

Nam Ngum 2 Power Company Limited
Audit report and financial statements
31 December 2019

Independent Auditor's Report

To the Shareholders of Nam Ngum 2 Power Company Limited

Opinion

I have audited the accompanying financial statements of Nam Ngum 2 Power Company Limited ("the Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nam Ngum 2 Power Company Limited as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



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Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am responsible for the audit resulting in this independent auditor's report.

Chatchai Kasemsrithanawat

Chatchai Kasemsrithanawat

Certified Public Accountant (Thailand) No. 5813

EY Office Limited

Bangkok: 20 February 2020

Nam Ngum 2 Power Company Limited

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
Assets			
Non-current assets			
Plant and equipment, net	8	19,204,240,286	21,188,641,434
Intangible assets	9	38,981,782	43,316,984
Right-of-use assets	10	26,160,607	-
Finance lease receivable - related party, net of current portion	22	3,914,994,444	-
Project costs during construction phase	11	-	3,121,919,809
Long-term restricted bank deposits	12	400,000,000	975,732,505
Deferred tax assets	6	-	113,859
Other non-current assets		3,000,449	3,000,449
Total non-current assets		<u>23,587,377,568</u>	<u>25,332,725,040</u>
Current assets			
Spare parts and supplies		8,824,646	11,234,233
Trade and other receivables	13, 22	500,726,647	464,213,613
Current portion of finance lease receivable - related party	22	90,564,527	-
Other current assets	14	22,574,223	35,449,167
Cash at bank and on hand	15	1,482,241,293	1,428,349,470
Short-term restricted bank deposits	15	-	507,165,600
Total current assets		<u>2,104,931,336</u>	<u>2,446,412,083</u>
Total assets		<u>25,692,308,904</u>	<u>27,779,137,123</u>

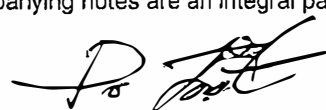
The accompanying notes are an integral part of the financial statements.

Nam Ngum 2 Power Company Limited
Statement of financial position (continued)
As at 31 December 2019

(Unit: Baht)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
Equity and liabilities			
Equity			
Issued capital	16	8,809,000,000	8,809,000,000
Retained earnings		1,890,433,358	2,106,216,466
Statutory reserve	17	88,090,000	88,090,000
Other components of shareholders' equity	24	-	(1,012,251)
Total equity		<u>10,787,523,358</u>	<u>11,002,294,215</u>
Non-current liabilities			
Lease liabilities - net of current portion	10	25,105,127	-
Long-term loans from financial institutions, net of current portion	18	-	6,035,996,604
Debentures, net of current portion	19	12,214,068,773	8,934,746,393
Provision for long-term employee benefits		1,767,161	1,447,291
Other long-term liabilities - related party	20, 22	<u>289,602,186</u>	<u>270,752,440</u>
Total non-current liabilities		<u>12,530,543,247</u>	<u>15,242,942,728</u>
Current liabilities			
Trade and other payables	21, 22	130,565,640	176,365,534
Current portion of lease liabilities	10	1,055,480	-
Current portion of long-term loans from financial institutions	18	-	1,263,739,945
Current portion of debentures	19	2,239,556,219	80,440,219
Retention payable	22	1,647,613	1,478,077
Income tax payable		-	10,062,559
Other current liabilities		<u>1,417,347</u>	<u>1,813,846</u>
Total current liabilities		<u>2,374,242,299</u>	<u>1,533,900,180</u>
Total liabilities		<u>14,904,785,546</u>	<u>16,776,842,908</u>
Total equity and liabilities		<u>25,692,308,904</u>	<u>27,779,137,123</u>

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



Mr. Plew Trivisvavet



Mr. Vorapote U. Choepalboonvong

Directors



Nam Ngum 2 Power Company Limited
Statement of comprehensive income
For the year ended 31 December 2019

