual obligations to the Company or the subsidiaries as and when they fall due.

The Company had no concentrations of credit risk because the Company has no commercial transactions.

The subsidiaries had no significant concentrations of credit risk with any single counterparty or group of counterparties, as the subsidiaries have only two major trade account receivables which are the Electricity Generating Authority of Thailand and Provincial Electricity Authority. The Power Purchase Agreements between the EGAT and Nam Ngum 2 Power Company Limited and Bangpa-in Cogeneration Limited and that between the PEA and Bangkhengchai Company Limited, which are a long-term agreement. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

Interest rate risk

Interest rate risk is the risk that future fluctuations in market interest rates will affect the operating results and cash flows of the Company and the subsidiaries.

The Company's and the subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, short-term loan and long-term borrowings. However, since most of the Company's and the subsidiaries' financial assets and liabilities bear floating interest rates, the interest rate risk is expected to be minimal. Trade and other receivables and trade and other payables, which are financial assets and financial liabilities, are non-interest bearing since they are short-term in nature and arose in the ordinary course of business.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the earlier of (a) maturity date and (b) the repricing date.

(Unit: Million Baht)

| | Consolidated financial statements | | | | | | |
|-------------------------------------|-----------------------------------|-------------|--------------|------------------------|----------------------|-------|-------------------------|
| | 31 December 2013 | | | | | | |
| | Fixed interest rates | | | Floating interest rate | Non-interest bearing | Total | Effective interest rate |
| | Within 1 year | 1 - 5 years | Over 5 years | | | | |
| | | | | | | | (% per annum) |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 479 | - | - | 1,306 | 6 | 1,791 | 0.10 to 3.25 |
| Short-term restricted bank deposits | - | - | - | 465 | - | 465 | 0.10 to 0.63 |
| Current investments | 54 | - | - | - | 10 | 64 | 2.63 |
| Trade and other receivables | - | - | - | - | 1,002 | 1,002 | |
| Long-term restricted bank deposits | - | - | - | 1,361 | - | 1,361 | 0.10 to 0.63 |
| | 533 | - | - | 3,132 | 1,018 | 4,683 | |

(Unit: Million Baht)

| | Consolidated financial statements | | | | | | |
|---|-----------------------------------|----------------|-----------------|---------------------------|-------------------------|--------|--|
| | 31 December 2013 | | | | | | |
| | Fixed interest rates | | | Floating interest rate | Non-interest bearing | Total | Effective interest rate |
| | Within 1 year | 1 - 5 years | Over 5 years | | | | |
| Financial liabilities | | | | | | | (% per annum) |
| Trade and other payables | - | - | - | - | 674 | 674 | |
| Short-term loans from financial institution | - | - | - | 60 | - | 60 | MOR - 1 |
| Long-term loans from financial institutions | - | - | - | 24,134 | - | 24,134 | MLR - 1.75, MLR - 2, MLR, MLR - margin, LIBOR + margin, FDR 6 Months + 2.75 and THBFIX 1 Month + 2.3 |
| Other long-term liabilities - related party (Note 19) | - | - | - | - | 123 | 123 | |
| | - | - | - | 24,194 | 797 | 24,991 | |

(Unit: Million Baht)

| | Consolidated financial statements | | | | | | |
|-------------------------------------|-----------------------------------|-------|---------|---------------------------|-------------------------|-------|----------------------------|
| | 31 December 2012 | | | | | | |
| | Fixed interest rates | | | Floating interest rate | Non-interest bearing | Total | Effective interest rate |
| | Within | 1 - 5 | Over | | | | |
| | 1 year | years | 5 years | | | | |
| | | | | | | | (% per annum) |
| Financial assets | | | | | | | |
| Cash and cash equivalents | - | - | - | 567 | 6 | 573 | 0.10 to 0.75 |
| Short-term restricted bank deposits | - | - | - | 295 | - | 295 | 0.10 to 0.75 |
| Current investments | 20 | - | - | - | - | 20 | 2.25 to 2.70 |
| Trade and other receivables | - | - | - | - | 953 | 953 | |
| Long-term restricted bank deposits | - | - | - | 1,246 | - | 1,246 | 0.10 to 0.75 |
| | 20 | - | - | 2,108 | 959 | 3,087 | |



