

- TRANSLATION -

The English Translation of the Independent Financial Advisor's Opinion has been prepared solely for the convenience of foreign shareholders of CK Power Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

No. 030/2015

Date: March 16, 2015

Subject: Opinion of the Independent Financial Advisor Concerning Asset Acquisition and Connected Transaction of CK Power PCL.

To: Shareholders
CK Power PCL.

Attachments: 1) Business overview and operating performance of Xayaburi Power Co., Ltd.
2) Business overview and operating performance of CH. Karnchang PCL.
Business overview and operating performance of CK Power PCL. is presented in Section 2, Clause 4), of the Information Memorandum of CK Power PCL. regarding Asset Acquisition and Connected Transaction and the 2014 Annual Report of the Company, enclosed with the notice of the shareholders' meeting.

References: 1) Resolutions of the Board of Directors' Meeting of CK Power PCL. No. 1/2015, held on January 21, 2015
2) Information Memorandum of CK Power PCL. Re: Asset Acquisition and Connected Transaction, dated January 21, 2015
3) Annual registration statement (Form 56-1) of CK Power PCL. for the period ended December 31, 2014
4) Audited financial statements of CK Power PCL. for the years ended December 31, 2012-2014
5) Audited financial statements of Xayaburi Power Co., Ltd. for the years ended December 31, 2012-2014
6) Legal Due Diligence Report of Xayaburi Power Co., Ltd. prepared by Baker & McKenzie Ltd., dated January 21, 2015
7) Certificate of Registration, Memorandum of Association, and other information and documents, including interviews with the management and relevant staff of CK Power PCL. and Xayaburi Power Co., Ltd.

Disclaimers: 1) The study results of Capital Advantage Co., Ltd. ("CapAd" or "Independent Financial Advisor" or "IFA") in this report were based on information and assumptions provided by the management of CK Power PCL. and Xayaburi Power Co., Ltd. and the information of the Company disclosed to the public on the websites of the Securities and Exchange Commission (www.sec.or.th) and the Stock Exchange of Thailand (www.set.or.th).
2) CapAd shall not be responsible for profits or losses and any impacts resulting from this transaction.
3) CapAd conducted the study with knowledge, skills and carefulness and on the basis of professional ethics.
4) CapAd has considered and provided opinion based on the situation and information at the present time. If such situation and information have changed significantly, the study results in this report may be affected.

The Board of Directors' Meeting of CK Power PCL. (the "Company" or "CKP") No. 1/2015, held on January 21, 2015, resolved to propose to the meeting of shareholders to consider and approve the acquisition of shares in Xayaburi Power Co., Ltd. ("XPCL") for 30% of its registered capital, amounting to 805,830,000 shares or approximately Baht 4,344 million, from CH. Karnchang PCL. ("CK") and the increase in XPCL's registered capital in proportion to the shareholding until the

construction of XPCL's Xayaburi hydropower project (the "Project") is completed, totaling approximately Baht 5,512 million, including the assuming of CK's existing obligations to the financial institution creditors of XPCL¹.

The acquisition of shares in XPCL and the capital increase in XPCL in proportion to the shareholding until completion of the construction of the Project are deemed as an acquisition of assets pursuant to Notification of the Capital Market Supervisory Board No. Tor.Jor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547 and as amended ("Acquisition or Disposition Notifications"). The highest size of the transaction is equal to 37.34%², on the net tangible assets basis, according to the Company's consolidated financial statements ended September 30, 2014. The transaction is therefore deemed as an acquisition of assets, type 2, pursuant to the Acquisition or Disposition Notifications, as classified by the transaction size equal to 15% or higher but less than 50%. Accordingly, the Company has the responsibility to disclose the information regarding such transaction to the Stock Exchange of Thailand ("SET") and to send the information memorandum to the shareholders of the Company within 21 days from the date of such disclosure to the SET. In this regard, the Company has submitted the information memorandum on the asset acquisition transaction to the shareholders of the Company together with the notice of the 2015 Annual General Meeting of Shareholders.

However, as regards the assuming of CK's existing obligations to the financial institution creditors of XPCL, it remains uncertain as to whether the Company will have to pay for the capital increase on behalf of other shareholders as well as when and how much the Company will have to provide financial support. Therefore, these contingent obligations have not been incorporated into the calculation of the transaction size of the acquisition of assets. The Company will submit this obligations for approval from the Board of Directors' meeting and/or the shareholders' meeting (as the case may be, depending on the transaction size) when it becomes certain that the Company is required to comply with the said obligations.

In addition, the acquisition of shares in XPCL is considered as a connected transaction³ pursuant to the Notification of the Capital Market Supervisory Board No. Tor.Jor. 21/2551 Re: Rules on Connected Transactions and the Notification of the SET's Board of Governors Re: Disclosure of Information and Other Acts of Listed Companies on Connected Transactions B.E. 2546 ("Connected Transaction Notifications"). This is because CK is the Company's major shareholder, holding a total of 328,600,000 shares in the Company representing 29.87% of the Company's registered and paid-up capital as at December 22, 2014, and the Company and CK have some common directors. In this regard, the size of such connected transaction is equal to 68.13%⁴ of net tangible assets ("NTA") of the Company and its subsidiaries as of September 30, 2014, which exceeds 3% of NTA of the Company and its subsidiaries. Therefore, the Company is required to disclose the information regarding such transaction to the SET and propose the transaction to the shareholders' meeting for approval, with a required affirmative vote of not less than three-fourths of the total number of votes of shareholders attending the meeting and having the rights to vote, excluding the vote of the shareholders having the conflict of interest.

¹ The existing obligations of CK to XPCL's financial institution creditors consist of (1) payment for capital increase on behalf of Electricity du Laos ("EdL") and PT Sole Co., Ltd. ("PT") in the case that these shareholders are unable to make equity contribution to XPCL pursuant to the Equity Contribution Agreement in the total amount up to approximately Baht 4,594 million (calculated based on the assumption that these two shareholders of XPCL are unable to contribute the base equity since June 2015 and unable to contribute the standby equity as per the conditions specified in the loan agreement); and (2) provision of financial support in the form of loan from shareholders in case of cost overrun pursuant to the Sponsor Support Agreement in the total amount up to approximately Baht 11,506 million, thereby making up total obligations in the highest possible amount of approximately Baht 16,100 million.

² The transaction size will become 37.94% if calculate based on the Company's consolidated financial statements ended December 31, 2014.

For the transaction proposed to this shareholders' meeting, the Company has not factored the said obligations of CK to the financial institution creditors of XPCL into the calculation of transaction size. By aggregating such obligations in the highest possible amount of approximately Baht 16,100 million, the transaction size will become 57.18% if calculate based on the Company's consolidated financial statements ended September 30, 2014 and will be equal to 58.10% if calculate based on the Company's consolidated financial statements ended December 31, 2014.

³ CK is a connected person of CKP, but CKP is not a connected person of CK according to the definitions specified in the Connected Transaction Notifications.

⁴ The transaction size will become 65.78% if based on the Company's consolidated financial statements ended December 31, 2014.

In this regard, the acquisition of shares in XPCL is not considered a purchase or acceptance of the transfer of business from other companies by the Company under Section 107(2) (b) of the Public Limited Companies Act B.E. 2535.

The Company has appointed Capital Advantage Co., Ltd. as an independent financial advisor ("CapAd" or "Independent Financial Advisor" or "IFA") to provide opinion to the shareholders concerning reasonableness and fairness of price and conditions for the said asset acquisition transaction and connected transaction.

CapAd has studied details of the Information Memorandum on Asset Acquisition and Connected Transaction of the Company, information obtained from interviews with executives and the management of the Company and XPCL, and documents received from the Company and XPCL such as financial statements, financial projection, documents relating to the transaction, information disclosed to the public, information disclosed on websites of the SET and the Office of the Securities and Exchange Commission ("SEC"), and financial information available from various websites as a basis for expressing our opinion on such transaction. CapAd does not certify or warrant the accuracy or completeness of all information provided for us by the Company, XPCL and/or executives and/or the management of the Company and XPCL.

The opinion of CapAd in this report is based on the assumption that all the information and documents received are accurate and complete, and reflects the operating environment and most up-to-date information at the time of issuance of this report. However, there may be an incident having a material impact on XPCL's business operations and plans, as well as decision of the shareholders on the asset acquisition and connected transaction.

In providing opinion for the shareholders, we take into account the reasonableness, price and conditions for the transaction together with all relevant factors. We have considered such information thoroughly and reasonably according to the professional standards.

The attachments to this report are deemed as part of this opinion report and are the information that the shareholders should consider jointly with this report.

After considering and studying all information on the asset acquisition and connected transaction, CapAd would like to summarize the study results as follows:

Abbreviation	
The "Company" or "CKP"	CK Power PCL.
"CK"	CH. Karnchang PCL.
"XPCL"	Xayaburi Power Co., Ltd.
"SEAN"	SouthEast Asia Energy Ltd.
"NN2"	Nam Ngum 2 Power Co., Ltd.
"BIC"	Bangpa-in Cogeneration Co., Ltd.
"CRS"	Chiangrai Solar Co., Ltd.
"NRS"	Nakhon Ratchasima Solar Co., Ltd.
"BKC"	Bangkhenchai Co., Ltd.
The "Project"	Xayaburi hydropower project
"HPP"	Hydropower project
"AGM"	Annual General Meeting of Shareholders 2015 of the Company, to be held on April 9, 2015
"Warrant" or "CKP-W1"	Warrants representing rights to purchase ordinary shares of CK Power PCL., No. 1
"EGAT"	Electricity Generating Authority of Thailand
"Lao PDR"	The Lao People's Democratic Republic
"GOL"	The Government of Lao PDR
"EdL"	Electricity du Laos
"kWh," "MWh" and "GWh"	Kilowatt hours, Megawatt hours, and Gigawatt hours, respectively
Build-Owned-Operate-Transfer ("BOOT")	A project under the concession agreement between the Government of Lao PDR and XPCL, whereby XPCL is a concessionaire who will invest in, construct, own and operate the project and, upon the end of the concession period, will transfer the ownership of all relevant properties to the Government of Lao PDR
"CapAd" or "Independent Financial Advisor" or "IFA"	Capital Advantage Co., Ltd.
"SEC"	Office of the Securities and Exchange Commission
"SET"	The Stock Exchange of Thailand
"Acquisition or Disposition Notifications"	Notification of the Capital Market Supervisory Board No. Tor.Jor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547 and as amended
"Connected Transaction Notifications"	Notification of the Capital Market Supervisory Board No. Tor.Jor. 21/2551 Re: Rules on Connected Transactions and Notification of the SET Board of Governors Re: Disclosure of Information and Other Acts of Listed Companies on Connected Transactions B.E. 2546 and as amended
"NTA"	Net tangible assets
"WACC"	Weighted average cost of capital
"GPSC"	Global Power Synergy PCL.
"PTT"	PTT PCL.
"PTTGC"	PTT Global Chemical PCL.
"PT"	P.T. Sole Co., Ltd.

Executive Summary

The Board of Directors' Meeting of CK Power PCL. (the "Company" or "CKP") No. 1/2015, held on January 21, 2015, resolved to propose to the meeting of shareholders to consider and approve the acquisition of shares in Xayaburi Power Co., Ltd. ("XPCL") for 30% of its registered capital, amounting to 805,830,000 shares or approximately Baht 4,344 million, from CH. Karnchang PCL. ("CK") and the increase in XPCL's registered capital in proportion to the shareholding until the construction of XPCL's Xayaburi hydropower project (the "Project") is completed, totaling approximately Baht 5,512 million, including the assuming of CK's existing obligations to the financial institution creditors of XPCL, highest possible amount totaling approximately Baht 16,100 million.

The acquisition of shares in XPCL and the capital increase in XPCL in proportion to the shareholding until completion of the construction of the Project are deemed as an acquisition of assets, with the highest size of the transaction equal to 37.34%⁵ based on the net tangible assets ("NTA") of the Company and its subsidiaries as of September 30, 2014. It is also considered as a connected transaction because CK is the Company's major shareholder, and the Company and CK have some common directors. In this regard, the size of such connected transaction is equal to 68.13%⁶ of NTA of the Company and its subsidiaries as of September 30, 2014, which exceeds 3% of NTA of the Company and its subsidiaries. Therefore, the Company is required to disclose the information regarding such transaction to the SET and propose the transaction to the shareholders' meeting for approval, with a required affirmative vote of not less than three-fourths of the total number of votes of shareholders attending the meeting and having the rights to vote, excluding the vote of the shareholders having the conflict of interest.

In this respect, Capital Advantage Co., Ltd. ("CapAd" or "Independent Financial Advisor" or "IFA"), as an independent financial advisor appointed by the Company, has considered the objectives and necessity of the transaction, including the advantages, disadvantages, benefits, and risks, as follows:

The acquisition of shares in XPCL and the capital increase in XPCL in proportion to the shareholding until completion of the construction of the Project are an investment in accordance with business operation policy of the Company to be the main investor of the electricity production and distribution business of CK Group. It is also in line with the future investment plan, adopted by the Company since its inception, to invest in a venture only after the project risk has been reduced and the project has stabilized to a certain extent. The advantages and benefits from such asset acquisition and connected transaction are as follows: (1) conformity with business operation policy of the Company and creation of value added; (2) an opportunity from investment in XPCL for the Company to increase return from investment; (3) increase the Company's revenues and business potential in the long term; (4) growth in the Company's assets and shareholders' equity; (5) solid financial status of other shareholders of XPCL, which helps to enhance strength and confidence in XPCL's shareholding structure; (6) elimination of a conflict of interest with CK; and (7) an opportunity of personnel development for large-scale project operation. Nonetheless, the transaction still involves some disadvantages and risks as follows: (1) EPS dilution effect on the Company's existing shareholders in the initial period; (2) price dilution effect caused by capital increase via rights offering to existing shareholders; (3) large fund requirement of around Baht 5,512 million for investment in Xayaburi hydropower project development and risk from the exercise of CKP-W1; (4) risk from unable to fulfill the conditions for entering into the transaction with respect to receipt of sufficient proceeds from the rights offering to fully cover the acquisition of shares in XPCL; (5) risk associated with the Company's shareholding in XPCL for less than 75%; (6) risk and impact on the Company from Xayaburi hydropower project unable to be completed and start commercial operation as scheduled and risk from cost overrun; (7) risk from equity contribution to XPCL for Electricity du Laos ("EdL") and P.T. Sole Co., Ltd. ("PT") pursuant to the Equity Contribution Agreement; (8) risk and impact on XPCL from the fluctuation of Mekong water volume which could affect electricity production for supply to EGAT and EdL according to the power purchase agreement; (9) risk from natural disasters which will affect the dam structure and power production equipment; (10) risk associated with cost control in project management in the future; (11) risk from floating interest rates; (12) risk from exchange rate fluctuation; (13) risk from opposition to project construction; and (14) loss of investment opportunity in other projects.

In view of the objective and necessity of the transaction together with the advantages, disadvantages, benefits and risk factors, we are of the opinion that the transaction will provide greater

⁵ Please see Footnote 1 and 2.

⁶ Please see Footnote 4.

benefit and business opportunity for the Company. The Company is aware of those risks and has already prepared and devised plans to cope with such risks. Risks concerned with EPS and price dilution effects on the shareholders are only short-term. Rather, the transaction will allow the Company to increase its revenues and business potential in the long-term. Therefore, **the asset acquisition and connected transaction is considered reasonable.**

In determining fairness of price and conditions for the asset acquisition and connected transaction, CapAd is of the opinion that the most appropriate approach to value XPCL's shares is the Discounted Cash Flow Approach due to it reflects future profitability of XPCL under current circumstance. Conclusively, the fair value of XPCL's firm value is Baht 15,119.03 - 16,938.21 million (100%), or firm value at 30% is **Baht 4,535.71 – 5,081.46 million (30%)**, which is higher than the acquisition price of 30% of XPCL's shares at Baht 4,344 million by Baht 191.71 – 737.46 million or 4.41 – 16.98% higher than the acquisition price. **Hence, the acquisition price of 30% of XPCL's shares at Baht 4,344 million is appropriate** due to it is lower than the fair value of XPCL's shares.

Taking into account the reasonableness and fairness of the transaction price, CapAd recommends that **the shareholders should approve the asset acquisition and connected transaction.**

Shareholders should carefully study all documents and information attached to the notice to this shareholders' meeting, for the sake of their own decision making. Decision whether to approve the asset acquisition and connected transaction or not rests primarily and to the sole discretion of the shareholders.

CapAd, as the Independent Financial Advisor, hereby certifies that it has provided the above opinion cautiously in accordance with professional standard for the benefit of the shareholders.

Details of the Independent Financial Advisor's opinion are presented as follows:

Part 1: General Information on the Transaction

1. Nature and Details of the Transaction

1.1 Objective and Background of the Transaction

The Board of Directors' Meeting of the Company No. 1/2015, held on January 21, 2015, resolved to propose to the meeting of shareholders to consider and approve the acquisition of shares in XPCL for 30% of its registered capital, amounting to 805,830,000 shares or approximately Baht 4,344 million, from CK and the increase in XPCL's registered capital in proportion to the shareholding until the construction of XPCL's Xayaburi hydropower project is completed, totaling approximately Baht 5,512 million, including the assuming of CK's existing obligations to the financial institution creditors of XPCL⁷.

1.2 Date of the Transaction

The Company will enter into the transaction after it has obtained approval from the 2015 Annual General Meeting of Shareholders which will be held on April 9, 2015. The Company expects that the transaction will be completed by Quarter 3 of 2015.

1.3 Parties Involved and Their Relationship

1.3.1 Parties involved and their relationship

Buyer of XPCL's shares	: CK Power PCL. (the "Company" or "CKP")
Seller of XPCL's shares	: CH. Karnchang PCL. ("CK")
Relationship between the Buyer and the Seller	: 1. CK is the Company's major shareholder, holding a total of 328,600,000 shares or 29.87% of the Company's paid-up capital as of December 22, 2014. 2. The Company and CK have some common directors.

1.3.2 Details of persons with possible conflict of interest

Here are details of the persons who may have a conflict of interest:

Name	Relationship			
	Position/Connection with CKP ^{1/}	Position/Connection with CK ^{2/}	Shareholding in CKP ^{3/}	Shareholding in CK ^{4/}
1. CH. Karnchang PCL.	Major shareholder of the Company and the counter-party of this transaction		328,600,000 shares (29.87%)	
2. Mr. Plew Trivisvavet	Director/Executive Committee Chairman and father of Mr. Thanawat Trivisvavet and Dr. Supamas Trivisvavet	Director/Executive Board Chairman/President	- None -	12,631,497 shares (0.75%)
3. Dr. Supamas Trivisvavet	Director/Executive Director/ Managing Director and daughter of Mr. Plew Trivisvavet, close relative of Mr. Thanawat Trivisvavet, and spouse of Mr. Alvin Gee	Daughter of Mr. Plew Trivisvavet (Director/Executive Board and Chairman/President)	- None -	1,500,000 shares (0.09%)
4. Mr. Alvin Gee	Director and spouse of Dr. Supamas Trivisvavet (daughter of Mr. Plew Trivisvavet)	Spouse of Dr. Supamas Trivisvavet	- None -	- None -
5. Mr. Thanawat Trivisvavet	Director/Executive Director/ Deputy Managing Director, son of Mr. Plew Trivisvavet, and close relative of Dr. Supamas Trivisvavet	Son of Mr. Plew Trivisvavet (Director/Executive Board and Chairman/President)	- None -	- None -
6. Mr. Prasert Trivisvavet	- None -	Close relative of Mr. Plew Trivisvavet	750,000 shares (0.07%)	3,154,285 shares (0.19%)
7. Mr. Puvanate Treevitsavawate	- None -	Close relative of Mr. Sittidej Trivisvavet (Executive Vice President)	245,000 shares (0.02%)	359,455 shares (0.02%)
8. Miss Sawanya Trivisvavet	- None -	Daughter of Mr. Sittidej Trivisvavet (Executive Vice President)	127,000 shares (0.01%)	720,525 shares (0.04%)

⁷ Please see Footnote 1.