(Unit: Baht)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
Profit or loss:			
Operating income			
Revenue from sales of electricity	22	3,048,030,353	3,949,289,087
Other income			
Interest income	22	360,125,635	11,810,474
Other		<u>6,459,059</u>	<u>84,888</u>
Total operating income		<u>3,414,615,047</u>	<u>3,961,184,449</u>
Operating expenses			
Cost of sales of electricity	22	(1,775,717,934)	(1,635,134,331)
Administrative expenses		(199,992,612)	(202,850,958)
Loss on exchange		<u>(965,574)</u>	<u>(376,695)</u>
Total operating expenses		<u>(1,976,676,120)</u>	<u>(1,838,361,984)</u>
Profit before finance costs		1,437,938,927	2,122,822,465
Finance costs		<u>(672,836,434)</u>	<u>(616,459,088)</u>
Profit before income tax expenses		765,102,493	1,506,363,377
Income tax expenses	6	<u>(11,895,601)</u>	<u>(44,288,130)</u>
Profit for the year		<u>753,206,892</u>	<u>1,462,075,247</u>
Other comprehensive income:			
<i>Other comprehensive income to be reclassified</i> <i>to profit or loss in subsequent periods:</i>			
Cash flow hedges			
Reclassification during the year to profit or loss	24	-	(15,232,042)
Unrealised gain from cash flow hedges	24	1,126,110	166,718,290
Less: Income tax effect		<u>(113,859)</u>	<u>(2,517,743)</u>
Other comprehensive income for the year		<u>1,012,251</u>	<u>148,968,505</u>
Total comprehensive income for the year		<u>754,219,143</u>	<u>1,611,043,752</u>
Basic earnings per share	7	<u>0.86</u>	<u>1.66</u>

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

Nam Ngum 2 Power Company Limited
Statement of changes in equity
For the year ended 31 December 2019

(Unit: Baht)

	Issued and paid-up share capital	Retained earnings	Statutory reserve	Other components of equity Unrealised gain (loss) from cash flow hedges	Total
As at 1 January 2018	8,809,000,000	1,480,996,219	88,090,000	(149,980,756)	10,228,105,463
Profit for the year	-	1,462,075,247	-	-	1,462,075,247
Other comprehensive income for the year	-	-	-	148,968,505	148,968,505
Total comprehensive income for the year	-	1,462,075,247	-	148,968,505	1,611,043,752
Dividend payment (Note 23)	-	(836,855,000)	-	-	(836,855,000)
As at 31 December 2018	<u>8,809,000,000</u>	<u>2,106,216,466</u>	<u>88,090,000</u>	<u>(1,012,251)</u>	<u>11,002,294,215</u>
As at 1 January 2019	8,809,000,000	2,106,216,466	88,090,000	(1,012,251)	11,002,294,215
Profit for the year	-	753,206,892	-	-	753,206,892
Other comprehensive income for the year	-	-	-	1,012,251	1,012,251
Total comprehensive income for the year	-	753,206,892	-	1,012,251	754,219,143
Dividend payment (Note 23)	-	(968,990,000)	-	-	(968,990,000)
As at 31 December 2019	<u>8,809,000,000</u>	<u>1,890,433,358</u>	<u>88,090,000</u>	<u>-</u>	<u>10,787,523,358</u>

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

Nam Ngum 2 Power Company Limited

Statement of cash flows

For the year ended 31 December 2019

	(Unit: Baht)	
	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Profit before income tax	765,102,493	1,506,363,377
Adjustment to reconcile profit to net cash flows:		
Depreciation and amortisation	1,051,856,454	1,092,707,926
Amortisation of interest rate reduction fee and deferred debenture issuing cost	26,657,422	2,099,598
Unrealised (gain) loss on exchange	(1,358,788)	14,232,270
Loss (gain) on equipment disposals/write-off	(297,559)	7,373,958
Provision for long-term employee benefits	319,870	293,821
Interest income	(348,884,523)	-
Interest expenses	390,650,914	609,902,209
Operating profit before working capital changes	1,884,046,283	3,232,973,159
(Increase)/decrease in:		
Trade and other receivables	(33,525,876)	(44,305,576)
Spare parts and supplies	1,707,669	852,283
Other current assets	259,318,827	80,563,418
Increase/(decrease) in:		
Short-term restricted bank deposits	507,165,600	(157,372,583)
Trade and other payables	(33,629,777)	48,426,465
Retention payable	169,536	773,997
Other current liabilities	(396,499)	418,838
Other long-term liabilities	-	73,116,718
Cash flows from operating activities	2,584,855,763	3,235,446,719
Cash paid for income tax expenses	(23,294,548)	(36,681,319)
Net cash flows from operating activities	<u>2,561,561,215</u>	<u>3,198,765,400</u>
Cash flows from investing activities		
Increase in long-term restricted bank deposits	(31,467,922)	(57,100,814)
Decrease in long-term restricted bank deposits	607,200,427	-
Cash receipt from finance lease receivable - related party, principal	83,115,476	-
Cash receipt from finance lease receivable - related party, interest	348,884,524	-
Payment for project costs during construction phase	(7,388,759)	(459,233,605)
Acquisition of plant and equipment	(33,070,789)	(30,250,020)
Proceed from sales of equipment	5,192,566	-
Acquisition of intangible assets	(529,700)	(21,923,391)
Cash paid for interest capitalised as part of project costs during construction phase	(1,763,249)	(150,296,098)
Net cash flows from (used in) investing activities	<u>970,172,574</u>	<u>(718,803,928)</u>