(Unit: Million Baht)

| | Consolidated financial statements | | | | | | |
|--|-----------------------------------|----------------|-----------------|---------------------------|-------------------------|--------|--|
| | 31 December 2012 | | | | | | |
| | Fixed interest rates | | | Floating interest rate | Non-interest bearing | Total | Effective interest rate |
| | Within 1 year | 1 - 5 years | Over 5 years | | | | |
| Financial liabilities | | | | | | | (% per annum) |
| Trade and other payables | - | - | - | - | 206 | 206 | |
| Short-term loans from financial institution | - | - | - | 1,829 | - | 1,829 | MLR - 1.75 |
| Long-term loans from related companies and accrued interests | - | - | - | 342 | - | 342 | MLR + 1 |
| Long-term loans from financial institutions | - | - | - | 20,381 | - | 20,381 | MLR, MLR + 0.5, MLR - 2 and LIBOR + 2.5 |
| Other long-term liabilities - related party (Note 19) | - | - | - | - | 93 | 93 | |
| | - | - | - | 22,552 | 299 | 22,851 | |

(Unit: Million Baht)

| | Separate financial statements | | | | | | |
|--|-------------------------------|----------------|-----------------|---------------------------|-------------------------|-------|----------------------------|
| | 31 December 2013 | | | | | | |
| | Fixed interest rates | | | Floating interest rate | Non-interest bearing | Total | Effective interest rate |
| | Within 1 year | 1 - 5 years | Over 5 years | | | | |
| Financial assets | | | | | | | (% per annum) |
| Cash and cash equivalents | 479 | - | - | 12 | - | 491 | 0.50 to 3.25 |
| Current investments | - | - | - | - | 10 | 10 | |
| Trade and other receivables | - | - | - | - | 3 | 3 | |
| | 479 | - | - | 12 | 13 | 504 | |
| Financial liabilities | | | | | | | |
| Trade and other payables | - | - | - | - | 7 | 7 | |
| Long-term loans from financial institution | - | - | - | 494 | - | 494 | MLR - 1.75 |
| | - | - | - | 494 | 7 | 501 | |

(Unit: Million Baht)

| | Separate financial statements | | | | | | |
|---|-------------------------------|----------------|-----------------|---------------------------|-------------------------|-------|----------------------------|
| | 31 December 2012 | | | | | | |
| | Fixed interest rates | | | Floating interest rate | Non-interest bearing | Total | Effective interest rate |
| | Within 1 year | 1 - 5 years | Over 5 years | | | | |
| Financial assets | | | | | | | (% per annum) |
| Cash and cash equivalents | - | - | - | 25 | - | 25 | 0.63 to 0.75 |
| Current investments | 20 | - | - | - | - | 20 | 2.25 to 2.70 |
| | 20 | - | - | 25 | - | 45 | |
| Financial liabilities | | | | | | | |
| Trade and other payables | - | - | - | - | 6 | 6 | |
| Short-term loans from financial institution | - | - | - | 1,829 | - | 1,829 | MLR - 1.75 |
| | - | - | - | 1,829 | 6 | 1,835 | |

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company had no foreign currency risk because the Company has no transactions in foreign currency.

The subsidiary's exposure to foreign currency risk arose mainly from some of its sales of electricity, costs of sales of electricity and borrowings, which are denominated in foreign currencies.

As at 31 December 2013, the balances of financial assets and liabilities denominated in foreign currencies of the subsidiary are summarised below.

| Foreign currency | Consolidated financial statements | | | | | |
|------------------|-----------------------------------|-----------|-----------------------|-----------|--|---------|
| | Financial assets | | Financial liabilities | | Average exchange rate as at 31 December | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | (Million) | (Million) | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| | | | | | | |
| US Dollar | 36.7 | 34.4 | 166.9 | 173.9 | 32.9494 | 30.7775 |
| CHF | - | - | 0.2 | 0.1 | 36.9930 | 33.8519 |

As at 31 December 2013 and 2012, the subsidiary did not utilise any contracts to hedge foreign exchange rate risk.

However, since the subsidiary has foreign currency risk exposure as a result of some of its sales of electricity being made in USD currency, the subsidiary has structured its financing so that a portion of its loans from financial institutions are denominated in USD, to match forecasted revenue from sales of electricity.