Name	Relationship			
	Position/Connection with CKP ^{1/}	Position/Connection with CK ^{2/}	Shareholding in CKP ^{3/}	Shareholding in CK ^{4/}
9. Mrs. Korakoch Trivisvavet	- None -	Close relative of Mr. Sittidej Trivisvavet (Executive Vice President)	100,000 shares (0.009%)	226,250 shares (0.01%)
10. Miss Woralak Tejatussanasoontorn	- None -	Daughter of Mr. Vitoon Tejatussanasoontorn (Director and Audit Committee Chairman)	50,000 shares (0.005%)	20,000 shares (0.001%)
11. Mr. Narong Sangsuriya	Director	Director/Senior Executive Vice President	- None -	512,500 shares (0.03%)
12. Mr. Prasert Marittanaporn	Director/Executive Director and father of Miss Piyanut Marittanaporn (Head of Finance and Accounting Division)	Director/Executive Director/Senior Executive Vice President	- None -	- None -
13. Miss Piyanuch Marittanaporn	Head of Finance and Accounting Division and daughter of Mr. Prasert Marittanaporn (Director/ Executive Director)	Daughter of Mr. Prasert Marittanaporn (Director/Executive Director/Senior Executive Vice President)	- None -	8,000 shares (0.0005%)
14. Miss Chintana Marittanaporn	Close relative of Mr. Prasert Marittanaporn (Director/ Executive Director)	Close relative of Mr. Prasert Marittanaporn (Director/Executive Director/Senior Executive Vice President)	1,500 shares (0.0001%)	- None -
15. Miss Jansine Santaannop	- None -	Daughter of Mr. Ratn Santaannop (Director/Executive Director/ Executive Vice President)	945,000 shares (0.09%)	110,045 shares (0.006%)
16. Mr. Peeraphan Tantisuvanitchkul	- None -	Close relative of Mr. Phongsarit Tantisuvanitchkul (Executive Vice President)	1,227,000 shares (0.11%)	2,552,375 shares (0.15%)
17. Mr. Somsak Tantisuvanitchkul	- None -	Father of Mr. Phongsarit Tantisuvanitchkul (Executive Vice President)	3,700 shares (0.0003%)	- None -
18. Mr. Watchara Sanghattawattana	- None -	Executive Vice President	60,000 shares (0.005%)	- None -

Remark:

1/ Position/connection with the Company as of January 31, 2015

2/ Position/connection with CK as of January 31, 2015

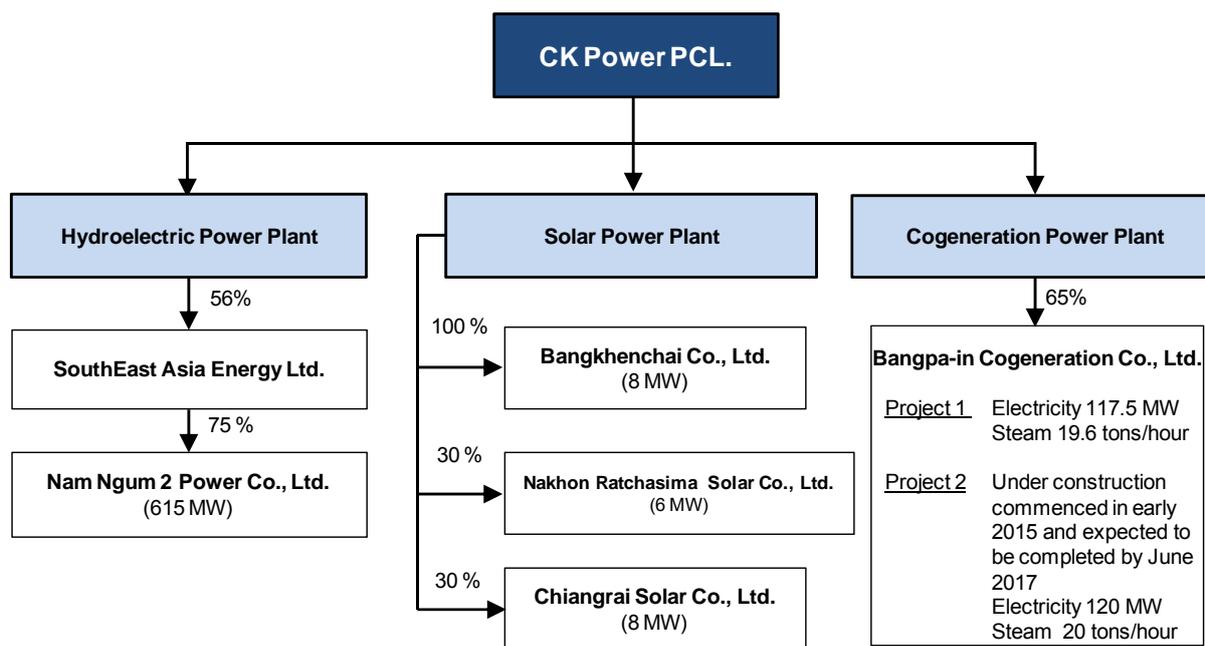
3/ Shareholding in the Company as of December 22, 2014 (data from Thailand Securities Depository Co., Ltd. on the register book closing (XO) date)

4/ Shareholding in CK as of January 28, 2015 (data from Thailand Securities Depository Co., Ltd. on the register book closing (XO) date)

1.4 General Characteristics, Category and Size of the Transaction

- 1) Acquisition of 805,830,000 ordinary shares of XPCL, representing 30% of XPCL's registered capital, totaling approximately Baht 4,344 million from CK, and execution of the XPCL's shares sale and purchase agreement: The Company will use part of the proceeds receivable from rights offering to its existing shareholders for making payment of XPCL's shares to CK via cashier's cheque or transfer of payment through banking system or any other method as mutually agreed by the parties at a later stage.
- 2) Increase in XPCL's registered capital in proportion to the shareholding until the construction of XPCL's Xayaburi hydropower project is completed, totaling approximately Baht 5,512 million: The Company will make payment for the newly-issued shares of XPCL via cashier's cheque or transfer of payment through banking system or any other method as mutually agreed by the parties at a later stage.
- 3) Assuming of CK's existing obligations to the financial institution creditors of XPCL, highest possible amount totaling approximately Baht 16,100 million. It remains uncertain as to whether the Company will have to pay for the capital increase on behalf of other shareholders as well as when and how much the Company will have to provide financial support. The Company will submit this obligations for approval from the Board of Directors' meeting and/or the shareholders' meeting (as the case may be, depending on the transaction size) when it becomes certain that the Company is required to comply with the said obligations.

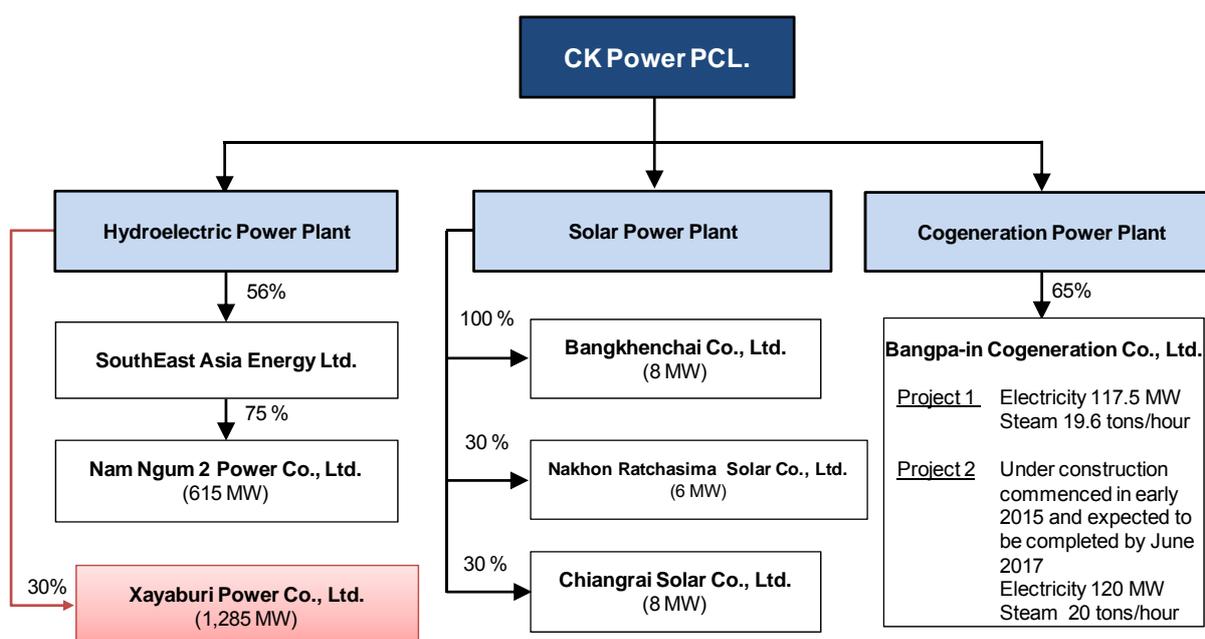
Shareholding Structure of the Company before Entering into the Transaction



Background

The Company was founded by CH. Karnchang (CK) Group on June 8, 2011 as a holding company with the objective to be the center of CK Group by focusing on investment in the business of production and distribution of electricity generated from various types of energy. Since its inception, the Company has invested in acquisition of shares in various companies from CK Group, including (1) shares in a company engaging in hydroelectric power production business, i.e. SouthEast Asia Energy Ltd. (“SEAN”), an investor of Nam Ngum 2 Power Co., Ltd. (“NN2”) which was registered in Lao PDR and has been awarded a concession to develop and operate Nam Ngum 2 Hydroelectric Power Project from the Government of Lao PDR; (2) ordinary shares in companies which are producers and distributors of solar power, namely Bangkhenchai Co., Ltd. (“BKC”), Nakhon Ratchasima Solar Co., Ltd. (“NRS”), and Chiangrai Solar Co., Ltd. (“CRS”); and (3) ordinary shares in a cogeneration power production company, Bangpa-in Cogeneration Co., Ltd. (“BIC”).

Shareholding Structure of the Company after Entering into the Transaction



However, since XPCL's Xayaburi hydropower project is a large-scale and capital-intensive project employing a high and complicated technology, CK, which is the Company's major shareholder, will enter a joint venture in and lend support to this project in the initial period in order to reduce an investment risk and enable a success in project implementation. In this respect, the Company's major shareholder group will grant the Company the right to purchase the said investment in XPCL when the project development is completed or almost completed as deemed appropriate.

1.5 Details of Assets Being Acquired

1.5.1 Details of assets being acquired

The Company will acquire 805,830,000 shares of XPCL, representing 30% of XPCL's registered capital or amounting to approximately Baht 4,344 million in total, including newly-issued ordinary shares to be subscribed in proportion to the Company's shareholding upon future increase of registered capital by XPCL, until the completion of the construction of the Project, totaling approximately Baht 5,512 million.

XPCL was incorporated on June 22, 2010 as a limited company under the laws of Lao PDR with the objective to operate Xayaburi hydropower project which is located in Mekong River, about 100 kilometers from Luang Prabang.

Xayaburi hydropower plant is a project under the concession agreement between the Government of Lao PDR and XPCL. Such concession agreement is being operated on a Build-Own-Operate-Transfer ("BOOT") basis, that is, XPCL as a concessionaire will design, develop, construct and operate the project over a concession period of 29 years from the Commercial Operation Date ("COD"). The project has a total installed capacity of 1,285 MW and will produce power of approximately 7,070 GWh per year, or at a capacity of 1,225 MW, for distribution to the Electricity Generating Authority of Thailand ("EGAT") and about 300 GWh per year, or at a capacity of 60 MW, for supply to the Electricity du Laos ("EdL"). Upon expiration of the concession period, the project shall be delivered to the Government of Lao PDR unless the concession period is extended. Currently, the project is still under construction, expected to be completed by 2019 as well as the COD. As at the end of January 2015, the construction was completed by about 41.87% of the total project value.

Map of Project Location



Xayaburi hydropower plant is a run-of-river barrage which produces electricity by increasing the level of water without diverting water from Mekong River and without storing water as much as storage dams. By building a barrage, the level of water in Mekong River will be higher only in the section between Xayaburi and the south of Luang Prabang and will be close to the maximum height of water level during the natural flood season. At the same time, the level of water in the lower part of Mekong River will be at the normal natural water level.

Xayaburi hydropower plant features a reinforced concrete structure of 810 meters in length, consisting of a powerhouse, a navigation lock, a spillway, and fish passing facilities. The power plant has a 28.5-meters-high rated net head, with seven 175-MW generators and one 60-MW generator. The plant has a total installed capacity of 1,285 MW and can produce total power of 7,370 GWh or million units per year.

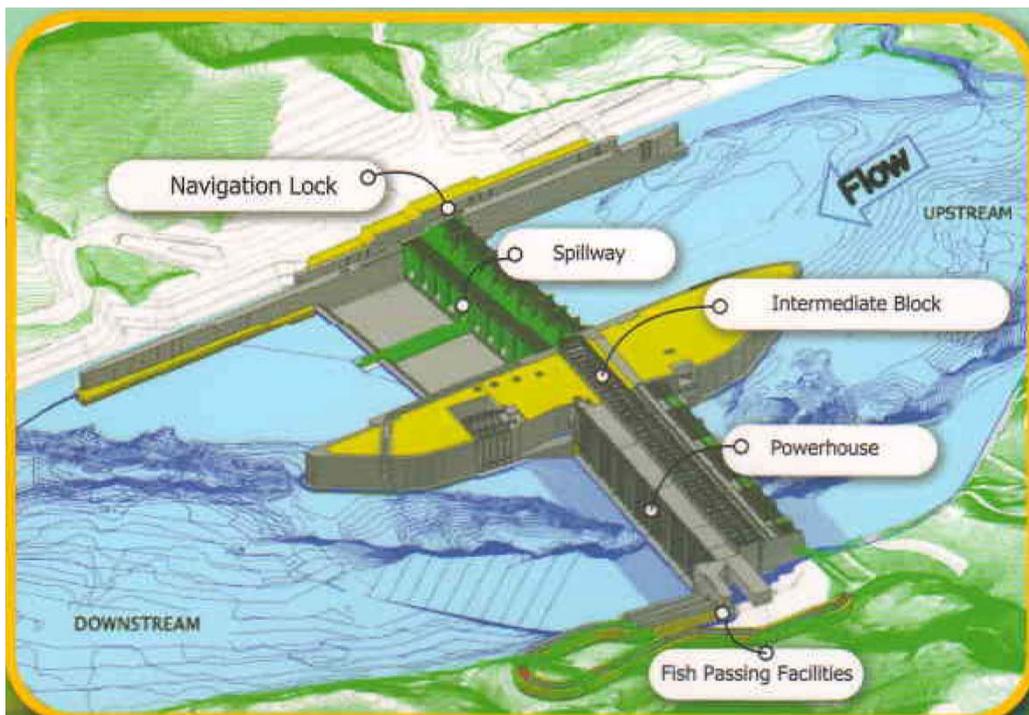
Xayaburi hydropower plant has been designed to have a 12x700-meter navigation lock on the west side of the spillway to accommodate water transport up to 500-ton vessels, and an 18-meters-wide fish passing system for fish preservation with a fish screen on the east side of the dam. There are a total of 11 water gates, four of which are added with a sediment flushing system, with a maximum discharge capacity of 47,500 cubic meters per second to help release water during the flood season. When the project is completed, the daily water discharge volume will

be equal to the amount of water flow-in, without storing water. As such, the water quantity of Mekong River will be at the natural level throughout the year.



Remark:
Top and bottom left photos: Taken by the IFA on February 1, 2015
Bottom right photo: Obtained from the Company on February 3, 2015

Components of Project Structure



Progress of Xayaburi hydropower project construction

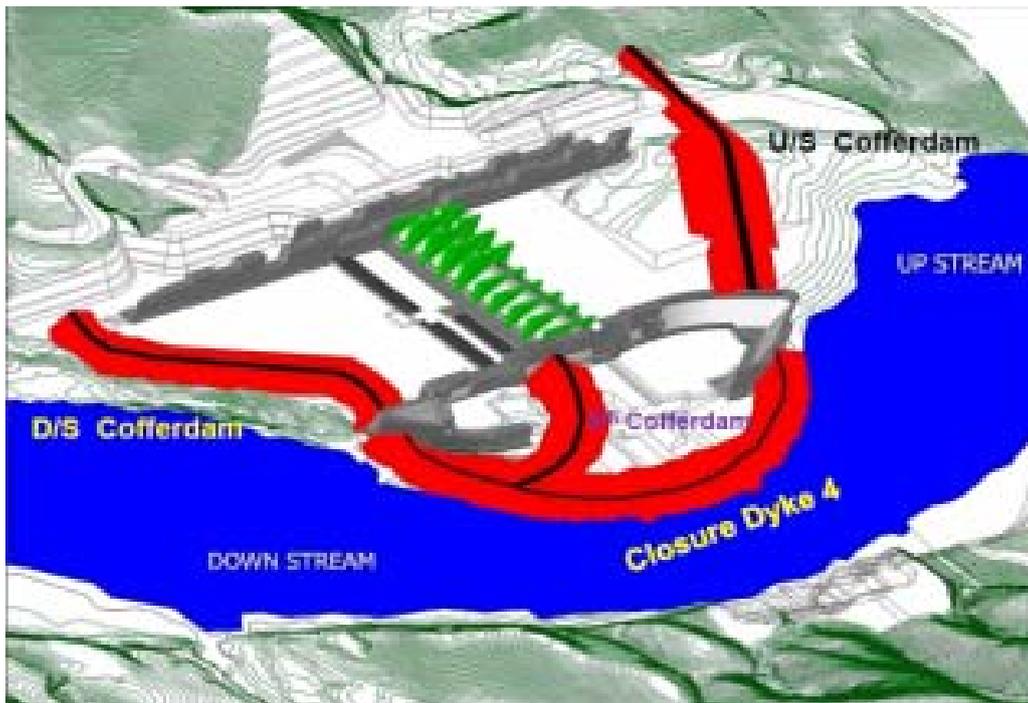
Xayaburi hydropower project construction is divided into three stages as follows:

- (a) Preparation Phase: This stage entails construction of an access road, dormitory, office building, and all facilities for the project construction.
- (b) Phase 1: In this phase, the structure is constructed on the west side of the project, comprising navigation lock, spillway, and intermediate block phase 1. Intermediate block is a core structure linking the spillway and the powerhouse.

The construction begins with the intermediate block in the middle of the river and then the cofferdam to block the western section of the river so that water will flow through only the east side of the intermediate block. After that, water inside the cofferdam is siphoned out until it is dry in order to start construction of navigation lock, spillway, and intermediate block phase 1.

Presently, Phase 1 construction has been completed according to the plan and schedule.

Construction in Phase 1



Before commencing the construction in Phase 2, the cofferdam on the west will be demolished to allow water to flow through the spillway into the downstream section of the river. Then, a new cofferdam will be built to block the eastern section of the river instead so that water will flow through only the west side of the intermediate block. These two diversions of water flow are deemed as two critical stages, which XPCL has already achieved.

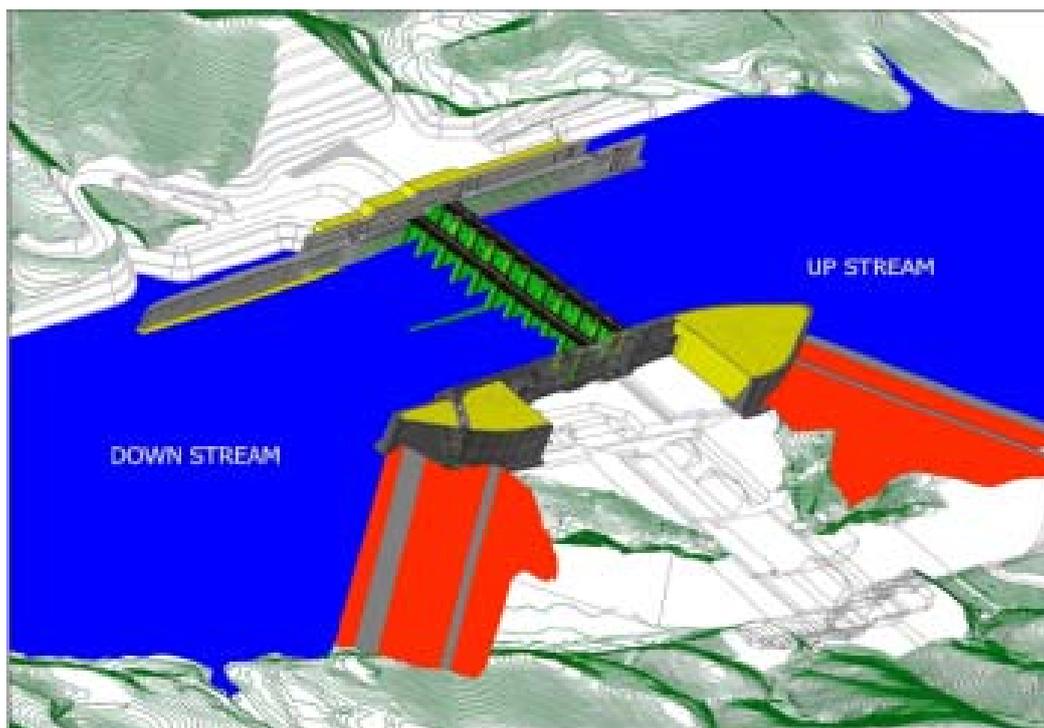
- (c) Phase 2: This phase is the construction of the structure on the east side of the project, encompassing intermediate block phase 2, powerhouse, fish passing facilities, and transmission line system.

The construction begins with a siphoning of water inside the new cofferdam on the east until it is dry. Then, the intermediate block phase 2, powerhouse, and fish passing facilities will be constructed, scheduled for completion by October 2019. (Please see drawing of the construction in phase 2 in the next page.)

The project also includes a follow-up plan for all construction activities, consisting of (1) civil work which is the construction of all structures such as a cofferdam to block reverse flow of water during construction, powerhouse foundation, etc.; (2) installation of hydro-mechanical equipment such as spillway gate; (3) installation of electro-mechanical equipment such as turbine and transformer; and (4) transmission line system which includes transmission post foundation, high-voltage power system, high-voltage transmission post, and equipment, etc.

Please see more details about the business overview and operating performance of XPCL in Attachment 1 of this IFA opinion report.

Construction in Phase 2



1.6 Total Value of Assets Being Acquired and Criteria Used for Calculation of Consideration Value

1.6.1 Total value of assets being acquired

The Company will acquire the assets under this transaction at a total value of approximately Baht 9,856 million, comprising (1) 805,830,000 shares in XPCL, representing 30% of registered capital or totaling approximately Baht 4,344 million, determined based on price negotiation and business valuation by an acceptable approach, i.e. discounted cash flow approach; and (2) newly-issued shares of XPCL to be called in proportion to the shareholding in the future until completion of the project construction, totaling approximately Baht 5,512 million, which is the value specified in the agreement between XPCL and the financial institution creditors.

1.6.2 Calculation of the transaction size

The acquisition of assets from the purchase of shares in XPCL and the assets to be acquired from payment for newly-issued shares of XPCL in the future until completion of the project construction have a total transaction size of 37.34% on the NTA basis. The transaction is therefore deemed as a type-2 transaction, which has a total size higher than 15% but less than 50%.

Asset acquisition transaction

Criteria for Transaction Size Calculation	Calculation Formula		Transaction Size
	Acquisition of XPCL Shares	Payment for Newly Issued Shares of XPCL in the Future until Completion of Project Construction	
1. NTA basis	$(30\% * 7,936^{1/}) / 6,377^{2/} = 37.34\%$	-	37.34%
2. Net profit basis	Not applicable because XPCL still records a net loss	-	-
3. Total value of consideration basis	$4,344 / 49,074^{3/} = 8.85\%$	$5,512 / 49,074^{3/} = 11.23\%$	20.08%
4. New shares offering basis	No issuance of shares for asset acquisition	-	-
Maximum value			37.34% ⁸

Remark: 1/ NTA of XPCL = Baht 7,936 million, according to its reviewed financial statement as of September 30, 2014.

⁸ Please see Footnote 1 and 2.

- 2/ NTA of the Company = Total assets of Baht 49,074 million – Total liabilities of Baht 23,212 million – Intangible assets of Baht 5,507 million – Non-controlling interests of the subsidiaries of Baht 13,979 million, according to its reviewed consolidated financial statement for a nine-month period ended September 30, 2014.
- 3/ Total consolidated assets of the Company as of September 30, 2014.

Connected transaction

Criteria for Transaction Size Calculation	Calculation Formula	Transaction Size
Total value of consideration payable to the connected person	$4,344 / 6,377^{1/}$ = 68.13%	68.13% ⁹

Remark: 1/ Calculated based on Remark 2/ of the above table.