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

Nam Ngum 2 Power Company Limited

Statement of cash flows (continued)

For the year ended 31 December 2019

	(Unit: Baht)	
	<u>2019</u>	<u>2018</u>
Cash flows from financing activities		
Repayment of long-term loans from financial institutions	(7,358,992,199)	(4,051,529,684)
Cash receipt from long-term loans from financial institutions	-	384,765,122
Cash paid for principal portion of lease liabilities	(732,172)	-
Cash paid for interest on lease liabilities	(819,798)	-
Cash receipt from issuance of debentures	6,000,000,000	3,000,000,000
Repayment of debentures	(600,000,000)	-
Cash paid for loan arrangement fee	-	(206,443)
Cash paid for debenture issuing cost	(39,460,111)	(24,449,767)
Cash paid for interest expenses	(509,075,878)	(553,219,587)
Dividend payment	<u>(968,990,000)</u>	<u>(836,855,000)</u>
Net cash flows used in financing activities	<u>(3,478,070,158)</u>	<u>(2,081,495,359)</u>
Net increase in cash and cash equivalents	53,663,631	398,466,113
Effect of exchange rate changes on cash and cash equivalents	228,192	(7,631,112)
Cash and cash equivalents at beginning of year	<u>1,428,349,470</u>	<u>1,037,514,469</u>
Cash and cash equivalents at end of year	<u><u>1,482,241,293</u></u>	<u><u>1,428,349,470</u></u>

Supplemental cash flows information

Non-cash transactions

Increase in project costs during construction phase		
from accrued finance cost	-	644,253
Increase in equipment from other payables	308,805	-
Transfer project costs during construction phase to finance lease receivable - related party	3,121,346,175	-
Transfer assets of hydroelectric power project under concession agreement to finance lease receivable - related party	962,073,072	-
Transfer plant and equipment to finance lease receivable - related party	4,553,283	-
Transfer spare parts and supplies to finance lease receivable - related party	701,918	-

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

Nam Ngum 2 Power Company Limited

Notes to financial statements

For the year ended 31 December 2019

1. Corporate information

- a) Nam Ngum 2 Power Company Limited ("the Company") is a limited company incorporated under the laws of the Lao People's Democratic Republic. The major shareholder of the Company is SouthEast Asia Energy Limited ("the Parent Company"), which was incorporated in Thailand. The major shareholder of SouthEast Asia Energy Limited is CK Power Public Company Limited ("the Parent Company of the Group"), which has control over the Company through SouthEast Asia Energy Limited.

The Company is principally engaged in the generation and sale of electricity from the Nam Ngum 2 Hydroelectric Power Project in the Lao People's Democratic Republic. On 26 March 2011, the Company has commenced the Initial Operation Date (IOD) as specified in the Power Purchase Agreement with the Electricity Generating Authority of Thailand.

The Company's registered office is located at 215 Lanexang Avenue, Baan Chiengyuen, Muang Chantaburi, Kamphaeng Nakorn, Vientiane, Lao People's Democratic Republic.

The financial statements of Nam Ngum 2 Power Company Limited for the year ended 31 December 2019 were authorised for issue by the Company's Board of Directors on 20 February 2020

- b) On 27 December 2007, the Company entered into an agreement to transfer all rights and obligations under the Power Purchase Agreement ("PPA") with the Electricity Generating Authority of Thailand ("EGAT") from the branch of the Parent Company to the Company at the energy tariff rate specified in the PPA for a period of 25 years commencing from the Commercial Operation Date.
- c) On 9 January 2008, the branch of the Parent Company entered into novation agreements to transfer all rights and obligations under the Concession Agreement and other agreements relating to the Nam Ngum 2 Hydroelectric Power Project to the Company.