In July 2013, the subsidiary applied cash flow hedge accounting in order to hedge the foreign exchange exposure on a certain portion of its revenue from sales of electricity in USD currency, which are designated as the hedged item and



long-term loans in USD with an outstanding balance of USD 163.8 million as at 31 December 2013, are the hedging instrument.

As at 31 December 2013, the subsidiary recognised an unrealised loss of Baht 275 million from changes in the fair value of the long-term loans in USD used for cash flow hedging, in other comprehensive income.

28.2 Fair values of financial instruments

Since the majority of the Company's and the subsidiaries' financial assets and liabilities are short-term in nature, consisting of trade and other payables, short-term loan and loans from related companies, while restricted bank deposits and long-term loans from financial institutions bear interests at rates close to market rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position. In addition, the subsidiary recorded other long-term liabilities - related party at fair value (as discussed in note 19).

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

29. Capital management

The primary objectives of the Company and the subsidiaries' capital management are to ensure that they have an appropriate capital structure, as stipulated in the long-term loans agreements made between the financial institutions and the subsidiaries, and to preserve their ability to continue their businesses as a going concern.

30. Events after the reporting period

On 27 February 2014, a meeting of the Company's Board of Directors passed resolutions approving the transfer of share premium to offset the Company's deficit. The resolution will be proposed for approval by the Annual General Meeting of the Company's shareholders.

31. Reclassification

The Company has made the following reclassifications in order to separately present assets of the hydroelectric power project under concession agreement as a separate item in the statement of financial position. The reclassifications had no effect to previously reported profit or shareholders' equity.

| (Unit: Thousand Baht) | | |
|--|-----------------|----------------------|
| Consolidated financial statements | | |
| As at 31 December 2012 | | |
| | As reclassified | As previously report |
| Propety, plant and equipment | 918,681 | 28,444,532 |
| Assets of hydroelectric power project under concession agreement | 27,525,851 | - |

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2014.

Abbreviation List

| | |
|---|---|
| The Company or CKP | : CK Power Public Company Limited |
| CK or CH.Karnchang PLC. | : CH. Karnchang Public Company Limited |
| SEAN | : SouthEast Asia Enery Limited |
| NN2 | : Nam Ngum 2 Power Limited |
| CKL | : CH.Karnchang Lao Company Limited |
| BKC | : Bangkhenchai Company Limited |
| NRS | : Nakhon Ratchasima Solar Company Limited |
| BIC | : Bangpa-in Cogeneration Company Limited |
| CRS | : Chiangrai Solar Company Limited |
| BECL | : Bangkok Expressway Public Company Limited |
| TTW | : Thai Tap Water Supply Public Company Limited |
| PTT | : PTT Public Company Limited |
| GPSC | : Global Power Synergy Company Limited |
| EGAT | : Electricity Generating Authority of Thailand |
| PEA | : Provincial Electricity Authority |
| Laos PDR | : Lao People's Democratic Republic |
| Ratch-Lao | : Ratch-Lao Services Company Limited |
| EDL | : Electricite du Loas |
| EDL-Gen | : EDL Generation Public Company Limited |
| SEC | : The Securities and Exchange Commission |
| SET | : The Stock Exchange of Thailand |
| IOD | : Initial Operation Date |
| COD | : Commercial Operation Date |
| Dollars (\$) | : US.Dollars |
| Energy Unit | : Kilowatt-hour (kWh, kW h or kWh) |
| BIC-1 | : Bangpa-in Cogeneration Project 1 |
| BIC-2 | : Bangpa-in Cogeneration Project 2 |
| SPP | : Small Power Plant |
| VSPP | : Very Small Power Plant |
| Notification on Connected Transactions | : The Securities and Exchange Act of 1992 (SEA), and its amendments. And the Notification of the Stock Exchange of Thailand regarding the Connected Transactions and amendments. Including any rules relating to the connected transaction of The Listed Company. |
| Notification on Acquisition and Disposition | : The Securities and Exchange Act of 1992 (SEA), and its amendments. And the Notification of the Capital Market regarding the rules and procedures of the transaction deemed a tender offer and the transaction of acquisition or disposition of assets. Including any rules relating to the acquisition and disposition of assets of The Listed Company. |





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