1.7 Sources of Funds Used for the Transaction

To raise funds for the acquisition of 30% of shares in XPCL from CK at a total value of approximately Baht 4,344 million and the increase in XPCL's registered capital in proportion to the shareholding until completion of the project construction in a total amount of approximately Baht 5,512 million, making up a total amount to be proposed for approval for entering into the transaction of approximately Baht 9,856 million, the Company will issue not more than 1,870 million newly-issued ordinary shares with a par value of Baht 1 per share for rights offering to its existing shareholders at a ratio of 1 existing ordinary share to 0.34 newly-issued ordinary share at an offer price of Baht 3 per share. Given the said newly-issued shares are fully subscribed by the existing shareholders, the Company will receive total proceeds from the rights offering of Baht 5,610 million.

Moreover, the Company will issue and offer warrants to purchase newly-issued ordinary shares of the Company (CKP-W1) not exceeding 1,870 million units for sale to the existing shareholders who subscribed for the newly-issued ordinary shares at the rate of 1 newly-issued ordinary share to 1 unit of the warrant. The warrant maturity is not over five years. The exercise price is Baht 6 per share. The first exercise date will fall on the last business day of September 2015. Given that the warrants are fully exercised, the Company will receive total proceeds of Baht 11,220 million. The Company will propose the said issuance and offering of newly-issued ordinary shares and warrants to the 2015 Annual General Meeting of Shareholders on April 9, 2015 for consideration and approval.

1.8 Conditions for the Transaction

Conditions for the acquisition of shares in XPCL for 30% of its registered capital from CK and the increase in XPCL's registered capital in proportion to the shareholding until completion of the project construction shall be in accordance with the conditions stipulated in the sale and purchase agreement with conditions precedent. The material conditions precedent, requiring the Company to obtain approval before entering into the transaction, are as follows:

1) CK must obtain approval for sale of XPCL shares to the Company from the board of directors' meeting and the shareholders' meeting of CK (if required). In this regard, CK already obtained approval from its board of directors' meeting on January 21, 2015. However, it is not required to seek approval from the shareholders' meeting since the size of such asset disposal transaction does not fall under the requirement to obtain approval from the shareholders' meeting.

2) The 2015 Annual General Meeting of Shareholders, to be held on April 9, 2015, grants approval for the connected transaction in relation to the acquisition of XPCL's shares from CK, with affirmative vote of not less than three-fourths of the total number of votes of shareholders attending the meeting and having the rights to vote, excluding the vote of the shareholders having the conflict of interest.

3) The Company must obtain approval from the shareholders' meeting with respect to the capital increase, the newly-issued ordinary shares allocation, and the issuance and offer for sale of warrants to purchase the newly-issued ordinary shares of the Company to the existing shareholders who subscribed for the newly-issued ordinary shares and made subscription payment for such shares.

4) The Company must receive proceeds from the sale of newly-issued ordinary shares, totaling Baht 5,610 million (1,870,000,000 shares at Baht 3 per share), via rights offering to the existing shareholders in an amount sufficient for the acquisition of 805,830,000 shares in XPCL, or 30% of XPCL's registered capital, from CK.

In case the Company is unable to obtain the full amount of funds from the rights offering of 1,870,000,000 shares at Baht 3 per share totaling Baht 5,610 million, the Company or the person authorized by the 2015 Annual General Meeting of Shareholders may consider postponing the said rights offering and acquisition of XPCL's shares from CK as deemed appropriate and necessary. In

⁹ Please see Footnote 4.

this respect, the Company will also postpone the issuance and offering of CKP-W1 that will be sold to the existing shareholders who subscribed for the newly-issued ordinary shares and made subscription payment for such shares.

5) Consent must be obtained from the group of lenders of XPCL under the Credit Facilities Agreement and all counterparties of XPCL under the agreements with restrictions on transfer of XPCL shares.

1.9 Procedure/Timetable for Capital Increase and Acquisition of XPCL Shares

Target Date	Capital Increase and Acquisition of XPCL Shares
January 21, 2015	CKP's Board of Directors' approval of capital increase, allocation of newly-issued shares, issuance of CKP-W1, and acquisition of 30% shares in XPCL from CK
March 13, 2015	Record Date for determining names of shareholders entitled to attend the 2015 Annual General Meeting of Shareholders
March 16, 2015	Registrar book closing date for shareholders who entitled to attend the 2015 Annual General Meeting of Shareholders pursuant to Section 225 of the Securities and Exchange Act B.E. 2535 (and as amended) by way of register book closing
April 9, 2015	2015 Annual General Meeting of Shareholders
Within 14 days or not later than April 23, 2015	Registration of the increase of registered capital and change of par value with Department of Business Development, Ministry of Commerce
April 27, 2015	Date for determining names of shareholders entitled to the rights offering
April 28, 2015	Date for collecting names of shareholders entitled to the rights offering pursuant to Section 225 of the Securities and Exchange Act B.E. 2535 (and its amendments) by way of register book closing
Five business days ahead of subscription date (around early May 2015)	Submission of documents to notify shareholders of their rights to subscribe for the newly-issued shares under the rights offering
Five business days (May 2015)	Share subscription period
Within seven days after subscription period (around the end of May 2015)	<ul style="list-style-type: none"> ▪ Announcement of share allocation results on the Company's website ▪ Announcement of CKP-W1 allocation results
Within 14 days after ended the subscription period	Registration of the increase of paid-up capital with Department of Business Development, Ministry of Commerce
By June 2015	<ul style="list-style-type: none"> ▪ Filing of a listing application for the newly-issued shares to the SET ▪ Trading commencement of the newly-issued shares on the SET ▪ Filing of a listing application for CKP-W1 to the SET ▪ Trading commencement of CKP-W1 on the SET ▪ Payment for acquisition price of XPCL shares (Closing Date)

2. **Profile of CK Power PCL.** is presented in Section 2, Clause 4), of the Company's Information Memorandum regarding Asset Acquisition and Connected Transaction and the Company's Annual Report of the year 2014, enclosed with the notice of the shareholders' meeting.
3. **Profile of Xayaburi Power Co., Ltd.** is presented in Attachment 1 of this IFA opinion report.
4. **Profile of CH. Karnchang PCL.** is presented in Attachment 2 of this IFA opinion report.

Part 2: Opinion of the Independent Financial Advisor on Reasonableness of the Asset Acquisition and Connected Transaction**1. Objective and Necessity of the Transaction**

CKP was founded in order to act as a holding company with the objective to make investment in the business of production and distribution of electricity generated from various types of energy. In 2011, it began to invest in several power production and distribution entities developed by CK Group. Firstly, it invested in SouthEast Asia Energy Ltd. ("SEAN") which holds shares in Nam Ngum 2 Power Co., Ltd. ("NN2"), an operator of Nam Ngum 2 hydroelectric power project in Lao PDR. Such investment was made after the project already commenced power distribution, thus putting the Company at a low risk. The Company also made investment in solar power projects of Bangkhenchai Co., Ltd. ("BKC"), Nakhon Ratchasima Solar Co., Ltd. ("NSR"), and Chiangrai Solar Co., Ltd. ("CRS"), after these projects already came into commercial operation. As for the cogeneration power project of Bangpa-in Cogeneration Co., Ltd. ("BIC"), the Company made investment when the project was about to enter the test-run stage before power distribution and after BIC already executed the long-term power purchase agreement with EGAT and the power and steam supply agreement with customers in Bangpa-in Industrial Estate.

The Company has a policy to invest in other entities that have engaged in the business of production and distribution of electricity generated from various types of energy in order to enhance growth potential of businesses that are related to, and could create synergy for, business operations of the Company and its subsidiaries. The Company targets to invest in projects with an expected IRR of 10% - 15% and projects that yield other financial returns that can increase value to its shareholders. It will also invest in projects that have already concluded a power purchase agreement with a trustworthy counterparty and projects that have already executed a supply agreement for fuel, which is the major raw material for power production and must be sufficiently available for power production throughout the project life. For new investments, the Company has a policy to focus on projects which it has the capability to develop and whose risk is at a manageable level. As regards Xayaburi hydropower project, the Company did not make investment in the initial period because the project employs high technology and carries a high risk exposure, hence inconsistent with its investment policy. For this reason, CK participated in the project investment at the early stage and assisted in project planning, investment, and development to a certain extent in order to reduce project operational risk. The Company has clearly devised a future project planning, intending to invest in Xayaburi hydropower project only when the Company is well prepared.¹⁰ Nonetheless, although it will take another four years for Xayaburi hydropower project to be completed, with its COD scheduled for 2019, the Company is, for the time being, able to generate income from sales of power from other projects operated by its subsidiaries such as hydroelectric power from NN2, cogeneration power from BIC, solar power from BKC, NRS and CRS, and income from sales of steam from BIC. In addition, BIC is currently in the process of constructing a cogeneration power project phase 2, which commenced in early 2015 and is expected to be completed by June 2017.

At present, the Company has a stronger financial position and fundraising ability. This is deemed as the right timing for such investment since the project has become secure to a certain degree, considering that XPCL has already entered into the long-term power purchase agreement with EGAT and EdL and the project construction phase 1 has been completed, whereas the project has already passed its 2 critical stages in diversions of water flow during construction. The Company has therefore decided to invest in XPCL so as to revise business structure in alignment with its business operation policy to serve as CK Group's investment arm in power production and distribution business, as well as to enhance business growth and generate a favorable return for shareholders in the future.

2. Comparison of Advantages and Disadvantages of the Transaction**2.1 Advantages and Benefits of the Transaction****2.1.1 Conformity with business operation policy of the Company to invest in power production and distribution business and creation of value added**

The Company's establishment objective is to serve as a holding company for investing and holding shares in power production and distribution business, beginning with the power production and distribution projects developed by CK Group. The Company also has a vision to invest in

¹⁰ The Company clearly indicated the policy regarding this project in the Prospectus and Registration Statement of Securities (Form 69-1) in the initial public offering (IPO) launched in 2013, in Part 2, Section 6 'Future Projects,' Clause 2.2.

promising businesses of power production and distribution, including projects developed by CK Group or other strategic partners, with a view to further enhancing its business growth.

The investment in XPCL is in line with the business operation policy to invest in power production and distribution business and will allow for an appropriate shareholding restructuring. Moreover, it conforms to the Company's policy to act as a main investor in power production and distribution business of CK Group and helps to increase the Company's value. The investment in XPCL will expand the amount of megawatt of the Company's power plants almost threefold, from the current total generating capacity of the Company and its subsidiaries of 754.5 MW. The project will help draw investor's interest in the Company, thereby accommodate its fund raising in the future. It will also help create the opportunities for continuous increases in revenue and appropriate rate of return and capacity in business operation in the long term for the Company.

2.1.2 An opportunity from investment in XPCL for the Company to increase return from investment

Currently, the construction risk of Xayaburi hydropower project has reduced to the level manageable by the Company. The investment in XPCL at this time will generate an Internal Rate of Return ("IRR") of 11.4%¹¹ per year, which is deemed a favorable rate, and will provide an opportunity to generate greater return for the Company in the future.

2.1.3 Increase the Company's revenues and business potential in the long term

Subsequent to the completion of this transaction, XPCL will become an associated company of CKP. Thus, the Company will recognize a share of profit by the equity method in its consolidated financial statements after the project begins the commercial operation (COD) in 2019. Based on the projection by CapAd, XPCL will achieve total revenues of between Baht 11,972.26 million and Baht 15,975.77 million per year during 2019-2047, with a net profit ranging from Baht 2,058.06 million to Baht 9,524.05 million per year, demonstrating that it will generate a net profit successively throughout the concession period.¹² As a result, the Company will be able to increase its revenues and high potential to receive dividend from XPCL, as well as to increase its capacity in business operation in the long term. Nonetheless, the Company will realize share of losses as XPCL has not yet generate income from sales of electricity during the pre-COD period. XPCL has already recorded net losses of Baht 54.78 million, Baht 128.60 million, Baht 166.01 million, and Baht 124.30 million in 2011-2014, respectively.

2.1.4 Growth in the Company's assets and shareholders' equity

Subsequent to the completion of this transaction, the Company's assets will expand in line with the investment in XPCL that will be gradually made until completion of the project construction, and will increase further when the Company has recognized profit from XPCL by the equity method. At the same time, its shareholders' equity will increase from the capital increase via rights offering to the existing shareholders and will gradually increase in the next five years from exercise of CKP-W1 that will be offered as free warrants together with the offering of newly-issued shares (given that holders of CKP-W1 have exercised their warrant rights), thereby exhibiting a strong capital base to accommodate business expansion in the future.

2.1.5 Solid financial status of other shareholders of XPCL

Apart from the Company that will become XPCL's shareholder of 30% after completion of this transaction, XPCL also has other shareholders which have a strong financial position such as Electricity Generating PCL., Natee Synergy Co., Ltd., and Bangkok Expressway PCL. This could ensure an ability of additional fund injection into XPCL until project completion, thus helping to enhance strength and confidence in XPCL's shareholding structure.

Natee Synergy Co., Ltd. is a wholly-owned subsidiary of Global Power Synergy PCL. ("GPSC"). GPSC is 30.10% and 30.31% owned by PTT Public Company Limited ("PTT") and PTT Global Chemical Public Company Limited ("PTTGC"), respectively.

¹¹ Such IRR was calculated from the perspective of CKP by taking into account the investment in XPCL shares of approximately Baht 4,344 million in 2015, the capital increase in XPCL in proportion to the shareholding until completion of the construction of Xayaburi hydropower project of XPCL of approximately Baht 5,512 million, and the cash flow until the end of the project concession in 2048 (IRR from CKP's perspective is not equal to IRR of the project which commenced construction since 2012).

¹² Since the concession will end in 2048, which is not a full year operation, we have not presented the revenues and net profit (loss) for 2048 in this Clause. The shareholders can find details of the revenues and net profit (loss) for 2048 in Part 3, Section 6, of this report.

2.1.6 Elimination of a conflict of interest with CK

As discussed earlier, under its business operation policy, the Company will be the main investor of the electricity production and distribution business of CK Group, but it will have CK invest in XPCL during the initial period. However, the investment in XPCL by CK may create a conflict of interest because XPCL operates the same type of business as the Company. Therefore, this transaction will help eliminate the conflict of interest that may arise.

2.1.7 An opportunity of personnel development for large-scale project operation

The investment in XPCL will enable the Company to develop and provide its personnel with an opportunity to study the control and operation process of a large-scale project that employs world-class high technology. This will help to develop human resources and their knowledge that will be useful for the operation of other large projects in the future.

2.2 **Disadvantages and Risks of the Transaction**

2.2.1 EPS dilution effect in the initial period

The Company will acquire shares in XPCL and increase capital in XPCL in proportion to its shareholding upon future increase of registered capital by XPCL until completion of the project construction, in a total amount of approximately Baht 9,856 million. Funding sources will come partly from the issue of not more than 1,870 million new ordinary shares for rights offering to existing shareholders at a ratio of 1 existing ordinary share to 0.34 newly-issued ordinary share at an offering price of Baht 3 per share. Moreover, the Company will issue and offer not exceeding 1,870 million units of CKP-W1 for sale as free warrants to the existing shareholders who subscribed for the newly-issued ordinary shares. The warrant maturity is not over five years. The exercise price is Baht 6 per share. As such, the Company's shareholders will be affected by the EPS dilution due to an increased number of shares from such issue of new ordinary shares. Taking into account only the rights offering, which is expected to be completed by May 2015, the EPS dilution for 2015 will be equal to 25.37%. By including the full exercise of the warrants, the maximum EPS dilution effect will reach 40.48%. However, when the Company begins to recognize income from XPCL in the future, its EPS will increase.

Calculation of EPS dilution

EPS dilution	=	$Q_1 / (Q_0 + Q_1)$
Q_0	=	Number of paid-up shares before rights offering, equal to 5,500,000,000 shares ^{1/} with Baht 1 per share par value
Q_1	=	Number of newly-issued ordinary shares for rights offering of not more than 1,870 million shares to be a funding source for the acquisition of XPCL's shares
EPS dilution from rights offering	=	$\frac{1,870,000,000 \text{ shares}}{(5,500,000,000 + 1,870,000,000) \text{ shares}}$
	=	25.37%
EPS dilution from rights offering and exercise of CKP-W1	=	$\frac{(1,870,000,000 + 1,870,000,000) \text{ shares}}{(5,500,000,000 + 1,870,000,000 + 1,870,000,000) \text{ shares}}$
	=	40.48%

Remark: 1/ Number of paid-up shares after the change in par value from Baht 5 to Baht 1 per share pursuant to resolution of the Board of Directors' Meeting of the Company No. 1/2015 held on January 21, 2015.

2.2.2 Price dilution effect

The price dilution effect on the Company's shareholders will be 5.12%, caused by the acquisition of shares in XPCL which will be funded through issuance and offering of new ordinary shares. The weighted average market price of CKP's shares during the period of seven business days before the date the Board of Directors' meeting of the Company resolved to approve the acquisition of XPCL's shares (January 12-20, 2015) was equal to Baht 18.79 per share (par value of Baht 5 per share) or Baht 3.758 per share (par value of Baht 1 per share after the reduction of the par value), which is higher than the rights offering price of Baht 3 per share (par value of Baht 1 per share). However, the price dilution could be lower than such level given that CKP-W1 is exercised at the exercise price of Baht 6 per share, which is higher than the current market price and also higher than the market price after the rights offering to the existing shareholders.

Calculation of price dilution = $(P_o - P_n) / P_o$

Where:

P_o = Market price before rights offering = Weighted average market price of CKP's shares traded on the SET before the date the Board of Directors' meeting of the Company resolved to propose

- to the shareholders' meeting to approve the acquisition of shares in XPCL, or equal to Baht 18.79 per share (par value of Baht 5 per share) or Baht 3.758 per share (par value of Baht 1 per share after the reduction of the par value)
- Pp = Rights offering price of newly-issued shares to existing shareholders of the Company, or equal to Baht 3 per share (par value of Baht 1 per share)
- Pn = Market price after rights offering = $(PoQo + PpQp) / (Qo + Qp)$
- Qo = Number of paid-up shares before rights offering, equal to 5,500,000,000 shares with Baht 1 per share par value
- Qp = Number of newly-issued ordinary shares for rights offering of not more than 1,870,000,000 shares
- Pn = $[(3.758 * 5,500,000,000) + (3 * 1,870,000,000)] / (5,500,000,000 + 1,870,000,000)$
- Pn = 3.5657

Therefore, the price dilution (caused by the rights offering of newly-issued shares to existing shareholders of the Company) = $(3.758 - 3.5657) / 3.758 = 5.12\%$

The price dilution (caused by the exercise of CKP-W1) = - None -

2.2.3 Large fund requirement for investment in Xayaburi hydropower project development and risk from the exercise of CKP-W1

Presently, Xayaburi hydropower project is under construction, which as of the end of January 2015 was completed by about 41.87% of total project value. The Company still requires funds to accomplish the project development so that the project could start commercial operation by 2019. According to the loan agreement between XPCL and financial institutions, the Company is obligated to increase capital in XPCL in proportion to its shareholding until completion of the project construction by approximately Baht 5,512 million. Moreover, it is likely that in the future the Company will have to assume CK's existing obligations to the financial institution creditors of XPCL, whereby the Company will require additional funds to repay such obligations once they have been incurred.

The Company plans to use part of the proceeds obtained from the exercise of CKP-W1 for the capital increase in XPCL in proportion to its shareholding until completion of the project construction by approximately Baht 5,512 million. After this transaction, XPCL will increase paid-up capital from June 2015 to October 2017 in amount approximately by Baht 3.18 - 356.53 million each quarter. However, since the exercise price of CKP-W1 is Baht 6 per share, which is higher than the current market price, the Company may be exposed to risk from the exercise of CKP-W1 given that the future market price is lower than the exercise price. However, the Company believes that its performance will grow strongly and continuously, and the investment in a promising power production and distribution project will reflect its share price. Nonetheless, the Company has a contingency plan to cope with fluctuations in capital market or economic condition. If CKP-W1 is not exercised by the warrant holders as expected, the Company may instead offer the shares to its existing shareholders, offer the newly-issued shares to specific investors on a private placement basis, issue debentures and/or borrowing from financial institutions. The Company is confident that it will be able to successfully raise the required amount of funds.

2.2.4 Risk from unable to fulfill the conditions for entering into the transaction with respect to receipt of sufficient proceeds from the rights offering to fully cover the acquisition of shares in XPCL

According to one of the conditions for entering into the acquisition of XPCL's shares transaction, the Company must obtain funds from the rights offering of 1,870 million shares with a par value of Baht 1 per share at the offer price of Baht 3 per share (or equal to Baht 15 with a par value of Baht 5 per share) in a total amount of Baht 5,610 million. Therefore, in the event that the Company is unable to obtain the full amount of funds from the rights offering, it may consider postponing the rights offering and the acquisition of XPCL's shares from CK as deemed appropriate and necessary, as well as postponing the offering of CKP-W1 to the existing shareholders who have subscribed for the newly-issued shares. This could then have an impact on prices of the Company's shares.

2.2.5 Risk associated with the Company's shareholding in XPCL for less than 75%

After entering into the transaction, the Company will hold a stake of 30% in XPCL, which does not exceed 50%, resulting the Company is unable to control a majority vote at the board of directors' meeting and the shareholders' meeting of XPCL. In addition, the Company cannot control voting on significant issues that require an affirmative vote of not less than three-fourths of the shareholders' meeting, including agendas such as capital increase, capital decrease, acquisition or acceptance of transfer of other business, disposal or transfer of entire business, and etc. However, the Company

believes that it will receive approval votes from other groups of shareholders if such agendas will be beneficial to the business operation.

2.2.6 Risk and impact on the Company from Xayaburi hydropower project unable to be completed and start commercial operation as scheduled and risk from cost overrun

At present, XPCL's Xayaburi hydropower project is still under construction, with the remaining construction period of around four years. Thus, the project remains vulnerable to a number of risks such as a high water level during construction which could sometimes disrupt the construction work and consequently lead to a project delay, a change in scope of construction, an engineering technical problem, natural disaster, delay in construction, success in project construction, etc. The construction of Xayaburi hydropower project involves various costs such as construction cost, selling and administrative expenses, finance costs, etc. To prevent against risk from cost overrun on the construction cost which is account for the largest part of total project cost, XPCL has executed an agreement with CK to serve as a contractor on a fixed cost lump sum turnkey basis so as to ensure the project construction is completed on schedule and within the estimated budget. As for risk involved with finance costs, XPCL has taken actions as discussed in Part 2, Clause 2.2.11 and 2.1.12 in order to mitigate such risks. However, XPCL remains exposed to risk from cost overrun on other types of expenses, which are expected to be in an insignificant amount when compared with the total cost of project.