The Nam Ngum 2 Hydroelectric Power Project's Concession Agreement, transferred from the branch of the Parent Company to the Company, is the agreement made with the Government of the Lao People's Democratic Republic on a BOOT basis (Build-Own-Operate and Transfer) to design, develop, construct and operate the Nam Ngum 2 Hydroelectric Power Project for a period of 25 years commencing from the Commercial Operation Date (1 September 2013) to sell electricity to EGAT. At the end of the concession period, the Company shall transfer the Nam Ngum 2 Hydroelectric Power Project to the Government of the Lao People's Democratic Republic. However, the Company has the right to a contract period extension under terms and conditions as may then be agreed by the parties.

Under the Concession Agreement, the Company has commitment to pay royalty fees and taxes to the Government of the Lao People's Democratic Republic for a certain period and at the rates specified under such Concession Agreement.

- d) On 25 June 2009, the Company entered into an Agreement on Operation and Maintenance of Dam and Powerhouse for Nam Ngum 2 Hydroelectric Power Project with a related company at the rates specified in the agreement. The period of this agreement is valid until the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project.

Subsequently, on 1 April 2016, the Company entered into an Agreement to transfer rights on Operation and Maintenance of Dam and Powerhouse for Nam Ngum 2 Hydroelectric Power Project from the related company to a related party at the rates specified in the agreement. The period of this agreement is valid until the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project.

- e) On 15 January 2010, the Company entered into an Agreement on Operation and Maintenance of Transmission Systems for Nam Ngum 2 Hydroelectric Power Project with a related party at the rates specified in the agreement. The period of this agreement is valid until the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project.
- f) On 1 August 2019, the Company entered into the agreement on the Nabong substation upgrading and lease with the Government of the Lao People's Democratic Republic ("the GOL"), whereby the GOL is to lease assets of Nabong substation from the Company at rental rates as specified in the agreement. The contractual period of this agreement commences from 1 January 2019 to the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project.

In the same day, the Company entered into the Nabong interconnection and transmission agreement with the GOL at charge rates as specified in the agreement. The contractual period of this agreement commences from 1 January 2019 to the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project.

2. Significant accounting policies

2.1 Basis for preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Thai Baht ("Baht").

2.2 Standards that became effective in the current year

Below is a summary of new and revised accounting standards that became effective in the current accounting year.

- **IFRS 16 Leases**

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised base on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. The right-of-use assets and lease liabilities are presented in the amount of Baht 26.9 million presented in statement of financial position as of 1 January 2019.

The reconciliation of lease liabilities as of 1 January 2019 are summarised below.

(Unit: Thousand Baht)

Minimum lease payments under operating leases as of	
31 December 2018	28,162
Add: Adjustments as a result of a different treatment of extension and termination options	7,667
Less: Effect from discounting at incremental borrowing rate as of 1 January 2019	(8,936)
Liabilities from leases as of 1 January 2019	26,893

The weighted-average incremental borrowing rate for lease liabilities initially recognised as of 1 January 2019, was 2.90% per annum.

- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures
- Annual Improvements 2015 - 2017 Cycle: issued in December 2017

These standards do not have any significant impact on the financial statements.

2.3 Summary of significant accounting policies

(a) Foreign currency translation

The financial statements are presented in Baht, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into Baht at the rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies outstanding on the reporting date are retranslated into Baht at the rates ruling on the reporting date. All differences are taken to profit or loss in the statement of comprehensive income. The exchange differences relevant to the construction of the hydroelectric power project are included as part of project costs during the construction phase. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

(b) Revenues and expenses recognition

Revenue from sale of electricity

Revenue from sales of electricity (EGAT) is recognised on the basis of actual electricity sales, referring to the number of units sold and the applicable tariff rates.

Interest income

Revenue is recognised as interest accrues (using the effective interest method, that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Other revenues and expenses

Other revenues and expenses are recognised on an accrual basis.

(c) Income tax

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(d) Financial assets

Financial assets are classified, at initial recognition and subsequently measured, at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes cash at bank and on hand, finance lease receivable, restricted bank deposits, and trade and other receivables.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis or other valuation models.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less and without restrictions.

(f) Spare parts and supplies

Spare parts and supplies are valued at the lower of cost (under the weighted average method) and net realisable value and are charged to production costs whenever consumed.

(g) Financial liabilities

All interest-bearing loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss in statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The amortisation of effective interest is included in finance cost in profit or loss.

(h) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(i) Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss in statement of comprehensive income.

(j) Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the impairment loss shall be recognised in profit or loss in statement of comprehensive income.