For risk on possible financial support in the form of loan from shareholders in case of cost overrun pursuant to the Sponsor Support Agreement in highest possible amount approximately Baht 11,506 million, it may occur in case that Lao PDR requests an adjustment to the construction design. As this is a large-scale project sited on Mekong River, the project design could possibly be modified in order to ensure the utmost benefit to the community, environment, and relevant countries. However, Lao PDR as the project owner would willingly make sure the project's rate of return is reasonable and fair to XPCL, whereby XPCL has already signed an agreement in relation to this issue with Lao PDR. In the case that cost overrun occurs, the Company will receive repayment of such financial support after XPCL fully repaid loans from financial institutions. During the financial support have not yet fully repaid, the Company will be entitle to interest at the same rate of XPCL's loans from financial institutions. Furthermore, the financial support will not be required by the Company if other counter parties under the Sponsor Support Agreement did not provide their financial supports. The Company deems that these risk factors are common risks facing projects that are in the construction period and are at the level manageable by the Company. Therefore, the value paid by the Company for this investment, compared with such project risks, is considered acceptable, and risk from cost overrun is also at an acceptable level.

2.2.7 Risk of payment for capital increase on behalf of Electricity du Laos ("EdL") and PT Sole Co., Ltd. ("PT") in the case that these shareholders are unable to make equity contribution to XPCL

For the risk of payment for capital increase on behalf of Electricity du Laos ("EdL") and PT Sole Co., Ltd. ("PT") in the case that these shareholders are unable to make equity contribution to XPCL pursuant to the Equity Contribution Agreement in the highest possible amount approximately Baht 4,594 million (calculated based on the assumption that these two shareholders of XPCL are unable to contribute the base equity since June 2015 and unable to contribute the standby equity as per the conditions specified in the loan agreement), EdL and PT have capability to make equity contribution to XPCL for Baht 1,864.90 million and Baht 466.23 million, respectively, as of December 31, 2014. Risk that EdL does not make equity contribution is low. Risk of PT does not make equity contribution is not much due to PT has sizable investment budget and considerably-good financial position. (Please see more details of PT in Attachment 1, Section 4, of this report.)

Despite low risk, if such case occurs, the Company will calculate interest on equity contribution for EdL and PT during such payment has not yet repaid. In the case that EdL and PT eventually do not repay such payment and its interest to the Company, the Company, Electricity Generating PCL., Natee Synergy Co., Ltd., and Bangkok Expressway PCL as the other shareholders of XPCL will later discuss and agree to accept XPCL's shares in EdL and PT portions as repayment. Therefore, the Company's shareholding in XPCL will increase if this case actually occurs.

2.2.8 Risk and impact on XPCL from the fluctuation of Mekong water volume which could affect electricity production for supply to EGAT and EdL according to the power purchase agreement

XPCL's Xayaburi hydropower plant is a run-of-river barrage constructed on Mekong River in order to increase the level of water in Mekong River and use water in the river as raw material for power production. The water source is water flow from the river upstream, including rainfalls, may have a constraint of water quantity which depends on climate and season in each time period. Furthermore, the volume of water flowing through the project could also be affected by the construction of 14 upstream Mekong Chinese hydropower dams¹³, six of which have been completed. This could have an impact on the amount of water in the lower sections of the river. Nonetheless, most of such dams are intended for electricity production, not for irrigation purpose. When water is fully reserved at the dams, the power plants will discharge water for electricity generation. As such, the impact on water volume at Xayaburi hydropower project will be short-term. Before embarking on this project investment, XPCL has studied historical records on the adequacy of water volume prior to project designing. In addition, the survey on water volume during December 2013 – February 2014¹⁴ after some upstream Mekong Chinese dams were completed, the water levels at the water level measuring stations of Chiangsan, Chiangkan, and Khong Jiem were higher than the natural water level.

2.2.9 Risk from natural disasters which will affect the dam structure and power production equipment

Any force majeure caused by natural disasters could impact the power project. The natural disasters that will likely create damage to the power plant's structure include earthquake and flood which will result in water overflow. However, before investing in this project, CK Group mitigated such risk by selecting a power project site that is less prone to the said risk. The project does not sit on the earthquake fault line and has been designed to withstand any potential natural disasters. Xayaburi hydropower project has been designed to withstand quakes up to 7.5 on the Richter scale. Moreover, the project has a total of 11 water gates, four of which are added with a sediment flushing system, with a maximum discharge capacity of 47,500 cubic meters per second to help release water during the flood season. It is therefore believed that the dam structure is strong enough to withstand earthquakes and there are an adequate number of spillway gates to protect against dam overflows.

2.2.10 Risk associated with cost control in future power project management

Xayaburi hydropower project's power generation needs to rely on personnel with dependable experience and expertise since the project involves a huge investment value. Apart from control over machinery and equipment to ensure power quality and stability, the project also requires good management of water volume, which is an uncontrollable factor, to make certain that there will be sufficient amount of water for power generation and distribution to meet the desired quantity, quality, and stability as specified in the power purchase agreements made with EGAT and EdL. Any error in the management of water volume or in the operation of power generating machinery and equipment will cause damage to the generators and relevant equipment, as well as affect revenues and performance of XPCL.

Under its operational plan, XPCL will undertake the project management by itself without engaging external service providers in the same manner as other hydroelectric power projects in Thailand such as Bhumibol Dam, Queen Sirikit Dam, Si Nakharin Dam, Vajiralongkorn Dam, Sirindhorn Dam and Chulabhorn Dam, all of which have been managed by work units of EGAT, a Thai state enterprise. If in the future XPCL changes its plan and hires other party to manage the project, this may result in a higher operating cost.

2.2.11 Risk from floating interest rates

The long-term Credit Facilities Agreement executed by XPCL is partly denominated in US dollars for USD 711 million and carrying a floating interest rate plus a fixed spread, to be a part of the funding source for Xayaburi hydropower project construction. The said loan is repayable semi-annually in the amount specified in the loan agreement, with the first installment falling due on the last business day of the 15th month after COD, or March 31, 2020, whichever is earlier. As such, if during the loan repayment period there is a material change in the interest rate, it could affect the finance cost of XPCL.

Nevertheless, to hedge against such interest rate risk, XPCL has executed an interest rate swap agreement from the floating rate to a fixed rate. In this respect, when the swap agreement takes effect, the profit or loss previously recognized as other comprehensive income will be transferred to

¹³ Based on <http://thaipublica.org/2014/04/threats-to-rivers/>

¹⁴ Please see Footnote 13.

'cost of project under construction' during the construction period and will then be recorded as 'profit or loss' after the commercial operation period. In addition, XPCL will regularly keep abreast of the interest rate movement and continuously manage and adjust its finance cost. In 2013-2014, XPCL recorded unrealized gain (loss) on risk hedging in its cash flow in the amount of Baht 196.04 million and Baht (688.71) million, respectively.

2.2.12 Risk from exchange rate fluctuation

XPCL could be exposed to risk from exchange rate fluctuation arising from part of the long-term loan and interest which are payable in US dollars. Despite that, XPCL will generate some revenues in US dollar currency from the production and distribution of primary energy to EGAT under the power purchase agreement signed with EGAT, which is deemed as a natural hedge against the exchange rate risk. XPCL also plans to manage any remaining risk by closely following up on the exchange rate trend and executing a hedging contract from time to time as deemed appropriate, in a bid to cushion against potential impact from the exchange rate volatility.

2.2.13 Risk from opposition to project construction

Xayaburi hydropower plant is a run-of-river barrage which neither diverts water from Mekong River nor stores water as storage dams. The project's structural design has been conducted with attention paid to impacts on the environment and society and conformity with the laws of Lao PDR and international practices. The design also takes account of fish preservation by providing fish passing facilities to facilitate migration of fish, including a fish breeding station to assist fishing communities along the Mekong River banks. There is also a sediment flushing system to remove sediment out of water flows through the water gates. A navigation lock is designed to accommodate water transport in Mekong River basin. Still, there are some groups of people opposing the project construction.

The Company believes that the project can be carried on till construction completion since it is a good project that pays attention to impacts on the community, society, and environment in line with rules and regulations of the Mekong River Commission and the laws of Lao PDR and Thailand. Moreover, the project helps to ensure energy security for Thailand as substitution for natural gas that is being depleted. It also creates benefits to Thailand and Lao PDR by strengthening their mutual relationship and economic cooperation.

2.2.14 Loss of investment opportunity in other projects

The acquisition of XPCL's shares and capital increase in XPCL in proportion to the Company's shareholding until completion of project construction will involve a total investment value of Baht 9,856 million. Thus, the Company may have a constraint on investment in any other interesting projects since this transaction requires a huge amount of funds. The Company's executives, however, view that if in the future there are any attractive projects with a favorable rate of return, the Company can raise additional funds for investment in those projects by borrowing from financial institutions or through the capital market. It can also use remaining funds obtained from the exercise of CKP-W1 of approximately Baht 5,708 million¹⁵ (after the increase in XPCL's capital in proportion to the shareholding) for expansion of investment in the future.

3. Comparison of Benefits and Impacts between the Transaction Made with the Connected Person and the Transaction Made with a Third Party

The Company has a business plan to expand investment in power production and distribution business. The acquisition of shares in XPCL is one of the future projects planned since its inception, whereby the Company will invest in XPCL according to its fund raising ability and financial position. CK, as the major shareholders of the Company, has initially invested in XPCL because the project is capital-intensive and complicated. Once the project has become less risky and more stable, the Company will consider acquiring XPCL's shares from CK, which is the connected person. In consideration of the purchase of XPCL's shares from other shareholders of XPCL, the Company has not received any offer from other shareholders of XPCL. Moreover, since an investment in other large-scale bilateral concession projects cannot be considered as easily as the business acquisition transactions in general, it is thus not possible to compare this transaction with the transaction entered into with a third party.

¹⁵ Calculated from proceeds received by the Company from the exercise of CKP-W1 of around Baht 11,220 million (1,870 million shares * Baht 6 per share) in the case that the warrants are fully exercised, less funds required for capital increase in XPCL in proportion to the shareholding until completion of the project construction of approximately Baht 5,512 million.

4. Conclusion of the Independent Financial Advisor's Opinion Regarding Reasonableness of the Transaction

The acquisition of shares in XPCL and the capital increase in XPCL in proportion to the shareholding until completion of the construction of the Project are an investment in accordance with business operation policy of the Company to be the main investor of the electricity production and distribution business of CK Group. It is also in line with the future investment plan, adopted by the Company since its inception, to invest in a venture only after the project risk has been reduced and the project has stabilized to a certain extent. The advantages and benefits from such asset acquisition and connected transaction are as follows: (1) conformity with business operation policy of the Company and creation of value added; (2) an opportunity from investment in XPCL for the Company to increase return from investment; (3) increase the Company's revenues and business potential in the long term; (4) growth in the Company's assets and shareholders' equity; (5) solid financial status of other shareholders of XPCL, which helps to enhance strength and confidence in XPCL's shareholding structure; (6) elimination of a conflict of interest with CK; and (7) an opportunity of personnel development for large-scale project operation. Nonetheless, the transaction still involves some disadvantages and risks as follows: (1) EPS dilution effect on the Company's existing shareholders in the initial period; (2) price dilution effect caused by capital increase via rights offering to existing shareholders; (3) large fund requirement of around Baht 5,512 million for investment in Xayaburi hydropower project development and risk from the exercise of CKP-W1; (4) risk from unable to fulfill the conditions for entering into the transaction with respect to receipt of sufficient proceeds from the rights offering to fully cover the acquisition of shares in XPCL; (5) risk associated with the Company's shareholding in XPCL for less than 75%; (6) risk and impact on the Company from Xayaburi hydropower project unable to be completed and start commercial operation as scheduled and risk from cost overrun; (7) risk from equity contribution to XPCL for Electricity du Laos ("EdL") and P.T. Sole Co., Ltd. ("PT") pursuant to the Equity Contribution Agreement; (8) risk and impact on XPCL from the fluctuation of Mekong water volume which could affect electricity production for supply to EGAT and EdL according to the power purchase agreement; (9) risk from natural disasters which will affect the dam structure and power production equipment; (10) risk associated with cost control in project management in the future; (11) risk from floating interest rates; (12) risk from exchange rate fluctuation; (13) risk from opposition to project construction; and (14) loss of investment opportunity in other projects.

In view of the objective and necessity of the transaction together with the advantages, disadvantages, benefits and risk factors, we are of the opinion that the transaction will provide greater benefit and business opportunity for the Company. The Company is aware of those risks and has already prepared and devised plans to cope with such risks. Risks concerned with EPS and price dilution effects on the shareholders are only short-term. Rather, the transaction will allow the Company to increase its revenues and business potential in the long-term. Therefore, **the asset acquisition and connected transaction is considered reasonable**.

Part 3: Opinion of the Independent Financial Advisor Concerning the Appropriateness of Prices of the Asset Acquisition and the Connected Transaction

CapAd applied 6 approaches in evaluating the fair value of XPCL's shares, namely:

- 1) Book Value Approach
- 2) Adjusted Book Value Approach
- 3) Market Value Approach
- 4) Price to Book Value Ratio Approach: P/BV Ratio
- 5) Price to Earnings Ratio Approach: P/E Ratio
- 6) Discounted Cash Flow Approach

CapAd did not apply the Market Value Approach since XPCL is not listed on the SET. Thus, the market prices of XPCL's shares could not be calculated.

Therefore, 5 remaining approaches shall be applied for the valuation of XPCL's shares and firm value. Details are as follows;

1. Book Value Approach

This approach determines XPCL's shares value at a certain period. In this case, the calculation is based on XPCL's latest financial statement as of December 31, 2014, audited by a certified auditor approved by the SEC. The summary of shares value is as follows:

(Unit: Baht million)

Paid-up capital	9,324.50
Deficit	(480.30)
Other components of shareholders' equity	(492.67)
Total Shareholders' Equity of XPCL	8,351.53
No. of paid-up shares as of December 31, 2014 (million shares)	
Group 1 – Fully paid-up shares	675.00 ^{1/2/}
Group 2 – Partially paid-up shares	950.00 ^{1/3/}
Book value per share – Group 1 (Baht)	8.96
Book value per share – Group 2 (Baht)	2.43

Remark: 1/ All ordinary shares of XPCL have equivalent right and characteristic. For calculation purpose, CapAd divided XPCL's ordinary shares into Group 1 and Group 2; where Group 1 shares are fully paid-up and Group 2 shares are partially paid-up (Now, there is no paid-up for Group 3 shares). Please see more details in Attachment 1 of this report.

2/ Group 1 consisted of 675 million shares with the par value of Baht 10.00 each and fully paid-up, or accounted for 72.39% of paid-up capital as of December 31, 2014, and book value of Baht 8.96 per share.

3/ Group 2 consisted of 950 million shares with the par value of Baht 10.00 each and partially paid-up of Baht 2.71 per share, or accounted for 27.61% of paid-up capital as of December 31, 2014, and book value of Baht 2.43 per share.

The value of XPCL's shares based on this approach is Baht 8.96 per share for Group 1 shares and Baht 2.43 per share for Group 2 shares. The firm value (100%) is **Baht 8,351.53 million**. Therefore, 30% of XPCL is **Baht 2,505.46 million**, which is lower than the acquisition price of 30% of XPCL's shares at Baht 4,344 million by Baht 1,838.54 million or 42.32% lower than the acquisition price.

2. Adjusted Book Value Approach

By this approach, the shares value is derived from total assets, deducted by total liabilities including commitments and contingent liabilities as shown in the latest financial statements as of December 31, 2014, audited by a certified auditor approved by the SEC, and adjusted by items occurred after the end of accounting period or the items that may reflect the actual value of assets and liabilities. The adjustment items may include unrealized gain or loss from assets revaluation and/or tax privileges from losses carried forward. Consequently, the adjusted book value is divided by total number of XPCL's paid-up shares.

In deriving the value of XPCL's shares, the IFA used the book value as shown in the latest financial statements as of December 31, 2014 and considered the significant adjustments.

However, at this time, CapAd found no material adjustment item due to Xayaburi HPP is under construction, where the land for construction has been leased from GOL and there is no appraisal of XPCL's fixed assets by an independent property appraiser. In addition, there is no significant event after the financial statement date that should be considered.

Therefore, the value of XPCL's shares based on this approach is equivalent to the value of XPCL's shares based on the Book Value Approach. Meaning that XPCL's shares based on this approach is Baht 8.96 per share for Group 1 shares and Baht 2.43 per share for Group 2 shares. The

firm value (100%) is **Baht 8,351.53 million**. Therefore, 30% of XPCL is **Baht 2,505.46 million**, which is lower than the acquisition price of 30% of XPCL's shares at Baht 4,344 million by Baht 1,838.54 million or 42.32% lower than the acquisition price.

3. Price to Book Value Ratio Approach: P/BV Ratios

In this approach, CapAd evaluated XPCL's shares by using book value of XPCL as shown in the latest financial statement as of December 31, 2014, audited by a certified auditor, and multiplied by the median of P/BV Ratios of 5 comparable SET-listed companies in Energy and Utilities sector with power plant business same as XPCL. The information is for the period up to February 17, 2015. The details are summarized below:

XPCL	Historical P/BV Ratio (time)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
Electricity Generating PCL.	1.16	1.18	1.19	1.20	1.21	1.21	1.16	1.07
Ratchaburi Electricity Generating Holding PCL.	1.45	1.44	1.42	1.42	1.42	1.41	1.37	1.34
Sahacogen (Chonburi) PCL.	2.56	2.52	2.46	2.50	2.53	2.50	2.31	2.08
CK Power PCL.	1.60	1.61	1.66	1.69	1.71	1.69	1.58	1.38
Glow Energy PCL.	2.91	2.98	3.03	3.07	3.15	3.15	3.07	2.87
Median 5 companies ^{4/}	1.60	1.61	1.66	1.69	1.71	1.69	1.58	1.38
Share value of XPCL – Group 1 ^{1/2/} (Baht/share)	14.37	14.44	14.84	15.12	15.31	15.18	14.13	12.35
Share value of XPCL – Group 2 ^{1/3/} (Baht/share)	3.90	3.92	4.02	4.10	4.15	4.12	3.83	3.35
Firm value of XPCL (Baht million)	13,398.24	13,462.66	13,830.13	14,091.81	14,269.98	14,146.79	13,174.54	11,511.24

Source: SETSMART

Remark: 1/ All ordinary shares of XPCL have equivalent right and characteristic. For calculation purpose, CapAd divided XPCL's ordinary shares into Group 1 and Group 2; where Group 1 shares are fully paid-up and Group 2 shares are partially paid-up (Now, there is no paid-up for Group 3 shares). Please see more details in Attachment 1 of this report.

2/ Group 1 consisted of 675 million shares with the par value of Baht 10.00 each and fully paid-up, or accounted for 72.39% of paid-up capital as of December 31, 2014, and book value of Baht 8.96 per share.

3/ Group 2 consisted of 950 million shares with the par value of Baht 10.00 each and partially paid-up of Baht 2.71 per share, or accounted for 27.61% of paid-up capital as of December 31, 2014, and book value of Baht 2.43 per share.

4/ Excluded Amata B. Grimm Power Plant Infrastructure Fund due to the infrastructure fund is having a policy to pay a dividend from almost all of the earning after reserve, resulting P/BV Ratio was close to the book value of the infrastructure fund.

The value of XPCL's shares based on this approach is Baht 12.35 – 15.31 per share for Group 1 shares and Baht 3.35 – 4.15 per share for Group 2 shares. The firm value (100%) is **Baht 11,511.24 – 14,269.98 million**. Therefore, 30% of XPCL is **Baht 3,453.37 – 4,280.99 million**, which is lower than the acquisition price of 30% of XPCL's shares at Baht 4,344 million by Baht 63.01 – 890.63 million or 1.45% – 20.50% lower than the acquisition price.

However, share valuation of XPCL using this approach is for information only. XPCL is under construction and having no business operation at the present, while the selected SET-listed comparable companies are having their successive business operation for a period of time. Therefore, using the ratios of those comparable SET-listed companies as benchmark for valuation of XPCL's share might not be appropriated.

5. Price to Earnings Ratio Approach: P/E Ratios

In this approach, CapAd evaluated earnings per share of XPCL using net profit of XPCL for the last 12 months period ended December 31, 2014, audited by a certified auditor approved by the SEC, and multiplied by the median of P/E Ratios of 5 comparable SET-listed companies in Energy and Utilities sector with power plant business same as XPCL. The information is for the period up to January 20, 2015. The details are summarized below:

XPCL	Historical P/E Ratio (time)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
Electricity Generating PCL.	10.96	11.09	11.21	11.27	11.38	11.31	11.00	10.20
Ratchaburi Electricity Generating Holding PCL.	13.61	13.50	13.35	13.38	13.31	13.19	12.88	12.09
Sahacogen (Chonburi) PCL.	24.93	24.57	24.02	24.41	24.11	23.57	21.37	17.80
CK Power PCL.	68.81	69.12	70.98	72.28	67.85	64.35	63.10	98.01
Glow Energy PCL.	14.08	14.43	14.64	14.87	15.34	15.43	16.09	15.34
Median 5 companies ^{4/}	14.08	14.43	14.64	14.87	15.34	15.43	16.09	15.34
Share value of XPCL – Group 1 ^{1/2/} (Baht/share)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Share value of XPCL – Group 2 ^{1/3/} (Baht/share)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Firm value of XPCL (Baht million)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: SETSMART

Remark: 1/ All ordinary shares of XPCL have equivalent right and characteristic. For calculation purpose, CapAd divided XPCL's ordinary shares into Group 1 and Group 2; where Group 1 shares are fully paid-up and Group 2 shares are partially paid-up (Now, there is no paid-up for Group 3 shares). Please see more details in Attachment 1 of this report.

2/ Group 1 consisted of 675 million shares with the par value of Baht 10.00 each and fully paid-up, or accounted for 72.39% of paid-up capital as of December 31, 2014, and book value of Baht 8.96 per share.

3/ Group 2 consisted of 950 million shares with the par value of Baht 10.00 each and partially paid-up of Baht 2.71 per share, or accounted for 27.61% of paid-up capital as of December 31, 2014, and book value of Baht 2.43 per share.

4/ Excluded Amata B. Grimm Power Plant Infrastructure Fund due to it was unable to calculate P/E Ratio of such company.

However, for the last 12 months period, XPCL operated at net loss. Therefore, the share value of XPCL by using P/E Ratio could not be calculated

6. Discounted Cash Flow Approach

This valuation approach takes into account XPCL's future operating performances by deriving present value of future cash flow streams using an appropriate discount rate. The independent financial advisor calculated the Weighted Average Cost of Capital (WACC) to be used as the discount rate and constructed a 34-year forecast of XPCL's cash flow (2015 - 2048) to be in line with the concession agreement with the Government of the Lao PDR ("GOL") and the power purchase agreements with Electricity Generating Authority of Thailand ("EGAT") and Electricite Du Laos ("EdL"). The scheduled termination date is 29th year following the Commercial Operation Date ("COD"). In this financial forecast, it is assumed that COD will be within 2019 and the concession agreement and the power purchase agreements shall be ended in 2048. The financial forecast is based on an assumption that XPCL will be liquidated after 2048. In addition, the financial forecast is assumed that there shall not be any significant changes under the current economic conditions and circumstances. Impacts from the transaction between the Company and CK are excluded from this financial forecast.

CapAd constructed the financial forecast for XPCL based on information and assumptions from XPCL and interviews with the managements and relevant officers. The objective of the financial forecast is to evaluate the fair value of XPCL's shares in order to evaluate the appropriateness of acquisition price of XPCL's shares. If there is any change in overall economic outlook and other internal and external factors that materially affect XPCL's business operation or assumptions used herein, the fair value derived from the financial projection may also change accordingly.

The assumptions for XPCLs financial forecast can be summarized as follows;

Xayaburi Hydropower Plant Project ("Xayaburi HPP") is a run-of-river barrage, which produces electricity by increasing the level of water without diverting water from Mekong River and without storing water as storage dams would normally do. The Xayaburi HPP has the total installed capacity of 1,285 MW and would approximately produce the total power of 7,370 GWh per year. XPCL was granted the concession for construction and operation of hydropower plant from the GOL.

The COD of Xayaburi HPP is expected to be in 2019. Once the construction of the project is completed, it will produce and distribute electricity in the amount of 1,225 MW to EGAT and 60 MW to EdL under the power purchase agreements for the period of 29 years from the COD.

Therefore, XPCL will have revenue from sales of electrical energy to EGAT and EdL. Key assumptions are as follows;

▪ **Revenue from sales of electricity**

XPCL is expected to start the unit operation period (“UOP”) with EGAT within 2018 and the COD within 2019.

	Unit	2018F ^{1/}	2019F ^{2/}	2020F ^{2/}	2021F-2047F ^{2/}	2048F ^{2/}
No. of months per year	months	2	12	12	12	10
Average annual sale of electrical energy to EGAT						
Primary Energy ^{4/}	GWh	587.12	4,299.00	4,299.00	4,299.00	2,937.65
Secondary Energy ^{4/}	GWh	192.66	1,410.00	1,410.00	1,410.00	963.50
Excess Energy ^{4/}	GWh	166.53	1,220.00	1,220.00	1,220.00	833.67
Total energy to EGAT- average	GWh	946.31	6,929.00	6,929.00	6,929.00	4,734.82
Average annual sale of electrical energy to EdL						
Primary Energy ^{4/}	GWh	-	35.47	212.81	212.81	177.34
Secondary Energy ^{4/}	GWh	-	11.77	70.62	70.62	58.85
Excess Energy ^{4/}	GWh	-	9.93	59.57	59.57	49.64
Total energy to EdL- average	GWh	-	57.17	343.00	343.00	285.83
Energy tariff during UOP ^{1/3/}	Baht/kWh	1.05 – 1.91	1.05 – 1.91			
Energy tariff during COD ^{2/3/}	Baht/kWh		1.40 – 2.54	1.40 – 2.54	1.40 – 2.54	1.40 – 2.54
Revenue from sales to EGAT	Bat mil.	1,532.66	11,845.61	14,962.59	14,962.59	10,224.44
Revenue from sales to EdL	Bat mil.	0.00	116.52	699.14	699.14 – 806.08	671.73
Total revenue from sales of electricity	Bat mil.	1,532.66	11,962.13	15,661.73	15,661.73–15,768.67	10,896.17

Remark:

1/ Unit Operation Period: November 2018 – October 2019

2/ 29-year period of COD from November 2019 – October 2048

3/ Payment currency for Primary Energy form EGAT shall be in USD and Thai Baht, while all payments for Secondary Energy and Excess Energy shall be in Thai Baht. All payments from EdL shall be in USD.

4/ Definition from the power purchase agreement

Primary Energy – The maximum weekly dispatched energy is 16 hours per day on Monday – Saturday, totaling of 96 hours.

Secondary Energy – The maximum weekly dispatched energy is 5.35 hours per day on Monday – Saturday and 8 hours on Sunday, totaling of 40.1 hours.

Excess Energy - The maximum weekly dispatched energy is 2.65 hours per day on Monday – Saturday and 16 hours on Sunday, totaling of 31.9 hours.

However, the actual delivery of energy will follow the weekly declaration. Each energy component for a given week shall subject to expected daily water flow each week.

Based on the power purchase agreement, EGAT commits to purchase all the Primary Energy and the Secondary Energy generated by 7 generating units with capacity of 175 MW each. Energy tariff for each energy component shall be fixed throughout the power purchase agreement period, where the Primary Energy shall have the highest energy tariff and the Excess Energy shall have the lowest energy tariff. It is expected that EGAT shall purchase all energy generated by the 7 generating units due to the energy tariff of the Excess Energy is relatively cheap at Baht 1.40 per kWh. EGAT can use the excess energy for pumping water back to dam reservoirs in Thailand at night and release the water from the dams to generate electricity for sale during day time at higher price. In addition, in the case that EGAT does not purchase such excess energy, EdL is also willing to purchase due to insufficient electricity in Lao PDR.

Based on the power purchase agreement, EdL agrees to purchase total energy of 343 GWh generated by 1 generating unit with capacity of 60 MW. The energy tariff shall be adjusted once in the 11th year.

▪ **Other incomes**

Majority of other incomes is interest income. In this financial forecast, interest rate is assumed at 1% per annum, throughout the projection period.

▪ **Cost of sales (Excluded depreciation and amortization)**

Cost of sales consists of financial benefits to GOL and operating and maintenance expenses as follows;

(Unit: Baht million)

	2018F ^{1/}	2019F ^{2/}	2020F ^{2/}	2021F-2047F ^{2/}	2048F ^{2/}
Financial benefits to GOL	-	69.78	548.16	548.16 – 6,727.97	8,825.90
Operating and maintenance expenses	25.72	239.28	896.00	922.88 - 1,990.27	321.66
Cost of sales (excluded depreciation and amortization)	25.72	309.06	1,444.16	1,471.04 – 8,718.24	9,167.56
% of costs of sale to revenue from sales of electricity	1.68%	2.58%	9.22%	9.39% - 55.29%	84.14%

Remark: 1/ Unit Operation Period: November 2018 – October 2019

2/ 29-year period of COD from November 2019 – October 2048

Hydroelectric power project is a capital intensive project while a production cost of electricity is lower than those of a thermal power project, which is using fuel energy. In this financial forecast, CapAd considered operating and maintenance expenses of Nam Ngum 2 Hydroelectric Power Project ("Nam Ngum 2 HPP"), which is located in Lao PDR similar to Xayaburi HPP, as a comparison. However, both power plants are different type of hydropower plants, where Nam Ngum 2 HPP is a storage dam and Xayaburi HPP is run-of-river barrage. Since Xayaburi HPP is the first largest run-of-river barrage hydropower plant located on the Southern Mekong River, Nam Ngum 2 HPP is the best available comparison.

- Financial benefit to GOL is a royalty fee to GOL, which is a variable expense to revenue from sales of electricity. Based on the concession agreement, the royalty fee is 3.50% - 81.00% of revenues from sales of electricity starting from the COD.
- Operating and maintenance expenses consist of operating and maintenance costs ("O&M") for barrage and power house, O&M for transmission systems, consulting fees, expenses in relation to the power purchase agreements, environmental and public management, insurance expenses, and others. In this financial forecast, O&M management fee, insurance, consulting fee and environmental and public expense is accounted for 55%, 18%, 10% and 10% of operating and maintenance expenses, respectively, which is reference from those of Nam Ngum 2 HPP.

CapAd assumed operating and maintenance expenses at Bath 0.70 million per MW in 2020 (the first full calendar year after the COD), based on the operating and maintenance expenses of Nam Ngum 2 HPP. Operating and maintenance expenses are assumed to increase 3% per annum from 2021 onwards.

▪ **Selling and administrative expenses**

Selling and administrative expenses consist of salary and employee expenses, travelling expenses, rental expenses, audit fee, consulting fee, public relation expenses, office expenses, and others.

Administrative expenses in 2012 – 2014 were Baht 129.11 million, Baht 173.24 million, and Baht 125.72 million, respectively. Majority of administrative expenses were salary and benefits for managements and staffs and travelling expenses, accounted for 40% and 20% of administrative expenses in 2014, respectively. In this financial forecast, it is assumed that salary and employee expenses and other administrative expenses are to increase 3% per annum, whereas travelling expense will decrease after the COD. Thus, CapAd assumed travelling expenses of Baht 10 million per annum in 2020 and to increase 3% per annum from 2021 onwards. Moreover, when the unit operating period is started in 2018, XPCL will hire more staffs, and office expenses will also increase. CapAd estimated additional selling and administrative expenses of Baht 60 million in 2019 and to increase 3% per annum.

(Unit: Baht million)

	2012A	2013A	2014A	2015F	2016F	2017F
Selling and administrative expenses	129.11	173.24	125.72	129.69	133.77	137.96
% growth of selling and administrative expenses	n.a.	34.17%	-27.43%	3.16%	3.15%	3.13%

	2018F ^{1/}	2019F ^{2/}	2020F ^{2/}	2021F-2047F ^{2/}	2048F ^{2/}
Selling and administrative expenses	147.54	190.75	152.97	157.81 – 329.12	282.43
% growth of selling and administrative expenses	6.94%	29.29%	-19.80%	1.72% - 2.84%	-14.19%

Remark: 1/ Unit Operation Period: November 2018 – October 2019

2/ 29-year period of COD from November 2019 – October 2048

▪ **Financial costs**

Financial cost comprised of interest expenses for long-term loans from financial institutions and other bank charges. Financial cost is recognized to statement of income after the COD. XPCL's current borrowing rate is referenced to MLR and LIBOR based on the loan agreements.

▪ **Corporate income tax**

Based on the concession agreement with the GOL, corporate income tax rate is 0%- 20%.

▪ **Capital expenditures**

Project costs consist of construction cost based on Engineering, Procurement, and Construction Contract, engineering and management expenses, environmental and social

management plan, financial costs, and other emergency expenses. Construction costs and additional works are Baht 78,009.87 million, other expenses are Baht 14,842.67 million and financial cost is Baht 22,498.81 million. Total project cost is Baht 115,351.35 million or Baht 90 million per MW, which is in the range of general project costs of run-of-river hydropower plant project at approximately 1,050 – 7,650 USD/kW (around Baht 35 – 250 million per MW). (Source: *Renewable Energy Technologies: Cost Analysis Series, Volume 1, Issue 3/5, Hydropower, June 2012, prepared by International Renewable Energy Agency*). At the end of January 2015, project completion was 41.87% of total project value. The construction is expected to be completed in 2019. Expected cash outflow for construction costs and financial capital expenditure of 2015 – 2012, based on XPCL's estimation, are Baht 11,614.83 million, Baht 17,159.57 million, Baht 17,570.76 million, Baht 17,796.12 million, and Baht 14,341.26 million, respectively.

XPCL has planned a partial overhaul for every 7 years and a major overhaul for every 14 years after the COD. The estimated cost for a partial overhaul is Baht 89.60 – 96.00 million each, and a major overhaul is Baht 371.20 – 358.40 million each.

In addition, CapAd assumed capital expenditure for office at Baht 3 million per year throughout the projection period.

▪ Assets and liabilities turnover

Based on conditions in related agreements and XPCL's policies, key working capital turnovers are as follows:

Trade account receivables and other receivables	45 days on average
Trade account payables and other payables	30 days on average
Construction payables	30 days on average

Summary of financial projection of 2015 - 2048 is as follows;

(Unit: Baht million)

XPCL	2015F	2016F	2017F	2018F	2019F	2020F	2021F
Revenue from sales - EGAT	0.00	0.00	0.00	1,532.66	11,845.61	14,962.59	14,962.59
Revenue from sales - EdL	0.00	0.00	0.00	0.00	116.52	699.14	699.14
Total revenues	6.61	1.34	6.34	1,540.34	11,972.26	15,691.35	15,717.06
EBITDA	(115.09)	(124.01)	(122.77)	1,373.14	11,477.99	14,100.18	14,094.60
EBIT	(123.09)	(132.43)	(131.62)	865.07	7,766.39	10,236.51	10,230.50
Net profit	(123.09)	(132.43)	(131.62)	865.07	6,863.24	4,918.18	5,134.12
<u>Statements of financial position</u>							
Total assets	49,044.92	66,703.46	84,390.12	102,090.06	115,918.90	115,020.75	115,096.29
Total liabilities	37,966.48	51,310.56	64,534.28	76,965.58	82,689.69	76,873.37	71,814.80
Total shareholders' equity	11,078.44	15,392.90	19,855.84	25,124.48	33,229.20	38,147.38	43,281.50

XPCL	2022F	2023F	2024F	2025F	2026F	2027F	2028F
Revenue from sales - EGAT	14,962.59	14,962.59	14,962.59	14,962.59	14,962.59	14,962.59	14,962.59
Revenue from sales - EdL	699.14	699.14	699.14	699.14	699.14	699.14	699.14
Total revenues	15,757.07	15,744.08	15,765.16	15,766.04	15,767.12	15,767.40	15,768.40
EBITDA	14,102.38	14,056.20	14,043.08	14,008.75	13,973.55	13,936.47	13,898.99
EBIT	10,238.29	10,194.00	10,181.44	10,148.05	10,112.85	10,062.06	10,024.57
Net profit	5,500.53	5,845.47	6,226.96	6,488.47	6,945.13	7,432.51	7,967.61
<u>Statements of financial position</u>							
Total assets	109,872.12	108,056.14	104,221.24	100,406.73	96,608.89	92,772.30	88,949.60
Total liabilities	66,353.37	60,408.50	53,899.61	46,826.71	39,109.20	30,666.52	21,498.65
Total shareholders' equity	43,518.75	47,647.63	50,321.63	53,580.02	57,499.68	62,105.79	67,450.95

XPCL	2029F	2030F	2031F	2032F	2033F	2034F	2035F
Revenue from sales - EGAT	14,962.59	14,962.59	14,962.59	14,962.59	14,962.59	14,962.59	14,962.59
Revenue from sales - EdL	806.08	806.08	806.08	806.08	806.08	806.08	806.08
Total revenues	15,876.47	15,880.05	15,822.08	15,822.46	15,822.85	15,818.62	15,819.01
EBITDA	13,963.68	13,926.43	13,813.27	13,704.63	13,634.12	13,452.54	13,379.32
EBIT	10,089.27	10,052.02	9,938.85	9,830.22	9,759.71	9,552.53	9,479.30
Net profit	8,591.02	9,257.12	9,524.05	9,403.41	9,254.66	8,947.72	8,332.26
<u>Statements of financial position</u>							
Total assets	85,384.60	75,651.52	71,753.95	67,920.94	64,087.93	60,229.31	56,370.70
Total liabilities	11,525.02	181.54	119.95	123.01	126.16	129.41	132.75
Total shareholders' equity	73,859.58	75,469.98	71,634.00	67,797.92	63,961.76	60,099.90	56,237.95

XPCL	2036F	2037F	2038F	2039F	2040F	2041F	2042F
Revenue from sales - EGAT	14,962.59	14,962.59	14,962.59	14,962.59	14,962.59	14,962.59	14,962.59
Revenue from sales - EdL	806.08	806.08	806.08	806.08	806.08	806.08	806.08
Total revenues	15,819.39	15,819.77	15,820.16	15,820.54	15,820.93	15,820.41	15,820.80

XPCL	2036F	2037F	2038F	2039F	2040F	2041F	2042F
EBITDA	13,199.55	12,978.89	12,073.42	11,692.02	9,994.97	9,937.94	9,748.71
EBIT	9,299.53	9,078.88	8,173.41	7,792.01	6,094.96	6,037.93	5,848.70
Net profit	8,081.18	7,435.80	6,666.11	6,224.95	4,867.30	4,821.68	4,670.30
Statements of financial position							
Total assets	52,512.09	48,653.48	44,794.86	40,936.25	37,077.64	33,219.03	29,360.41
Total liabilities	136.19	139.74	143.39	147.15	151.02	155.01	159.12
Total shareholders' equity	52,375.90	48,513.74	44,651.47	40,789.10	36,926.61	33,064.01	29,201.29

XPCL	2043F	2044F	2045F	2046F	2047F	2048F	
Revenue from sales - EGAT	14,962.59	14,962.59	14,962.59	14,962.59	14,962.59	10,224.44	
Revenue from sales - EdL	806.08	806.08	806.08	806.08	806.08	671.73	
Total revenues	15,821.18	15,858.73	15,897.74	15,936.75	15,975.77	11,142.31	
EBITDA	9,032.11	8,876.50	8,194.88	8,168.38	6,930.98	1,694.46	
EBIT	5,132.10	4,976.48	4,294.86	4,268.36	2,583.40	(971.07)	
Net profit	4,097.02	3,972.53	3,427.23	3,406.03	2,058.06	(981.25)	
Statements of financial position							
Total assets	29,217.79	29,222.15	29,226.64	29,231.27	29,236.03	28,073.18	
Total liabilities	163.36	167.72	172.21	176.83	181.60	0.00	
Total shareholders' equity	29,054.43	29,054.43	29,054.43	29,054.43	29,054.43	28,073.18	

▪ Discount rate

The discount rate applied to the calculation of the present value of free cash flow is the Weighted Average Cost of Capital (WACC), which derived from the weighted average of Cost of Debt (K_d) and Cost of Equity (K_e) based on the following formula;

$$WACC = K_e * E / (D + E) + K_d * (1 - T) * D / (D + E)$$

K_e	=	Cost of equity or shareholders' required rate of return (R_e)
K_d	=	Cost of debt or loan interest rate of XPCL
T	=	Corporate income tax rate
E	=	Total shareholders' equity
D	=	Interest-bearing debt

Cost of equity (K_e) or the required rate of return for shareholders (R_e) is derived from the Capital Asset Pricing Model (CAPM) as follows;

$$K_e \text{ (or } R_e) = R_f + \beta (R_m - R_f)$$

Whereby

Risk Free Rate (R_f) = 3.85% per annum based on 34-year government bond yield (information as of February 17, 2015), which is equivalent to the projection period.

Beta (β) = 0.31 – 1.13 times based on unlevered beta of the comparable SET-listed companies in Energy and Utilities sector (1-year historical data until February 17, 2015) and then adjusted with estimated D/E Ratio of XPCL.

Market Risk (R_m) = 16.03% per annum, which is the 29-year average rate of monthly return from the investment in market portfolio of the Stock Exchange of Thailand (January 1985 – January 2015). However, CapAd did not take into account the market returns during 1975 – 1984 because they were returns during the establishment of the Stock Exchange when few companies were listed and trading volume was still limited. Therefore, they may not reflect the actual market return.

K_d = 6.75% per annum, based on loan agreements of XPCL.

D/E Ratio = Estimated D/E Ratio at 0 – 3.30 times, equivalent to estimate D/E Ratios of XPCL in the future.

T = Estimated corporate income tax rate 0 - 20% per annum.

Therefore, the discount rate or XPCL's **WACC** is equal to **7.52% – 9.30% per annum**.

By using above information and assumptions, calculation of XPCL's future cash flow and value are as follows;

(Unit: Baht million)

XPCL	2015F	2016F	2017F	2018F	2019F	2020F	2021F
Free Cash Flow to the Firm	(11,588.48)	(16,762.53)	(17,604.36)	(16,539.79)	(4,279.64)	12,363.61	14,055.41
Present Value of Free Cash Flow to Firm	(10,760.76)	(14,240.85)	(13,683.48)	(11,786.92)	(2,809.23)	7,478.67	7,800.02

XPCL	2022F	2023F	2024F	2025F	2026F	2027F	2028F
Free Cash Flow to the Firm	14,063.25	14,017.14	13,972.81	13,769.16	13,719.92	13,667.84	13,599.74
Present Value of Free Cash Flow to Firm	7,211.64	6,654.33	6,152.14	5,689.65	5,282.48	4,959.30	4,689.96

XPCL	2029F	2030F	2031F	2032F	2033F	2034F	2035F
Free Cash Flow to the Firm	13,553.93	13,502.20	13,378.00	13,257.45	13,108.79	12,826.35	12,205.04
Present Value of Free Cash Flow to Firm	4,412.00	4,283.75	3,947.50	3,638.33	3,345.91	3,044.85	2,694.72

XPCL	2036F	2037F	2038F	2039F	2040F	2041F	2042F
Free Cash Flow to the Firm	11,954.06	11,308.79	10,539.20	10,098.15	8,740.62	8,695.11	8,543.85
Present Value of Free Cash Flow to Firm	2,454.71	2,159.79	1,872.03	1,668.24	1,342.98	1,242.55	1,135.54

XPCL	2043F	2044F	2045F	2046F	2047F	2048F	
Free Cash Flow to the Firm	7,970.69	7,846.32	7,301.16	7,280.09	6,382.83	3,459.72	
Present Value of Free Cash Flow to Firm	985.27	902.06	780.68	723.98	590.36	297.61	

XPCL	(Baht million)
Present Value of Free Cash Flow	44,159.81
Add: Cash and cash equivalent as of December 31, 2014	665.71 ^{1/}
Less: Outstanding interest bearing debts as of December 31, 2014	(28,803.39) ^{1/}
Net present value of cash flow as of February 28, 2015	16,022.14
No. of paid-up shares as of December 31, 2014 (million shares)	
Group 1 – Fully paid-up shares	675.00 ^{2/3/}
Group 2 – Partially paid-up shares	950.00 ^{2/4/}
Book value per share – Group 1 (Baht)	17.18^{2/3/}
Book value per share – Group 2 (Baht)	4.66^{2/4/}

Remark: 1/ Cash and cash equivalent was Baht 665.71 million, and outstanding interest bearing debts consisted of long-term loans from financial institution of Baht 28,310.72 million and derivative financial liabilities of Baht 492.67 million, from consolidated financial statements of XPCL as of December 31, 2014, audited by a certified auditor.