When a loan is uncollectible, it is written off against the related impairment allowance. Subsequent recoveries of amounts previously written off are credited directly to the credit loss expenses.

(k) Plant and equipment/depreciation

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. These costs include the cost of replacing part of such equipment when that cost is incurred if the recognition criteria are met.

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

Nam Ngum 2 Hydroelectric Power Project	6, 27 years
Leased asset improvements	10 to 24 years
Equipment, furniture and office equipment	5, 6, 10, 20 years
Motor vehicles	5, 8, 10 years

The carrying values of the plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in statement of comprehensive income in the year the asset is derecognised.

The residual values, useful lives and depreciation methods of the assets are reviewed, and adjusted if appropriate, at each financial year end.

(l) Project costs during construction phase

All expenditures and other related expenses which are incurred during the construction of the hydroelectric power plant to enable it to become operational are capitalised as assets. Such project costs during the construction phase include, inter alia, project construction costs, direct project management costs, consulting fees, borrowing costs and costs of testing whether the asset is functioning properly.

No depreciation is provided on project costs during construction phase.

(m) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets after 1 January 2019 at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office building 20 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Company as a lessor

Leases under which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases.

The Company considers that the arrangement under the Power Purchase Agreement ("PPA") with EGAT contains a lease. Since the Company retains the principal risks and rewards from its ownership in the power plant, the arrangement is considered to be an operating lease.

The power plant is capitalised as plant and equipment and depreciated over its useful life.

There is no future minimum payment by EGAT under the terms of the PPA, it is deemed appropriate to recognise revenue on the basis of actual electricity sales, referring to the number of units sold and the applicable tariff rates.

The Nabong substation upgrading and lease with the Government of the Lao People's Democratic Republic ("the GOL") is a lease under which the Company transfers the risks and rewards of ownership to the lessee, excluding legal ownership, is deemed finance lease. The Company recognises income from financial lease by using effective interest rate method over the lease term.

(n) Borrowing costs

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

(o) Intangible assets

The intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets of the Company with finite useful lives comprise computer software, and have useful lives of 10 years.

(p) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash

inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for public traded companies or other available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Company estimates the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in profit or loss in statement of comprehensive income, and after such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(q) Related party transactions

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

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

(r) Employee benefits

Short-term employee benefits

Salaries, annual rewards and related employment welfare are recognised as expenses when incurred.

Post-employment benefits

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

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

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

(s) Hedge accounting - Cash flow hedges

The Company applies cash flow hedge accounting in order to hedge the foreign exchange exposure on a certain portion of its forecasted revenue from sales of electricity in USD currency, which are designated as the hedged item and long-term loans in USD are the hedging instrument.

The Company will recognise the effective portion of the change in value of the cash flow hedging instrument in other comprehensive income (OCI) due to movements in foreign exchange rates. The gain or loss relating to the ineffective portion is recognised in profit or loss. Gains or losses accumulated in OCI are then transferred to profit or loss in the period when the hedged items affect profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in value of the hedged item.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, changes in these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Significant judgements and estimates, including the key assumptions concerning the future and other key sources of estimation, are as follows:

Concession Agreement

The Company's management considers the arrangement under the Concession Agreement with the Government of the Lao People's Democratic Republic to be outside the scope of IFRIC 12, and recorded all expenditures and other related expenses incurred during the construction of the hydroelectric power plant as plant and equipment in the statement of financial position.

Power Purchase Agreement

The Company's management considers the arrangement under the Power Purchase Agreement with EGAT to constitute a lease under IFRIC 4. Further details are contained in note 2.2 (m).

Functional Currency

The Company's management considers the Company's functional currency to be the Baht, since this is the currency that will mainly influence the selling price of electricity, and the costs of the Company's sales. It is also the currency in which, in comparison with the US dollar, funds from financing activities are more likely to be generated, and in which receipts from operating activities are more likely to be retained.

4. Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Amendments to IFRS 3: Definition of a Business
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Amendments to IAS1: Classification of Liabilities as Current or Non-Current

At present, the management of the Company is evaluating the impact of these standards to the financial statements in the period of initial application.

5. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Depreciation and amortisation	1,051,856	1,092,708
Operation and maintenance of power plant and transmission systems	224,707	219,756
Royalty	104,853	133,110
Watershed and livelihood expenses	7,455	20,455
Salary and other employee benefits	43,735	43,362
Directors' remuneration	14,220	12,420
Traveling expenses	16,540	20,356
Consultant expenses	48,669	48,366
Management fee charged by the Parent Company of the Group	149,401	146,014
Insurance expenses	51,084	47,832
Wheeling charge	216,888	-

6. Income tax

Income tax expenses of the Company is calculated by multiplying taxable profits by the tax rate as specified in the Concession Agreement for each period commencing from the Initial Operation Date (26 March 2011) to the end of the concession period. However, for a period of 5 years from the Initial Operation Date, the Company has been granted exemption from the corporate income tax. The corporate income tax rate for current year is 3%.

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Deferred tax relating to		
Unrealised loss from cash flow hedges	-	114
	<u>-</u>	<u>114</u>

7. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the year.

The following reflects the profit and share data used in the basic earnings per share computation:

	<u>2019</u>	<u>2018</u>
Profit (Baht)	753,206,892	1,462,075,247
Weighted average number of ordinary shares for basic earnings per share (shares)	880,900,000	880,900,000

8. Plant and equipment

(Unit: Thousand Baht)

	Nam Ngum 2		Equipment, furniture and office equipment	Motor vehicles	Assets under construction	Total
	Hydroelectric Power Project	Leased asset improvements				
Cost						
1 January 2018	29,429,113	24,914	90,605	60,411	-	29,605,043
Additions	10,288	1,215	3,678	1,586	13,426	30,193
Transfer in (out)	-	9,392	4,034	-	(13,426)	-
Write off	(10,288)	-	-	-	-	(10,288)
31 December 2018	29,429,113	35,521	98,317	61,997	-	29,624,948
Additions	-	1,655	13,285	18,439	-	33,379
Transfer out	(1,342,236)	(2,640)	(2,576)	(2,203)	-	(1,349,655)
Disposal / Write off	-	-	(2,676)	(19,698)	-	(22,374)
31 December 2019	28,086,877	34,536	106,350	58,535	-	28,286,298
Accumulated depreciation						
1 January 2018	7,261,823	7,662	42,912	38,932	-	7,351,329
Depreciation for the year	1,073,939	1,136	10,189	2,628	-	1,087,892
Write off	(2,914)	-	-	-	-	(2,914)
31 December 2018	8,332,848	8,798	53,101	41,560	-	8,436,307
Depreciation for the year	1,025,793	1,924	10,496	8,046	-	1,046,259
Transfer out	(380,163)	(444)	(1,716)	(706)	-	(383,029)
Disposal / write off	-	-	(2,676)	(14,803)	-	(17,479)
31 December 2019	8,978,478	10,278	59,205	34,097	-	9,082,058
Net book value						
31 December 2018	21,096,265	26,723	45,216	20,437	-	21,188,641
31 December 2019	19,108,399	24,258	47,145	24,438	-	19,204,240

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

On 7 March 2019, the Company made repayment of all long-term loans and the assets securing the loans were released on 25 April 2019.

On 1 January 2019, the construction of the Nabong Substation Project was completed. Subsequently, on 1 August 2019, the Company entered into the agreement on the Nabong substation upgrading and lease with the GOL, effective date on 1 January 2019. The Company therefore recorded the transfer of assets under this substation project to "Finance lease receivable - related party" in statement of financial position as described in Note 22.

9. Intangible assets

A reconciliation of the net book value of intangible assets for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Net book value at beginning of year	43,317	41,703
Acquisition of computer software - at cost	530	6,430
Amortisation	(4,865)	(4,816)
Net book value at end of year	<u>38,982</u>	<u>43,317</u>

10. Leases

The Company as a lessee

Movements in the carrying amounts of right-of-use assets during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
	<u>Office building</u>
As at 1 January 2019	26,893
Depreciation expense	(732)
As at 31 December 2019	<u>26,161</u>

Movements in the carrying amounts of lease liabilities during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
	<u>2019</u>
As at 1 January 2019	26,893
Accretion of interest	820
Payments	(1,552)
As at 31 December 2019	<u>26,161</u>
Current	1,056
Non-current	25,105

The following are the amounts recognised in profit or loss:

(Unit: Thousand Baht)

	<u>2019</u>
Depreciation expense of right-of-use assets	732
Interest expense on lease liabilities	820
Total amount recognised in profit or loss	<u><u>1,552</u></u>

The Company had total cash outflows for leases of Baht 1,551,970 in 2019.