2/ All ordinary shares of XPCL have equivalent right and characteristic. For calculation purpose, CapAd divided XPCL's ordinary shares into Group 1 and Group 2; where Group 1 shares are fully paid-up and Group 2 shares are partially paid-up (Now, there is no paid-up for Group 3 shares). Please see more details in Attachment 1 of this report.

3/ Group 1 consisted of 675 million shares with the par value of Baht 10.00 each and fully paid-up, or accounted for 72.39% of paid-up capital as of December 31, 2014, and book value of Baht 8.96 per share.

4/ Group 2 consisted of 950 million shares with the par value of Baht 10.00 each and partially paid-up of Baht 2.71 per share, or accounted for 27.61% of paid-up capital as of December 31, 2014, and book value of Baht 2.43 per share.

The value of XPCL's shares based on this approach is Baht 17.18 per share for Group 1 shares and Baht 4.66 per share for Group 2 shares. The firm value (100%) is **Baht 16,022.14 million**. Therefore, 30% of XPCL is **Baht 4,806.64 million**.

In addition, CapAd has conducted a sensitivity analysis based on adjusting the discount rate or WACC increased (decreased) by 1.00% of the calculated discount rate mentioned above.

XPCL	Unit	Discount Rate (% p.a.)		
		7.44% - 9.21%	7.52% - 9.30%	7.60% - 9.39%
Firm value of XPCL	Baht million	16,938.21	16,022.14	15,119.03
Group 1 shares ^{1/2/}	Baht/share	18.17	17.18	16.21
Group 2 shares ^{1/3/}	Baht/share	4.92	4.66	4.39
30% of firm value	Baht million	5,081.46	4,806.64	4,535.71

Remark: 1/ All ordinary shares of XPCL have equivalent right and characteristic. For calculation purpose, CapAd divided XPCL's ordinary shares into Group 1 and Group 2; where Group 1 shares are fully paid-up and Group 2 shares are partially paid-up (Now, there is no paid-up for Group 3 shares). Please see more details in Attachment 1 of this report.

2/ Group 1 consisted of 675 million shares with the par value of Baht 10.00 each and fully paid-up, or accounted for 72.39% of paid-up capital as of December 31, 2014, and book value of Baht 8.96 per share.

- 3/ Group 2 consisted of 950 million shares with the par value of Baht 10.00 each and partially paid-up of Baht 2.71 per share, or accounted for 27.61% of paid-up capital as of December 31, 2014, and book value of Baht 2.43 per share.

As shown in the table above, the value of XPCL's shares based on this approach is Baht 16.21 – 18.17 per share for Group 1 shares and Baht 4.39 – 4.92 per share for Group 2 shares. The firm value (100%) is **Baht 15,119.03 - 16,938.21 million**. Therefore, 30% of XPCL is **Baht 4,535.71 – 5,081.46 million**, which is higher than the acquisition price of 30% of XPCL's shares at Baht 4,344 million by Baht 191.71 – 737.46 million or 4.41 – 16.98% higher than the acquisition price.

Please note that the financial projection is based on assumptions provided by XPCL and under the current economic conditions and circumstance. If there is any change in the business plan, government's policies, and economic condition that will materially affect the assumptions and variables used herein, the future operating results of XPCL might not be as projected and the value of the XPCL's share price evaluated by this approach may also change accordingly.

2.7 Summary of the Independent Financial Advisor's Opinion on the Fair Value of XPCL's Shares

The value of XPCL's shares derived from various valuation approaches can be summarized in the table below;

XPCL	(1) XPCL's Firm Value (100%) (Baht million)	(2) = (1) * 30% 30% of XPCL's Firm Value ^{1/} (Baht million)	(3) Acquisition Price of 30% of XPCL (Baht million)	(4) = (2) – (3) Fair Value Higher (Lower) than the Acquisition Price (Baht million)	(4) / (3) Fair Value Higher (Lower) than the Acquisition Price (%)
Book Value Approach	8,351.53	2,505.46	4,344.00	(1,838.54)	(42.32)
Adjusted Book Value Approach	8,351.53	2,505.46	4,344.00	(1,838.54)	(42.32)
Market Value Approach	n.a.	n.a.	4,344.00	n.a.	n.a.
P/BV Ratio Approach	11,511.24 – 14,269.98	3,453.37 – 4,280.99	4,344.00	(890.63) – (63.01)	(20.50) – (1.45)
P/E Ratio Approach	n.a.	n.a.	4,344.00	n.a.	n.a.
Discounted Cash Flow Approach	15,119.03 - 16,938.21	4,535.71 – 5,081.46	4,344.00	191.71 – 737.46	4.41 – 16.98

Remark: 1/ The Company will acquire 30% of XPCL's shares from CKP, totaling of 805.83 million shares (par value of Baht 10.00 each), which is consisted of Group 1 shares of 202.50 million shares (fully paid-up at Baht 10.00 each), and Group 2 shares of 285.00 million shares (partially paid-up at Baht 2.71 each), and Group 3 shares of 318.33 million shares (unpaid).

From the summary table above, the firm value of XPCL (100%) is in the range of Baht 8,351.53 – 16,938.21 million, or 30% of firm value of XPCL is in the range of Baht 2,505.46 – 5,081.48 million.

The Book Value Approach reflects the operating result and status of XPCL at any given period without taking into account its real asset value and future profitability, as well as the overall economic and industry outlook. Thus, valuation of XPCL's shares using this approach could not reflect the current financial position of XPCL and might not be appropriate.

The Adjusted Book Value Approach reflects the market value of XPCL's assets better than the Book Value Approach. However, there is no material adjustment to shareholders' equity this time. The adjusted book value of XPCL is equivalent to the book value. Thus, valuation of XPCL's shares using this approach could not reflect the current financial position of XPCL and might also not be appropriate.

The Market Value Approach is not applied due to XPCL is not listed on the SET. Thus, the market prices of XPCL's shares could not be calculated.

The Price to Book Value Ratio estimated the value of XPCL's shares using past financial figures as of December 31, 2014 to compare with the past selected industrial average of 5 comparable SET-listed companies in Energy and Utilities sector with power plant business same as XPCL. CapAd has not selected this approach for valuation of XPCL's shares due to XPCL is under construction and having no business operation at the present, while the selected SET-listed comparable companies are having their successive business operation for a period of time. Therefore, using the ratios of those comparable SET-listed companies as benchmark for valuation of XPCL's share might not be appropriated.

The Price to Earnings Ratio Approach estimated the value of XPCL's share using net profits of XPCL for 12 months period ended December 31, 2014, to compare with the past selected industrial average of the 5 comparable SET-listed companies in Energy and Utilities sector with power plant

business same as XPCL. Using the ratios of those comparable SET-listed companies as benchmark for valuation of XPCL's share might not be appropriated as above mentioned. In addition, for the last 12 months period, XPCL operated at net loss. Therefore, the share value of XPCL by using P/E Ratio could not be calculated.

The Discounted Cash Flow Approach is the method that considers the future performance of Xayaburi HPP and cash flow generated capability of XPCL. However, impacts from this transaction were excluded from this financial forecast. Xayaburi HPP is under construction with current completion of 41.87% (by the end of January 2015), and expected to the UOP in 2018, COD in 2019, and end of concession period in 2048. However, the valuation is based on assumptions provided by XPCL and under the current economic conditions and circumstances. If there is any change in the business plan, policy, and economic condition that will materially affect the assumptions and variables used herein, the future operating results of XPCL might not be as projected and the value of the XPCL share price evaluated by this approach may also change accordingly.

CapAd is of the opinion that the most appropriate approach to value XPCL's shares is the Discounted Cash Flow Approach. The Discounted Cash Flow Approach reflects future profitability of XPCL under current circumstance. Conclusively, the fair value of XPCL's firm value is **Baht 15,119.03 - 16,938.21 million** (100%), or firm value at 30% is **Baht 4,535.71 – 5,081.46 million**, which is higher than the acquisition price of 30% of XPCL's shares at Baht 4,344 million by Baht 191.71 – 737.46 million or 4.41 – 16.98% higher than the acquisition price. **Hence, the acquisition price of 30% of XPCL's shares at Baht 4,344 million is appropriate** due to it is lower than the fair value of XPCL's shares.

In addition, the Company is obliged to fund the capital increase of XPCL in proportion to the Company's shareholding in XPCL until the construction is completed, amounting to Baht 5,512 million. However, such amount of capital increase has been taken into consideration in CapAd's financial forecast. Moreover, from the financial forecast of the IFA, internal rate of return (IRR) to the Company is around 11.4% per annum and the payback period is 14 years (from February 28, 2015).¹⁶

¹⁶ Please see details in footnote 11

Part 4: Conclusion the IFA Opinion

Please see the conclusion of the IFA opinion in **Executive Summary** on Page 5 of this report.

However, the final decision shall be at own discretionary of the shareholders. The shareholders should consider the information in the notice to the shareholders' meeting and its enclosures before making the decision.

CapAd as the independent financial advisor hereby certifies that the opinions have prudently been provided in compliance with the professional standards and principles, with due regard to the shareholders' benefits.

Yours sincerely,

Capital Advantage Company Limited

-Patchara Netsuwan-

(Mr. Patchara Netsuwan)
Managing Director

Attachment 1

Business Overview and Operating Results of Xayaburi Power Company Limited

1. General Information

Company Name : Xayaburi Power Company Limited (“XPCL”)
 Main Business : Hydroelectric Power Project
 Head Office : 215 Lane Xang Avenue, Ban Xieng Yuen, Chantabouly, Vientien, Lao People’s Democratic Republic (“Lao PDR”)
 Website : <http://www.xayaburi.com>
 Registered Capital : Baht 26,861,000,000, divided into 2,686,100,000 ordinary shares, at the par value of Baht 10 per share
 Paid-up Capital : Baht 9,324,500,000 divided into 675,000,000 ordinary shares, fully paid-up at the par value of Baht 10 per share, and 950,000,000 ordinary shares with paid-up value of Baht 2.71 per share (as of December 31, 2014)

2. Nature of Business

2.1 Background

Xayaburi Power Company Limited (“XPCL”) was established on June 22, 2010 in Lao PDR to operate Xayaburi Hydroelectric Power Project, located on Mekong River, approximately 100 kilometers from Luang Prabang. Xayaburi Hydroelectric Power Project is a Run-of-River hydropower project with total installed capacity of 1,285 MW. Total annual generating energy output is 7,370 GWh.

2.2 Business and Operations

Xayaburi Hydroelectric Power Project is a hydroelectric power project that obtained a concession from Government of Lao People’s Democratic Republic (“GOL”). On October 29, 2010, XPCL entered into 29-year Build-Own-Operate-Transfer (BOOT) concession agreement with GOL, of which all project facilities will be transferred to GOL at the end of concession period simultaneously with the expiration of Power Purchase Agreement which lasts for 29 years from Commercial Operation Date (“COD”). The powerhouse comprises seven 175-MW Kaplan turbines and one 60-MW Kaplan turbine. Major raw material for electricity generation of hydropower project is the river water flow. The construction of this project was commenced on March 15, 2012, and the construction period is approximately 8 years. At the end of January 2015, the construction progress of the project was 41.87% of total construction value. The project is scheduled to commercially operate in 2019. The electricity generated from the Project of 1,225 MW will be sold to the Electricity Generating Authority of Thailand (“EGAT”) and 60 MW to Electricite du Laos (“EdL”) under 29-year Power Purchase Agreement from COD.

3. Board of Directors

As of January 21, 2015, XPCL had 10 directors as follows:

	Name	Position
1.	Dr. Thanong Bidaya	Chairman of the Board
2.	Mr. Plew Trivisvavet	Director and Chief Executive Officer
3.	Mr. Thanawat Trivisvavet	Director and Managing Director
4.	Mr. Van Hoang Dau	Director
5.	Mr. Wisate Chungwatana	Director
6.	Mr. Sahust Praturukkul	Director
7.	Mr. Supong Chayutsahakij	Director
8.	Mr. Jakchai Barlee	Director
9.	Mr. Bounchom Ubonpaseuth	Director
10.	Mr. Thongpheth Douangngeune	Director

Remark: The authorization of XPCL is the signatures of 1) Mr. Plew Trivisvavet and Mr. Thanawat Trivisvavet or 2) either Mr. Plew Trivisvavet or Mr. Thanawat Trivisvavet co-sign with the other director, totaling two directors, and affix the company’s seal.

4. Shareholder Structure

As of December 31, 2014, XPCL had registered capital of Baht 26,861,000,000 divided into 2,686,100,000 ordinary shares at par value of Baht 10.00. Paid-up capital was Baht 9,324,500,000 divided into 675,000,000 shares, fully paid-up at par value of Baht 10.00, and 950,000,000 ordinary shares with paid-up value of Baht 2.71 per share. The shareholders list is as follows:

Shareholder name	Number of registered shares				(% of Total shares)
	Group 1: Shares with fully paid-up ^{1/}	Group 2: Shares not fully paid-up ^{2/}	Group 3: Unpaid share ^{3/}	Total	
1. CH. Karnchang PCL.	202,500,000	285,000,000	318,330,000	805,830,000	30.00
2. Natee Synergy Co., Ltd.	168,750,001	237,500,000	265,275,000	671,525,001	25.00
3. Electricite du Laos	135,000,000	190,000,000	212,220,000	537,220,000	20.00
4. Electricity Generating PCL.	84,375,000	118,750,000	132,637,500	335,762,500	12.50
5. Bangkok Expressway PCL.	50,624,999	71,250,000	79,582,500	201,457,499	7.50
6. P.T. Sole Co., Ltd.	33,750,000	47,500,000	53,055,000	134,305,000	5.00
Total	675,000,000	950,000,000	1,061,100,000	2,686,100,000	100.00

Shareholder name	Paid-up Capital (Baht)			
	Fully paid-up (Group 1) ^{1/}	Not fully paid-up (Group 2) ^{2/}	Unpaid (Group 3) ^{3/}	Total Paid-up Capital
1. CH. Karnchang PCL.	2,025,000,000	772,350,000	0	2,797,350,000
2. Natee Synergy Co., Ltd.	1,687,500,010	643,625,000	0	2,331,125,010
3. Electricite du Laos	1,350,000,000	514,900,000	0	1,864,900,000
4. Electricity Generating PCL.	843,750,000	321,812,500	0	1,165,562,500
5. Bangkok Expressway PCL.	506,249,999	193,087,500	0	699,337,499
6. P.T. Sole Co., Ltd.	337,500,000	128,725,000	0	466,225,000
Total	6,750,000,000	2,574,500,000	0	9,324,500,000

Source: XPCL's capital increased certificate as of April 28, 2014 and audited financial statement for the year ended December 31, 2014.

Remark:

All ordinary shares of XPCL have the same rights and characteristics. For the purpose of XPCL's share valuation, the IFA divided the ordinary shares of XPCL into Group 1, Group 2, and Group 3.

In this connected transaction, the Company will purchase XPCL's shares of 805.83 million shares (par value at Baht 10.0 per share) from CK, representing 30% of total shares, comprises of Group 1 of 202.50 million shares (fully paid-up at Baht 10 per share), Group 2 of 285.00 million shares (partially paid-up at Baht 2.71 per share), and Group 3 of 318.33 million shares (unpaid).

1/ Group 1 consists of 675 ordinary shares at par value of Baht 10 per share, fully paid-up, representing 72.39% of total paid-up capital as of December 31, 2014.

2/ Group 2 consists of 950 million ordinary shares at par value of Baht 10 per share, paid-up value at Baht 2.71 per share, representing 27.61% of total paid-up capital as of December 31, 2014.

3/ Group 3 consists of 1,061.1 million ordinary shares at par value of Baht 10 per share, unpaid, representing 0% of total paid-up capital as of December 31, 2014.

4/ Natee Synergy Co., Ltd. is a wholly-owned subsidiary of Global Power Synergy PCL. ("GPSC"). PTT PCL. ("PTT") and PTT Global Chemical PCL. ("PTTGC") are major shareholders of GPSC with 30.10% and 30.31% shareholding, respectively.

5/ P.T. Sole Co., Ltd. ("PT") has a sole shareholder, Mr. David Dau, who is also a company manager, with 88.2 million Kib registered capital. PT's office is located at MB Building, Kayson Phomvihane Avenue, Phonexay Village, Xaysettha District, Vientiane Capital, Lao PDR. PT's Thailand office is located at 33/4 The 9th Towers, Tower B, 16th floor, Rama 9 Road, Huaykwang, Huaykwang, Bangkok 10310.

PT is one of Lao PDRs leading investment companies with a proven track record and strong credentials in alternative energy, mining, and the food and beverage industries. Formally incorporated in 2005 under the name "PT Construction and Irrigation Company Limited". Experience and expertise in the Laotian business and investment landscape have made PT a trusted partner for leading companies throughout the region. With development partners, PT has invested in three of Lao PDR's largest hydroelectric projects. PT has also entered into a Production Sharing Contract with Lao PDR to explore and develop hydrocarbon-based energy resources across nine provinces.

Aside from energy, PT is investing heavily into the mining sector and have received concessions to explore for gold and copper on two separate concessions in Laos. In other industries, PT has collaborated with Thailand-based Thai NamThip in a joint venture to form the Lao Coca Cola Bottling Company Limited to manufacture and distribute beverages including Coke, Fanta, Sprite, Minute Maid, and Namthip bottled waters.

Atlanta, January 3, 2014 - Colliers International, a global leader in commercial real estate services, announced today it represented

On December 12, 2013, Dau Global Investments LLC (a company in PT group) made an acquisition of Silhouette Midtown, a 10-story 115,838-square-foot office tower in Midtown Atlanta, for US\$11.55 million and will establish its North American headquarters in the building.

(Source: Company Registration Certificate and www.ptsole.com)

("Sole Company Limited" is a legal entity in the form of company limited with only one shareholder, according to Lao PDR's Law on Enterprise.)

Summary of Financial Positions and Operating Results

- Statement of Financial Positions as of December 31, 2012, 2013, and 2014

Statement of Financial Positions (Unit: Baht thousand)	Dec. 31, 2012 ^{1/}	Dec. 31, 2013 ^{1/}	Dec. 31, 2014 ^{2/}
Current Assets			
Cash and cash equivalents	238,991	446,116	665,714
Amounts due from related companies	-	1,200	40
Other current assets	1,491	1,543	2,131
Total current assets	240,482	448,859	667,885
Non-current assets			

Statement of Financial Positions (Unit: Baht thousand)	Dec. 31, 2012 ^{1/}	Dec. 31, 2013 ^{1/}	Dec. 31, 2014 ^{2/}
Project costs during construction phase	8,458,194	22,381,284	36,404,464
Building and equipment	21,356	38,557	43,178
Deferred loan arrangement fees	943,791	885,087	813,398
Derivatives financial assets	-	201,586	-
Other non-current assets	692	599	599
Total non-current assets	9,424,035	23,507,116	37,261,640
Total Assets	9,664,518	23,955,975	37,929,526
Current Liabilities			
Project payables			
Related companies	1,994,600	860,340	671,331
Other parties	91,257	131,708	85,263
Amounts due to related companies	36	609	924
Other accounts payable	4,975	7,200	5,738
Accrued finance cost	5,293	15,687	9,684
Total current liabilities	2,096,162	1,015,545	772,940
Non-current liabilities			
Long-term loans from financial institutions	5,791,335	17,307,985	28,310,720
Derivatives financial liabilities	-	-	492,668
Provision for long-term employee benefits	1,008	2,650	1,669
Total non-current liabilities	5,792,343	17,310,635	28,805,057
Total Liabilities	7,888,505	18,326,181	29,577,997
Shareholders' equity			
Issued and paid-up capital	1,966,000	5,789,750	9,324,500
Deficit	(189,987)	(355,997)	(480,303)
Other components of shareholders' equity	-	196,041	(492,668)
Total Shareholders' Equity	1,776,012	5,629,794	8,351,529
Total Liabilities and Shareholders' Equity	9,664,518	23,955,975	37,929,526

- Comprehensive income statement for the year ended December 31, 2012, 2013, and 2014

Comprehensive Income Statement (Unit: Baht thousand)	2012 ^{1/}	2013 ^{1/}	2014 ^{2/}
Operating income	-	-	-
Other income	512	7,227	1,416
Total operating income	512	7,227	1,416
Administrative expenses	(129,114)	(173,237)	(125,721)
Total operating expenses	(129,114)	(173,237)	(125,721)
(Loss) before interest expense and income tax	(128,602)	(166,010)	(124,305)
Finance cost	-	-	-
(Loss) before income tax	(128,602)	(166,010)	(124,305)
Income tax expense	-	-	-
Loss for the year	(128,602)	(166,010)	(124,305)
Other comprehensive income :			
Unrealized gain (loss) from cash flow hedges	-	196,041	(688,710)
Total comprehensive income (loss) for the year	(128,602)	30,031	(813,015)

- Cash flow statement for the year ended December 2012, 2013, and 2014

Cash Flow Statement (Unit: Baht thousand)	2012 ^{1/}	2013 ^{1/}	2014 ^{2/}
Net cash flows (used in) Operating activities	(126,193)	(159,054)	(118,293)
Net cash flows (used in) Investing activities	(5,455,832)	(14,523,381)	(13,550,693)
Net cash flows from Financing activities	5,771,067	14,889,535	13,888,614
Net increase in cash and cash equivalents	189,021	207,125	219,629
Effect of exchange rate changes on cash and cash equivalents	(20)	25	(31)
Cash and cash equivalents at the beginning of the year	49,970	238,991	446,116
Cash and cash equivalents at the end of the year	238,991	446,116	665,714

Source: 1/ Financial statements of XPCL for the year ended December 31, 2012 and 2013 were audited by EY Office Ltd. which is an auditor in the approved list of the SEC.

2/ Financial statement for the year ended December 31, 2014 has already been audited, but it has yet not been released. XPCL will arrange its Board of Directors' meeting on March 25, 2015 to approve this financial statement.