11. Project costs during construction phase

On 1 January 2019, the construction of the Nabong Substation Project was completed. The Government of the Lao People's Democratic Republic ("the GOL") is responsible for the construction cost as stipulated in the concession agreement. On 1 August 2019, the Company entered into the agreement on the Nabong substation upgrading and lease with the GOL, effective date on 1 January 2019. The Company therefore recorded the transfer of this substation cost to "Finance lease receivable - related party" in statement of financial position as described in Note 22.

12. Long-term restricted bank deposits

As at 31 December 2019, the Company has pledged and assigned rights of claim on bank account amounting to Baht 400 million with lender to secure bank guarantees (31 December 2018: The Company has pledged and assigned rights of claim on bank accounts with outstanding balances totalling approximately Baht 976 million with lenders to secure long-term loans in accordance with conditions stipulated in the long-term loan agreements and to secure bank guarantees. Those bank accounts have restrictions on withdrawal in order to reserve cash for the major maintenance of the Nam Ngum 2 Hydroelectric Power Project and the loan principal repayment and interest payment under the long-term loans agreements, in the event that the Company is unable to repay principal or interest when due).

13. Trade and other receivables

(Unit: Thousand Baht)

	<u>2019</u>	<u>2018</u>
Trade receivable - related party	416,601	461,676
Other receivable - related parties	81,713	159
Interest receivable	2,413	2,379
Total trade and other receivables	<u><u>500,727</u></u>	<u><u>464,214</u></u>

14. Other current assets

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Prepaid expenses	20,159	28,902
Others	2,415	6,547
Total	<u>22,574</u>	<u>35,449</u>

15. Cash at bank and on hand/Short-term restricted bank deposits**Cash at bank and on hand**

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Cash	361	576
Bank deposits	1,481,880	1,427,773
	<u>1,482,241</u>	<u>1,428,349</u>

On 25 April 2019, all rights of claim in bank accounts assigned as security for the loans were released since the Company made repayment of all these long-term loans (31 December 2018: The Company has pledged and assigned rights of claim in bank accounts with outstanding balances totaling approximately Baht 1,317 million with lenders to secure long-term loans of the Company, in accordance with conditions stipulated in the long-term loan agreements. However, the Company is able to withdraw these deposits for payments of its regular operating expenses, in accordance with the purpose of each account).

Short-term restricted bank deposits

On 25 April 2019, all rights of claim in bank accounts assigned as security for the loans were released since the Company made repayment of all these long-term loans (31 December 2018: The Company has pledged and assigned rights of claim in bank accounts with outstanding balances Baht 507 million with lenders to secure long-term loans of the Company, in accordance with conditions stipulated in the long-term loan agreements. Those bank accounts have restrictions on withdrawal in order to repay loan principal and interest due within 6 months).

16. Issued capital

	(Unit:Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Authorised:		
880,900,000 ordinary shares of Baht 10 each	<u>8,809,000</u>	<u>8,809,000</u>
Issued and paid up:		
880,900,000 ordinary shares of Baht 10 each, fully called up	<u>8,809,000</u>	<u>8,809,000</u>

17. Statutory reserve

Pursuant to the Articles of Association of the Company, the Company is required to annually appropriate 10% of its net income to a statutory reserve until the statutory reserve reaches 1% of the registered capital. Furthermore, the Board of Directors may propose to the Annual General Meeting to appropriate net income for other reserves as it deemed useful for the Company's business operations. At present, the statutory reserve has fully been set aside.

18. Long-term loans from financial institutions

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Long-term loans	-	7,299,737
Less: Current portion of long-term loans		
Loans principals	-	(1,066,529)
Accrued interest expenses	-	(197,211)
	-	(1,263,740)
Long-term loans, net of current portion	-	6,035,997

Movements in the long-term loans account during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2019	7,299,737
Add: Loans interest expense for the year	73,381
Less: Repayment	(7,358,992)
Loans interest paid during the year	(270,592)
Unrealised gain from cash flow hedges	(1,126)
	(257,592)
Add: Transaction costs	257,592
Balance as at 31 December 2019	-

On 14 September 2016, the Company entered into long-term loan agreements with a consortium of commercial banks in Thailand to refinance the existing long-term loans and finance the upgrade and construction of the Nabong Substation Project. This comprises the following credit facilities:

- 1) Tranche 1 Facility: Baht 10,897 million and USD 136 million to refinance the existing long-term loans.
- 2) Tranche 2 Facility: Baht 1,720 million and USD 39 million to fund the upgrade and construction of Nabong Substation Project.