- Financial Ratios for the year ended December 31, 2012, 2013, and 2014

Financial Ratio		2012	2013	2014
Gross Profit Margin	(%)	0.11	0.44	0.86
Net Profit Margin	(%)	n.a.	n.a.	n.a.
Current Ratio	(Times)	n.a.	n.a.	n.a.
Return on Equity (ROE)	(%)	n.a.	n.a.	n.a.
Return on Assets (ROA)	(%)	n.a.	n.a.	n.a.
Debt to Equity Ratio (D/E Ratio)	(Times)	4.44	3.26	3.54

Remark: n.a. because XPCL does not have operating income and operating profit.

Financial positions and operating results analysis of XPCL

Operating results

Xayaburi hydroelectric power project was under construction so there was no operating income in 2013 and 2014. There was only other income in the form of management fee and interest income of Baht 7.2 million and Baht 1.4 million respectively. Such management fee was 1-year service fee provided to Nam Ngum 2 Co., Ltd. from February 2013 to February 2014. This resulted in an increase in other income in 2013 of Baht 6.7 million or 1,311% increasing from 2012 and Baht 5.8 million decreased in 2014 or 80% reduction from 2013.

Administrative expenses of XPCL were Baht 173 million in 2013 and Baht 125 million in 2014 respectively, increasing by Baht 44 million or 34% growth from 2012 mainly due to an increase in employee related expenses, transportation expenses and office related expenses. In 2014, administrative expenses declined by Baht 48 million or 27% reduction from 2013 due to the decrease in transportation expense and rental expense resulting in net loss of Baht 166 million in 2013 and Baht 124 million in 2014 consecutively. In addition, XPCL utilized financial derivatives as a tool to reduce foreign exchange risk and interest rate risk. As a result, XPCL reported unrealized gain (loss) from cash flow hedge of Baht 196 million and Baht (689) million respectively (the actual gain or (loss) under other comprehensive income will be capitalized as a part of the project cost during construction and will be realized as gain or (loss) in the comprehensive income statement after COD). Therefore, XPCL reported comprehensive income (loss) in 2013 and 2014 of Baht 30 million and Baht (813) million accordingly.

Financial Status

XPCL's total assets were Baht 23,956 million in 2013 and Baht 37,929 million in 2014, increasing by Baht 14,291 million and Baht 13,973 million respectively or represented an increase of 148% in 2013 and 58% in 2014. This was mainly due to an increase in current assets which was cash and cash equivalents, increasing by Baht 207 million in 2013 and Baht 219 million in 2014 correspondingly. This was as a result of the loan drawdown to support the construction of the project and operation of the company. The significant increased of non-current assets item was project cost during construction phase, increasing from Baht 8,458 million in 2012 to Baht 22,381 million in 2013 and Baht 36,404 million in 2014 or 165% and 63% growth consecutively.

XPCL's total liabilities were Baht 18,326 million in 2013 and 29,578 million in 2014, increasing by Baht 10,438 million and Baht 11,252 million or represented an increase of 132% in 2013 and 61% in 2014 accordingly. This was primarily due to an increase in long-term loan from financial institutions of Baht 11,517 million in 2013 and Baht 11,003 million in 2014 to support the construction of the project as well as the company's operations.

XPCL posted shareholders' equity of Baht 5,630 million in 2013 and Baht 8,351 million in 2014, increasing by Baht 3,854 million and Baht 2,722 million or 217% and 48% growth mainly due to the additional payment of paid-up capital made by the existing shareholders in proportion to the loan drawdown to support the project construction progress and operations of the company.

Liquidity

In 2013, XPCL's cash and cash equivalents was Baht 446 million, an increase of Baht 207 million from 2012. Cash was mainly provided by financing activities of Baht 14,889 million as a result of the additional payment of paid-up capital and the drawdown of long-term loan from financial institutions. Cash was utilized in operating activities and investing activities of Baht 159 million and Baht 14,523 million respectively. The utilization of cash in investing activities was mainly to pay for project construction cost, office renovation cost and purchasing of equipments.

In 2014, XPCL had Baht 666 million cash and cash equivalents, increasing from Baht 220 million in 2013. Cash was mainly derived from financing activities of Baht 13,889 million from the additional payment of paid-up capital and the drawdown of long-term loan from financial institutions. Cash was mainly used in investing and operating activities of Baht 118 million and Baht 13,551 million respectively to pay for construction in progress of the project and purchase vehicles.

5. Summary of Significant Agreements

Credit Facilities Agreement of Xayaburi Hydroelectric Power Project with Thai commercial banks

Counter parties	Borrower: Xayaburi Power Co., Ltd. ("XPCL") Lenders: 7 Thai commercial banks
Date of agreement	October 31, 2011
Loan type/amount	Thai Baht loan and US Dollar loan in aggregate of Baht 86,463 million (Exchange rate: USD/Baht 34) and Guarantee credit line
Loan objective	To finance the project development cost and guarantee the construction progress in accordance with the timeline as specified in the agreement
Tenor of the Loan	Approximately 20 years from the date of agreement
Interest rate/fee	Based on MLR for Thai Baht Loan and LIBOR for US Dollar Loan including Guarantee credit line
Loan repayment	The loan repayment is made on semi-annual basis as specified in Credit Facilities Agreement
Major terms and conditions	- XPCL's Debt to Equity Ratio shall not exceed 3:1 - Debt Service Coverage Ratio shall not be less than 1.1:1 starting from the year of first repayment
Cost Overrun Support ("COS")	CH. Karnchang PCL. ("CK"), Global Power Synergy Co., Ltd. ("GPSC") and Electricity Generating PCL. ("EGCO") shall be jointly responsible for total cost overrun of not exceeding Baht 15,200 million

Equity Contribution Agreement related to Credit Facilities Agreement

Counter parties	Borrower: Xayaburi Power Co., Ltd. ("XPCL") Shareholders: CH. Karnchang PCL. ("CK") Natee Synergy Co., Ltd. ("NSC") Electricity Generating PCL. ("EGCO") Bangkok Expressway PCL. ("BECL") P.T. Construction Co., Ltd. ("PTCC")
Base equity commitment	Shareholders shall make equity contribution in proportion to its shareholding percentage in aggregate of Baht 26,861 million to maintain Debt to Equity Ratio at 3:1
Standby equity commitment	Shareholders shall make equity contribution in proportion to the shareholding percentage in aggregate of Baht 1,959 million in the event that the actual revenue from sale of electricity during Unit Operation Period does not meet the forecast to maintain Debt to Equity Ratio of 3:1.
Principal obligor	CK undertakes to provide equity contribution in the event that EdL and/or PTCC are unable to perform its obligations to provide equity contributions to XPCL.

Sponsor Support Agreement related to Credit Facilities Agreement

Counter parties	Sponsors: CH. Karnchang PCL. ("CK") Electricity Generating PCL. ("EGCO") PTT International Co., Ltd. ("PTTI") Borrower: Xayaburi Power Co., Ltd. ("XPCL") Intercreditor Agent: Krung Thai Bank PCL. ("KTB")
Date of agreement	October 31, 2011
Cost Overrun Support ("COS")	Sponsors have obligation to provide shareholder loan in Thai Baht to XPCL in the event of cost overrun prior to project completion date in aggregate of not exceeding Baht 15,200 million.
Contingency equity	The Sponsors' obligations to provide shareholder loan shall be triggered as follow: 1. If the relevant forecast funding shortfall occurs before achievement of UOP ^{1/} , and only after all of the base equity commitment has been fully paid to the Borrower. 2. If the relevant forecast funding shortfall occurs after commencement of UOP, and only after all of the standby equity commitment has been fully paid-up. 3. No sponsor shall be responsible to provide additional shareholder loan to cover any deficiency amount due to a failure by any other Sponsors to provide shareholder loan to cover that forecast funding shortfall. The parties agree that the Sponsor's percentage share of each of NSC and EGCO shall be adjusted in accordance with the share percentage of EdL in the Borrower. The remaining portion will be borne by CK, provided that EdL's share in the Borrower shall not exceed 20%.

Remark: 1/ UOP (Unit Operation Period) is the period starts from the issuance date of certificate of readiness for operation and ends on Commercial Operation Date (COD).

6. Industry Overview

Electricity Industry in Thailand

Please see CKP's 2014 Annual Report as enclosed with the Notice to 2015 Annual General Meeting of Shareholders or Form 56-1 of the year 2014, Part 1, Section 2, Clause 2.4, downloadable at www.set.or.th

Competition in Hydroelectric Power Business in Lao PDR

Please see CKP's 2014 Annual Report as enclosed with the Notice to 2015 Annual General Meeting of Shareholders or Form 56-1 of the year 2014, Part 1, Section 2, Clause 2.1.2, downloadable at www.set.or.th

Attachment 2

Business Overview and Operating Results of CH. Karnchang Public Company Limited

1. General Information

Company Name	:	CH. Karnchang Public Company Limited ("CK")
Main Business	:	General contract construction for government agencies, state enterprises and private entities in the form of main contractor, subcontractor or joint venture or consortium
Head Office	:	587 Viriyathavorn Building, Sutthisarn Road, Dindaeng Subdistrict, Dindaeng District, Bangkok 10400
Telephone	:	0 2277 0460, 0 2275 0026
Fax	:	0 2275 7029
Website	:	http://www.ch-karnchang.co.th/
Registered Capital	:	Baht 1,693,899,970 Divided into 1,690,899,970 of ordinary shares at par value of Baht 1.00
Paid-up Capital	:	Baht 1,693,896,872 Divided into 1,690,896,872 of ordinary shares at par value of Baht 1.00

2. Nature of Business

2.1 Background

CH. Karnchang Public Company Limited ("CK") was established on November 27, 1972 with the initial registered capital of Baht 1,400,000 to engage in general construction business. Initially, the scope of work covered construction of building and general civil works. Its major clients are government agencies. Later in 1981, CK entered into a joint venture with Tokyu Construction Co., Ltd., one of Japan's top ten contractors, to expand construction business and long term prosperity.

CK became a public company on October 10, 1994, increased its registered capital to Baht 700 million, and listed in the Stock Exchange of Thailand on August 3, 1995. Later on April 19, 1996, CK increased its registered capital to Baht 1,050 million. From that point of time, CK was growing rapidly and improving the construction technology development through its joint venture with foreign companies, e.g., Bilfinger AG from Germany and Thames Water International Limited from England. This enabled CK to become one of a few construction contractors which is able to carry out sophisticated construction requiring advanced construction technology such as large scale infrastructure projects. Moreover, CK was able to operate the projects on a design and construction basis or turnkey, concessions on Build-Transfer-Operate (BTO), Build-Operate-Transfer (BOT), Build-Own-Operate (BOO), and Acquire-Operate-Transfer (AOT) basis. For example, the concession project for tap water production and distribution for the Provincial Waterworks Authority in Nakhon Pathom, Samutsakorn, and Patumthani Province; the MRT Initial System Project – Chaloein Ratchamongkhon Line, etc.

In 2004, CK set up SouthEast Asia Energy Limited to serve as a developer of Nam Ngum 2 Hydroelectric Power Project in Lao People's Democratic Republic ("Lao PDR"). In 2006, CK commenced the construction of Nam Ngum 2 Hydroelectric Power Project, a 615 MW hydropower plant with a project value of Baht 22,000 million for the production and distribution of electricity to the Electricity Generating Authority of Thailand (EGAT). Apart from the investment in hydroelectric power plant, CK further invested in varieties of energy business such as natural gas power project, thermal power technology (cogeneration), and solar power projects. CK established Bangpa-in Cogeneration Limited in 2009, Xayaburi Power Co., Ltd. in 2010, Nakhon Ratchasima Solar Co., Ltd., Chiangrai Solar Co., Ltd. and Bangkhenchai Co., Ltd. in 2011. In the same year, CK set up CK Power Limited ("CKP") as a holding company with its core business in SouthEast Asia Energy Limited, the major shareholder of the Nam Ngum 2 Hydroelectric Power Project. CKP's objective is to invest in good energy business which is under the development of CK Group. CKP transformed to be a public company on February 6, 2013 and was listed in the Stock Exchange of Thailand on July 19, 2013. In June 2013, CK increased registered capital in the amount of Baht 41,311,536 to support stock dividend paid to shareholders, resulting registered capital to increase to Baht 1,693,896,872.

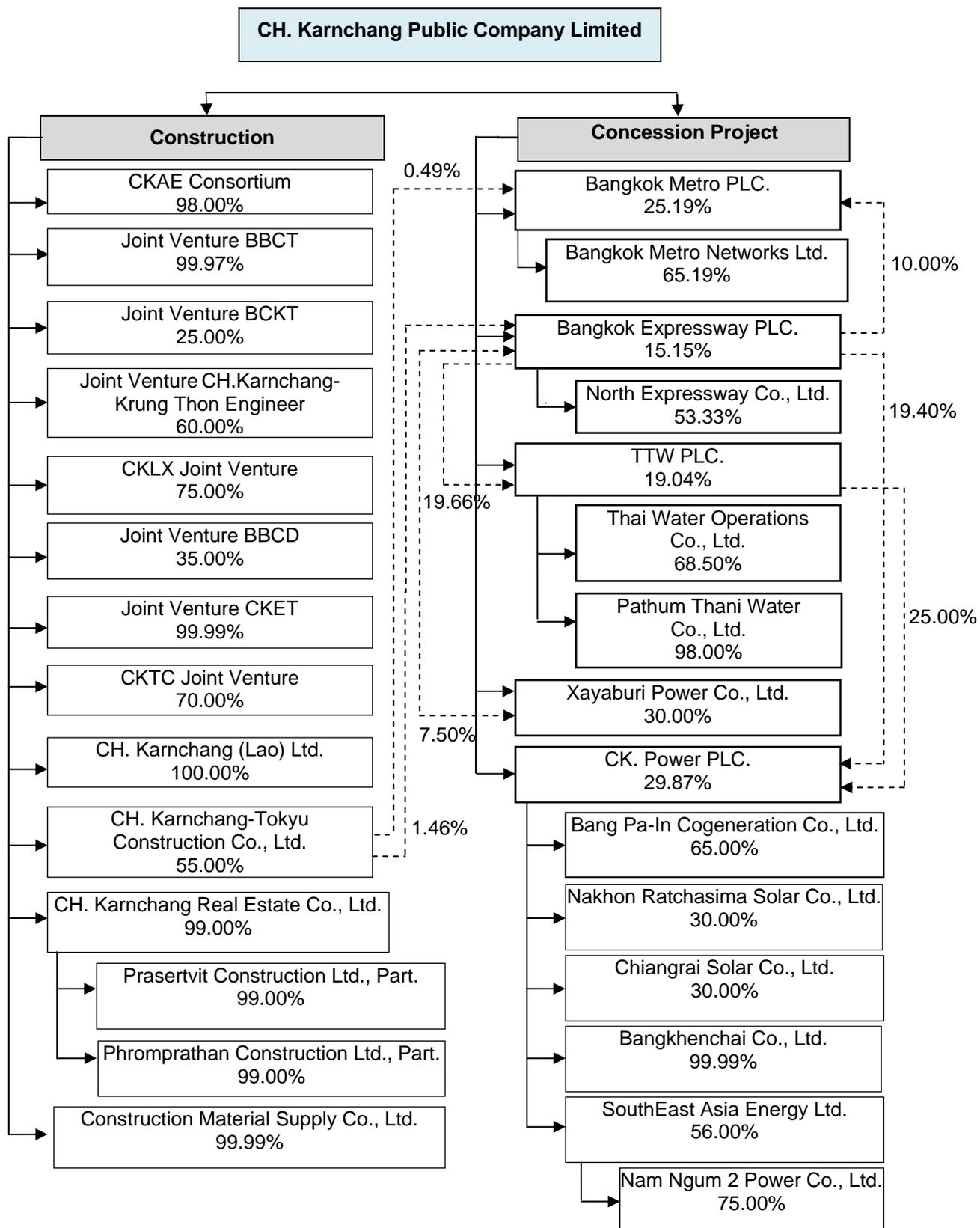
- **CK's Group Structure**

CK's business can be divided into 2 types:

1. Contractor business
2. Concession project

The flow chart of group structure is in the following page.

CK's Group Structure



Source: Form 56-1 of the year 2014 of CK

2.2 Business and Operation

CK's primary business is a construction contractor on works from government agencies, state enterprises, and private entities in the form of main contractor or sub-contractor through bidding, tender, and joint venture or consortium with foreign contractor companies. In addition, CK expands the scope of business to invest in government concessions relating to transportation, water, and energy infrastructure, e.g. MRT Initial System Project which operated by Bangkok Metro Public Company Limited ("BMCL"), water production project which operated by TTW Public Company Limited ("TTW") and Patum Thani Water Co., Ltd., and etc.

3. Board of Directors

As of January 12, 2015, CK has 11 directors as follows:

	Names	Position
1.	Mr. Aswin Kongsiri	Chairman of the Board of Directors and Independent Director
2.	Mr. Plew Trivisvavet	Chairman of the Executive Board and Chief Executive Officer
3.	Mr. Vitoon Tejatussanasoontorn	Chairman of Audit Committee and Independent Director
4.	Mr. Thawansak Sukhawun	Audit Committee and Independent Director
5.	Mr. Pavich Tongroach	Audit Committee and Independent Director
6.	Mr. Narong Sangsuriya	Director
7.	Mr. Kamthorn Trivisvavet	Director
8.	Mr. Ratn Santaannop	Director
9.	Mr. Prasert Marittanaporn	Director
10.	Mr. Sombat Kitjalaksana	Director
11.	Mr. Anukool Tuntimas	Director

Remark: The authorization of CK is the signatures of Mr. Plew Trivisvavet, Mr. Kamthorn Trivisvavet, Mr. Narong Sangsuriya, Mr. Prasert Marittanaporn 2 of 4 directors co-sign or 1 of 4 co-sign with any of the following 3 directors; Mr. Ratn Santaannop, Mr. Sombat Kitjalaksana, Mr. Anukool Tuntimas and affix the company's seal.

4. Shareholder Structure

As of January 28, 2015, CK has registered capital of Baht 1,693,899,970 (divided into 1,693,899,970 ordinary shares at par value of Baht 1.00 per share), of which Baht 1,693,896,872 were paid up (divided into 1,693,896,872 ordinary shares at par value of Baht 1.00 per share). Top 10 shareholders are as follows:

Name	Number of shares	% Shareholding
1. Trivisvavet group	664,142,503	39.21
1.1 Mrs. Sopida Trivisvavet	15,383,225	0.91
1.2 Mr. Plew Trivisvavet	12,631,497	0.75
1.3 Mr. Prasert Trivisvavet	10,702,722	0.63
1.4 Mrs. Saikasem Trivisvavet	7,960,892	0.47
1.5 Mr. Kamthorn Trivisvavet	72,775	0.004
1.6 Mahasiri Siam Co., Ltd. ^{1/}	340,412,365	20.10
1.7 CH.Karnchang Holding Co., Ltd. ^{2/}	175,496,503	10.36
1.8 CK Office Tower Co., Ltd. ^{3/}	93,348,212	5.51
1.9 Bang Pa-in Land Development Co., Ltd. ^{4/}	8,134,312	0.48
2. Thai NVDR Co., Ltd.	64,125,521	3.786
3. Bangkok Bank PLC.	38,950,000	2.30
4. State Street Bank Europe Limited ^{5/}	27,824,463	1.64
5. Thai Value Focus Dividend Fund	15,844,600	0.94
6. Provident Fund of EGAT employee registered by UOB Asset Management (Thailand) Co., Ltd.	14,769,800	0.87
7. Laosethanun group	13,504,057	0.80
7.1 Mr. Pornchai Laosethanun	13,454,057	0.79
7.2 Mr. Pichai Laosethanun	40,000	0.002
7.3 Ms. Kitiya Laosethanun	10,000	0.001
8. Mr. Suchon Sirivorakanvanit	13,100,000	0.773
9. K 20 Select LTF	12,062,800	0.712
10. K Growth LTF	10,884,487	0.643
Total top 10 shareholders	875,208,231	51.67
Other shareholders	818,738,641	48.33
Total	1,693,896,872	100.00

Source: Shareholder list on the book closing XO on January 28, 2015 from Thailand Securities Depository Co., Ltd.

Remark:

1/ Directors and shareholders of Mahasiri Siam Co., Ltd. are as follows:

Directors: Mr. Prasert Trivisvavet, Mr. Thep Trivisvavet, Mr. Yim Trivisvavet, Mr. Plew Trivisvavet, and Mr. Kamthorn Trivisvavet

Shareholders:

Name	Number of shares	% Shareholding
1. Mr. Thavorn Trivisvavet	2,411,473	26.80
2. Mr. Prasert Trivisvavet	2,281,895	25.35
3. Mr. Plew Trivisvavet	1,993,633	22.15

Name	Number of shares	% Shareholding
4. Mr. Thep Trivisvavet	937,837	10.42
5. Mr. Kamthorn Trivisvavet	753,948	8.38
6. Ms. Ruangkhao Promphat	621,213	6.90
7. Mrs. Saikasem Trivisvavet	1	0.00
Total	9,000,000	100.00

2/ Directors and shareholders of CH. Karnchang Holding Co., Ltd.

Director: Mr. Plew Trivisvavet, Mr. Prasert Trivisvavet, Mr. Thep Trivisvavet, Mr. Yim Trivisvavet, and Mr. Kamthorn Trivisvavet

Shareholders:

Name	Number of shares	% of Shareholding
1. Mahasiri Siam Co., Ltd.	2,100,000	25.00
2. Mr. Nuttapong Khummee	1,050,000	12.50
3. Namphol Construction Co., Ltd.	1,050,000	12.50
4. Cholavet Civil Co., Ltd	1,050,000	12.50
5. Tawornwong Co., Ltd.	1,050,000	12.50
6. Vetprasert Co., Ltd.	1,050,000	12.50
7. Ekkamthorn Co., Ltd.	1,050,000	12.50
Total	8,400,000	100.00

3/ Directors and shareholders of CK. Office Tower Co., Ltd.

Directors: Mr. Plew Trivisvavet, Mr. Prasert Trivisvavet, Mr. Thep Trivisvavet, Mr. Yim Trivisvavet, Mr. Kamthorn Trivisvavet, and Mr. Prasert Thongkittikul

Shareholders:

Name	Number of shares	% Shareholding
1. Mahasiri Siam Co., Ltd.	750,000	25.00
2. Mr. Kamthorn Trivisvavet	375,000	12.50
3. Mr. Thavorn Trivisvavet	375,000	12.50
4. Mr. Thep Trivisvavet	375,000	12.50
5. Mr. Prasert Trivisvavet	375,000	12.50
6. Mr. Plew Trivisvavet	375,000	12.50
7. Mr. Yim Trivisvavet	375,000	12.50
Total	3,000,000	100.00

4/ Directors and shareholders of Bang Pa-in Land Development Co., Ltd.

Director: Mr. Plew Trivisvavet, Mr. Prasert Trivisvavet, Mr. Yim Trivisvavet, Mr. Thep Trivisvavet, Mr. Kamthorn Trivisvavet, Mr. Vorawut Anurakwongsri, and Ms. Supamas Trivisvavet

Shareholders:

Name	Number of shares	%Shareholding
1. Mahasiri Siam Co., Ltd.	600,000	25.00
2. CK Office Tower Co., Ltd.	600,000	25.00
3. Mr. Thavorn Trivisvavet	200,000	8.33
4. Mr. Prasert Trivisvavet	200,000	8.33
5. Ms. Jiraporn Yordsaeng	200,000	8.33
6. Mr. Plew Trivisvavet	200,000	8.33
7. Mr. Thep Trivisvavet	200,000	8.33
8. Mr. Kamthorn Trivisvavet	200,000	8.33
Total	2,400,000	100.00

(Source of remark 1 – 4: www.corpus.bol.co.th)

- 5/ The foreign-registered company trades securities in the Stock Exchange of Thailand without disclosure that it holds securities for its own benefits or for others. CK does not have the authority to request any disclosure from such shareholder.

5. Summary of Financial Positions and Operation Results

- Statement of Financial Positions as of December 31, 2012, 2013 and 2014

Consolidated Statement of Financial Positions (Unit: Baht thousand)	Dec. 31, 2012 Restated	Dec. 31, 2013	Dec. 31, 2014
Current Assets			
Cash and cash equivalents	3,973,017	3,913,216	5,265,068
Current Investments	1,580,253	1,479,750	683,659
Trade and other receivables	5,323,653	4,288,094	5,336,692
Short-term loans to related parties and interest receivable	1,201	1,201	31,209
Unbilled receivables	9,988,372	15,397,850	13,275,865
Construction in progress and construction supplies	1,304,937	2,496,178	8,562,297
Advanced payment to subcontractors	7,543,174	12,621,816	10,315,917
Current portion of long-term loans to associated company and interest receivable	213,693	-	-

Consolidated Statement of Financial Positions (Unit: Baht thousand)	Dec. 31, 2012 Restated	Dec. 31, 2013	Dec. 31, 2014
Current portion of long-term loans to other companies and interest receivable	180,111	-	-
Other current assets	568,154	937,497	508,528
Total Current Assets	30,676,565	41,135,602	43,979,135
Non-current assets			
Restricted bank deposits	362,230	33,087	24,182
Long-term loans to jointly controlled entities and interest receivable	155,447	-	-
Long-term loans to associated companies and interest receivable, net of current portion	3,980,988	-	-
Long-term loans to related company and interest receivable	21,003	21,272	22,411
Long-term loans to other companies and interest receivable, net of current portion	508,225	-	-
Investments in associated companies	4,986,159	7,270,773	7,375,512
Other long-term investments	4,415,960	11,906,400	13,829,918
Long-term trade and other receivables	140,843	3,152,387	7,624,344
Investment properties	400,377	383,536	398,994
Property, plant and equipment	4,700,336	7,517,860	6,961,836
Intangible assets	77,076	96,025	85,921
Accounts receivable – claims for additional costs, net	-	-	-
Advances for future projects	222,365	265,895	277,685
Withholding tax deducted at source	36,929	121,539	76,478
Deferred tax assets	35,859	62,231	185,517
Other non-current assets	500,333	67,619	30,306
Total non-current assets	20,544,130	30,898,624	36,893,105
Total Assets	51,220,695	72,034,226	80,872,240
Current liabilities			
Bank overdrafts and short-term loans from financial institutions	2,484,358	4,373,916	4,516,035
Trade and other payables	5,461,971	6,846,109	5,904,480
Current portion of hire purchase creditors	166,371	342,187	226,313
Current portion of long-term loans	4,876,905	6,995,774	5,327,627
Current portion of debentures	3,000,000	1,983,800	3,000,000
Advances received from employers and construction revenue received in advance	7,536,440	7,971,504	8,308,850
Retention for construction	367,092	596,382	891,332
Income tax payable	31,445	3,135	77,861
Unbilled output tax	184,436	347,786	702,944
Derivative financial liabilities	-	-	511,227
Other current liabilities	73,856	90,524	137,636
Total current liabilities	24,209,873	29,551,117	29,604,306
Non-current liabilities			
Hire purchase creditors – net of current portion	353,647	750,494	295,282
Long-term loans, net of current portion	7,628,888	10,903,841	14,047,380
Debentures, net of current portion	9,964,443	11,981,983	14,979,666
Provision for long-term employee benefits	167,612	346,341	447,096
Deferred tax liabilities	387,638	1,659,858	2,027,828
Total non-current liabilities	18,502,228	25,642,515	31,797,250
Total Liabilities	42,712,101	55,193,633	61,401,556
Share capital			
Par value (Baht 1 per share)			
Registered capital			
1,693,899,970 ordinary shares (December 31, 2013: 1,652,585,336 ordinary shares)	1,652,585	1,652,585	1,693,900
Issued and fully paid up			
1,693,896,872 ordinary shares (December 31, 2013: 1,652,585,336 ordinary shares)	1,652,585	1,652,585	1,693,897
Share premium	4,869,410	4,869,410	4,869,410
Retained earnings			
Appropriated			
Statutory reserve	170,759	170,759	174,890
Unappropriated	308,346	7,011,426	8,587,174
Other components of shareholders' equity	1,220,019	2,846,539	3,799,348
Equity attributable to owners of the company	8,221,120	16,550,720	19,124,719
Non-controlling interests of the subsidiaries	287,474	289,873	345,965
Total Shareholders' Equity	8,508,594	16,840,593	19,470,684
Total Liabilities And Shareholders' Equity	51,220,695	72,034,226	80,872,240

– Comprehensive income statement for the year ended December 31, 2012, 2013 and 2014

Consolidated Comprehensive Income Statement (Unit: Baht thousand)	2012 Restated	2013	2014
Revenue from construction services	20,684,885	32,570,454	32,857,869
Sales of construction materials	79,190	56,519	7,194
Project management income	59,472	50,196	5,153
Rental income	50,142	104,313	63,687
Transportation income	21,157	6,247	17,141
Other income			
Interest income	406,901	580,360	74,948
Profit sharing from jointly controlled entities and dividend income	166,770	619,443	711,710
Gain on sales of investment in subsidiaries and associated companies	486,001	3,293,596	1,268,571
Gain on exchange	24,405	233,235	35,559
Gain on fair value measurement of investment in an associate at the transition date	-	3,821,640	-
Gain from a reduction of interest in investment in an associate as deemed disposal	-	397,739	-
Others	115,440	276,231	401,527
Total revenues	22,094,363	42,009,972	35,443,360
Cost of construction services, sales of construction material and services	18,456,668	29,233,084	29,827,416
Administrative expense	1,571,420	1,504,979	1,475,251
Total expenses	20,028,088	30,738,064	31,302,666
Profit before share of profit (loss) from investments in associated companies, finance cost and income tax expenses	2,066,275	11,271,908	4,140,693
Share of profit (loss) from investments in associated companies	267,658	(488,589)	26,768
Profit before income tax expenses	2,333,933	10,783,319	4,167,462
Finance cost	(1,420,506)	(1,538,097)	(1,467,957)
Profit before income tax expenses	913,427	9,245,222	2,699,504
Income tax expenses	(296,170)	(1,533,253)	(342,433)
Profit for the year	617,257	7,711,969	2,357,071
Profit attributable to			
Equity holders of the company	583,854	7,673,854	2,296,257
Non-controlling interests of the subsidiaries	33,403	38,116	60,814
Earnings per share (Baht)	0.35	4.64	1.36

– Cash flow statement for the year ended December 2012, 2013 and 2014

Consolidate Cash Flow Statement (Unit: Baht Thousand)	2012 Restated	2013	2014
Net cash flow from (used in) Operating activities	(3,435,495)	(8,409,474)	(4,930,741)
Net cash flow from (used in) Investing activities	(2,199,392)	849,283	1,315,838
Net cash flow from (used in) Financing activities	5,602,338	7,444,237	4,954,885
Effect of exchange rate on cash and cash equivalents	(13,214)	56,152	11,871
Net (decrease) in cash and cash equivalents	(45,763)	(59,800)	1,351,852
Cash and cash equivalents at the beginning of the year	4,018,780	3,973,016	3,913,215
Cash and cash equivalents at the end of the year	3,973,016	3,913,215	5,265,068

Source: The financial statements of CK and its subsidiaries for the year ended December 31, 2012, 2013, and 2014 audited by EY Office Ltd. which is an auditor in the approved list of the SEC.

– Financial ratios for the year ended December 31, 2012, 2013, and 2014

Financial Ratio		2012	2013	2014
Gross Profit Margin	(%)	11.37	10.54	9.26
Net Profit Margin	(%)	2.64	18.28	6.48
Current Ratio	(times)	1.27	1.39	1.49
Return on Equity (ROE)	(%)	6.86	45.57	11.79
Return on Assets (ROA)	(%)	1.14	10.65	2.84
Debt to Equity Ratio (D/E Ratio)	(times)	5.02	3.28	3.15

Financial positions and operating results analysis of CK and its subsidiaries

Operating results

In 2013, CK, its subsidiaries, and its jointly controlled entities had main revenues which are revenues from construction services, sales of construction materials, and project management income totaling of Baht 32,677 million or 78% of total revenues, increasing by 57% from 2012. In 2014, CK and its subsidiaries recorded total main revenues of Baht 32,870 million which represented 93% of total revenues, increasing by 0.59% from 2013, as a result of the substantial progress in construction of (a) the Xayaburi Hydroelectric Power Project in Lao People's Democratic Republic, (b)

the MRT Green Line Project, Contract 1 and Contract 2, (c) the MRT Blue Line Extension Project, Contract 2 and Contract 5, and (d) Sirat-Outerring Road Expressway Project.

In 2013, CK had other income of Baht 9,222 million, increasing by 669% from 2012, because CK sold the investment in TTW PLC. ("TTW") in the first quarter and realized gain from sale of investment of Baht 2,203 million. As a result of this transaction, CK's stake in TTW was decreased, and CK reclassified investment in TTW from investment in associates to marketable securities and changed the presentation method of the value of investments from the equity method to fair value method. CK recorded gain on fair value measurement of investment at the transaction date of Baht 3,822 million. In the second quarter, CK sold the investment in Bangkok Metro PLC. ("BMCL") and realized gain from sale of investment of Baht 1,090 million. In addition, CK realized gain from the decline in investment in associates in C.K. Power PLC. ("CKP") of Baht 398 million as the shareholding of CK in CKP declined from 38% to 31.8%. Moreover, there was profit sharing from jointly controlled entities and dividend income in 2013 amounted to Baht 619 million, increasing by 271% from 2012, because the operating performance of its subsidiaries was better than last year. Most of dividend income came from BECL and TTW.

In 2014, other income of CK was Baht 2,492 million, decreasing by Baht 6,730 million from 2013, because in 2014 CK sold its investment in 1,025 million shares of BMCL and 29 million shares of CKP, so BMCL had gain from sale of investment totaling Baht 1,269 million. Other income in 2014 was substantially decreased from 2013 due to less gain from sale of investment, no gain on fair value measurement of investment in an associate, and no gain from a reduction of percentage holding in an associate.

CK had Baht 3,443 million gross profit in 2013, increasing from Baht 2,365 million in 2012. In 2014, gross profit declined by Baht 400 million from 2013 to Baht 3,043 million due to the construction of MRT Purple Line Contract 1 was completed. In 2013, CK reported selling and administrative expenses of Baht 1,504 million, dropping by 4% from 2012, because CK was able to control selling and administrative expenses efficiently. Selling and administrative expenses continued decreasing to Baht 1,475 million in 2014, reduction of Baht 29 million, due to the reduction in administrative expenses of jointly controlled entities. In 2013, CK had financial cost of Baht 1,538 million, increasing from Baht 1,420 million in 2012, as a result of the increase in long-term debt. In 2014, financial cost decreased from 2013 by Baht 70 million, or 5% reduction, to Baht 1,468 million due to the partial repayment of long-term loan and redemption of high interest rate debenture. For the income tax expense, in 2013 CK had income tax expense of Baht 1,533 million, increased significantly by 418% from 2012, because of high net profit before tax. In 2014, income tax expense was Baht 342 million, declining by Baht 1,191 million or 78% drop from 2013 because profit before tax in 2014 was much lower than 2013. Nevertheless, CK posted net profit of Baht 7,674 million, 1,214% growth from 2012. In 2014, CK reported net profit of Baht 2,296 million, decreasing by Baht 5,378 million or 70% drop from previous year.

Financial status

At year end of 2013, CK's total assets were Baht 72,034 million, representing an increase of Baht 20,813 million or 41% from 2012 mainly due to the increase in current assets and non-current assets.

Major items of increased current assets were advanced payment to subcontractor and unbilled receivable which increased by Baht 5,410 million and Baht 5,079 million, respectively. The increase in both items was due to the acceleration of the construction of (a) Xayaburi Hydroelectric Power Project in Lao People's Democratic Republic, (b) the MRT Green Line Project, Contract 1 and Contract 2, and (c) the MRT Blue Line Extension Project, Contract 2 and Contract 5.

Increased non-current assets from the previous year included investment in associates, other long-term investment, accounts receivable, and property plant and equipment.

- Investment in associates amounting to Baht 7,271 million, increasing by Baht 2,285 million or 45.8% growth from 2012 due to subscription of the capital increase shares of BMCL.
- Other long-term investment in 2013 was Baht 11,906 million, increasing by Baht 7,490 million or 169.6% from 2012. This was resulting from the decrease in shareholding of TTW from 30.04% to 19.04%. CK reclassified the presentation method from equity method to fair value method, thus incurring the unrealized gain on change in value of investment in ordinary shares of BECL and TTW. (CK held BECL and TTW at 16.5% and 19%, respectively.)
- Long-term trade receivables – non-related parties in 2013 amounting to Baht 3,152 million, representing an increase by Baht 3,011 million or 2,183% from 2012, due to; (a) construction fee receivables under the Agreement for Project Management and for Supply and Installation of M&E Systems in the MRT Purple Line Project, Bang Yai – Bang Sue (Klong Bang Phai Station - Tao

Poon Station), as signed by CK in September 2013. Such construction fee receivables would become due and collectible in full on the date specified in the Commissioning Certificate. CK will receive the payment of construction fee on a monthly basis according to BMCL's receipt of consideration from MRTA. And (b) other receivables from sale of shares in TTW to BECL which will be paid by April 2015.

- Property, plant, and equipment in 2013 amounting to Baht 7,518 million, increasing by Baht 2,818 million or 60% growth from last year, mainly due to the investments in assets for construction of various projects.

In 2014, total assets were Baht 80,872 million, increasing by Baht 8,838 million from 2013. Major reason was the acceleration of the construction of Xayaburi Hydroelectric Power Project in Lao People's Democratic Republic. Construction in progress, construction supplies, and long-term trade receivables therefore increased substantially. Construction in progress and construction supplies increased by Baht 6,066 million, increased from 2,496 million in 2013 to Baht 8,562 million in 2014. While long-term trade receivables in 2014 were Baht 7,624 million, up by Baht 4,472 million or 142% growth as compared with 2013. Such receivables were construction fee receivable under the Agreement for Project Management, as well as for Supply and Installation of M&E Systems in the MRT Purple Line Project Contract 4 would become due and collectible in full on the date specified in the Commissioning Certificate.

In 2013, CK's total liabilities were Baht 55,194 million, increasing by Baht 12,482 million or 29% increase from 2012. Major increased liabilities items were short-term loan from banks (Letter of Credit) and current portion of long-term loan. In 2014, total liabilities were Baht 61,402 million, went up by Baht 6,208 million or 11% growth from previous year, mainly due to the increase in long-term loan drawdown for operation and new debentures issuance.

The shareholder's equity at the end of 2013 was Baht 16,841 million, increasing by Baht 8,332 million or 98% growth from last year, due to higher retained earnings from profitable operation with net profit of Baht 7,674 million. At the end of 2014, CK's shareholders' equity was Baht 19,471 million, increasing by Baht 2,630 million or 16%, as a result of Baht 1,576 million increase in inappropriate retained earnings and Baht 953 million increase in other components of shareholders' equity from mark to market of investment in BECL and TTW.

Liquidity

The increase or decrease in cash and cash equivalents in 2013 was as follows:

In 2013, CK had net cash used in operating activities of Baht 8,409 million, increasing from 2012 by Baht 4,974 million, as a result of the acceleration the construction progress in Xayaburi Hydroelectric Power Project in Lao People's Democratic Republic and MRT Green Line Project Contract 1 and Contract 2. This resulted in the increase in unbilled receivable by Baht 3,401 million.

For the investing activities in 2013, CK had net cash flow from investing activities amounted to Baht 849 million increasing from 2012 by Baht 3,049 million because (a) CK made long term loan repayment to BMCL and Joint Venture CKET and also (b) received debt repayment from Rayong Real Estate Co., Ltd. and Private Inter Construction Co., Ltd.

For the financing activities in 2013, CK had net cash flow from financing activities of Baht 7,444 million increasing from 2012 by Baht 1,842 million from the drawdown of long-term loan from banks and debenture issuance.

Combining net cash from 3 activities with the effect of foreign exchange on cash and cash equivalents, there was net cash decrease of Baht 60 million adding to the beginning cash of Baht 3,973 million, resulting in the ending cash balance of Baht 3,913 million.

The increase or decrease in cash and cash equivalent in 2014 was as follows:

In 2014, there was net cash used in operating activities of Baht 4,931 million because the construction of progress in Xayaburi Hydroelectric Power Project in Lao People's Democratic Republic was progressing causing considerable increase in inventories and construction supplies as well as long-term trade receivables.

In term of investing activities, there was net cash flow from investing activities of Baht 1,316 million from sale of investment in associates – 1,025 million shares of BMCL and 29 million shares of CKP.

In term of financing activities, there was net cash flow from financing activities of Baht 4,955 million from long-term loan drawdown to support the operation and new debenture issuance.

Combining net cash from 3 activities with the effect of foreign exchange on cash and cash equivalents, there was net cash increase of Baht 1,352 million adding to the beginning cash of Baht 3,913 million, resulting in the ending cash balance of Baht 5,265 million.

Financial Ratio Analysis

The profit generation capability in 2013 was improved as the net profit margin increased from 2.64% in 2012 to 18.28% in 2013. Return on equity also increased significantly from 6.86% in 2012 to 45.57% in 2013 as a result of the increase in net profit. In 2014, both gross profit margin and net profit margin declined from 2013 to 9.26% and 6.48%, respectively. Such decrease was due to the increase in construction cost and the decrease in gain from sale of investment in associates causing the decrease in return on equity to 11.79%.

6. Industry Overview

A Director of Construction Institute of Thailand revealed that the government campaign to stimulate the economy in the last 3 months of 2014, focusing on the repair and maintenance work in the government sector with total value more than Baht 300 billion. This would have positive impact to the construction industry as it will help construction business from having negative growth after experiencing the slowdown from late 2013 to the first half of 2014 due to the political turmoil.

It is expected that the investment in government projects would make the total investment in construction industry in 2014 to be more than Baht 970 billion, or approximately 2% growth from 2013. Most of investment will be made in the second half of 2014 especially in last quarter of 2014, while in the first half of 2014 there was negative growth of 5%.

In the past, government spending budget has never been diminished. But in the first half of 2014, various projects were pending due to the political unrest. At present, the political situation is normal. Government and private sectors started its investment. This would support the industry growth in 2015 and it is believed that in 2015 the investment value in construction business would reach Baht 1 trillion for the first time.

However, the estimation of investment value in construction sector of Baht 1 trillion in 2015 includes only general construction projects of government and private sectors. It does not include the investment in large or mega projects of government sector because the investment in large projects has high uncertainty. The inclusion of such investment would cause the discrepancy in the forecast. If there is an investment in mega project in 2015 onwards, the value of construction industry would be higher than forecasted.

The proportion of construction work between government and private sectors in 2015 is expected to be 50:50. It is possible that the construction work in the government sector will be slightly higher than private sector because major construction work in the private sector is residential project both low rise and high rise projects. The substantial growth is in the large cities around the country. In the past, the growth was relatively high but it was slowdown during the period of political unrest. When the political situation is normal, the entrepreneurs' and consumers' confidence will return. Another higher growth support this year is the growth in construction of factories in accordance with the investment of business sector that has higher confidence in the economy.

The economic stimuli plan that the Cabinet approved, focusing on spending budget to create job and revenue for people and allocated the budget around 20% to stimulate the economy for the rest of the year. For instance, it will be utilization of 149,000 million unused budget, utilization of Baht 23,000 million Thai Khemkang budget to invest in infrastructure development, construction and repairment of roads damaged by the flood in 2011, and construction of 1,000 hospitals and 8,000 schools across the country.^{1/}

The President of Housing Business Association referred to the development of construction and housing business strategy that "the amendment of the laws and regulations would provide the opportunities for the residential developers and consumers to expand market and generate income. Therefore, it should be a pressure to the government to launch the stimuli plan for the construction and housing business development and also amend the laws and regulations that obstruct the business development (such as EIA, Town and Country Plan, and Land Development Act) in order to attract demands from ASEAN Economic Community (AEC)".^{2/}

The Office of Small and Medium Enterprises Promotion (OSMEP) disclosed that there are 11 groups of business with good prospects, high demand, highly connecting to economic activities and stimulating the economy of the country, high potential to compete in world market and regional markets, and under global trends. One of those businesses is the construction business because of the opportunities from the AEC that each member country has a development plan of infrastructure systems and real estate developments. Meanwhile, Thai government also has the development plan in large transportation systems including metropolitan train system, twin railroads, and etc.^{3/}

Source:

1/ "The recovery of construction industry from the 300,000 million stimulated plan" from BangkokBizNews on October 6, 2014

2/ <http://www.ryt9.com/s/prg/1924577>

3/ "OSMEP SMEs Situation Summary in 2014 and Forecast in 2015" from ASTV Manager Online on December 30, 2014