- 3) Guarantee Facility: A bank guarantee of USD 25 million provided to guarantee the Company's obligations under the Power Purchase Agreement with the Electricity Generating Authority of Thailand.
- 4) Working Capital Facility: Baht 50 million set aside as a reserve to fund the issue of letters of guarantee, and to make payment of various costs that arise in the normal course of business.

The rate of interest of the Baht loans is MLR less a stipulated margin (MLR - margin) per annum and the rate of interest of the USD loans is LIBOR plus a stipulated margin (LIBOR + margin) per annum. Principal repayments are to be made semi-annually in 29 installments, as stipulated in the long-term loan agreements. The first payment of principal under the Tranche 1 Facility is due on 30 September 2016 and the first payment of principal under the Tranche 2 Facility is due on 28 September 2018.

Under the long-term loan agreements, the Company is to conform with covenants imposed by the lenders in respect of, among other things, the maintenance of total liabilities to total equity ratio and the securing of long-term loans through the mortgage of immovable properties, the pledge of movable properties located in the Lao People's Democratic Republic, the pledge of the share certificates of the parent company and some of the share certificates of the Company, the pledge and assignment of rights in bank accounts, the assignment of beneficiary rights under insurance policies, and the assignment of rights and obligations under the agreements relating to the Nam Ngum 2 Hydroelectric Power Project.

On 7 March 2019, the Company made early repayment of all long-term loans under the Tranche 1 and Tranche 2 Facility. As at 31 December 2019, the Company had not yet been drawn down the Working Capital Facility of Baht 50 million.

19. Debentures

							(Unit: Thousand Baht)	
Debentures	No.	Debentures	Life	Date of issue	Maturity date	Interest rate	2019	2018
							(% per annum)	
1	1/2017	Tranche 1	3 Years	5 October 2017	5 October 2020	2.59	1,000,000	1,000,000
2	1/2017	Tranche 2	7 Years	5 October 2017	5 October 2024	3.48	1,400,000	1,400,000
3	1/2017	Tranche 3	10 Years	5 October 2017	5 October 2027	3.69	3,600,000	3,600,000
4	1/2018	Tranche 1	12 Years	30 March 2018	30 March 2030	3.98	3,000,000	3,000,000
5	1/2019	Tranche 1	3 Years	7 March 2019	7 March 2022	3.18	2,600,000	-
6	1/2019	Tranche 2	4 Years	7 March 2019	7 March 2023	3.44	800,000	-
7	1/2019	Tranche 3	8 Years	7 March 2019	7 March 2027	3.88	2,000,000	-
Total							14,400,000	9,000,000
Less: Deferred debenture issuing costs							(85,931)	(65,254)
Add: Additional accrued interest expenses during the year							139,556	80,440
Debentures							14,453,625	9,015,186
Less: Current portion of debentures							(2,239,556)	(80,440)
Debentures, net of current portion							12,214,069	8,934,746

Movements in the debentures account during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2019	9,000,000
Add: Issuance of debentures during the year	6,000,000
Less: Repayment of debenture during the year	(600,000)
Additional accrued interest expenses during the year	139,556
	14,539,556
Less: Deferred debenture issuing costs	(85,931)
Balance as at 31 December 2019	14,453,625

All debentures of the Company are name-registered, unsecured, and unsubordinated debentures with the debentureholders' representative and with a par value of Baht 1,000 each. The interest is payable every 6 months throughout the life of the debentures.

Debentures presented in the above table, principal is to be paid in the amounts stipulated in the prospectus as follows:

Debentures presented in item 3 of the above table, principal is to be paid in 8th - 10th year, with the first payment due on October 2025.

Debentures presented in item 4 of the above table, principal is to be paid in 10th - 12th year, with the first payment due on March 2028.

Debentures presented in item 5, principal is to be paid in 6 semi-annually installments, with the first payment due on September 2019 and

Debentures presented in item 7 of the above table, principal is to be paid in 6th - 8th year, with the first payment due on March 2025.

The conditions of the debentures include covenants that, among other things, the Company shall not sell or transfer or otherwise dispose of the whole or part of its material operating assets with certain permissions; and the Company is required to maintain a certain net Interest-bearing Debt to Equity ratio. The Company is in compliance with the covenants.

20. Other long-term liabilities - related party

The balance of other long-term liabilities is the cash which the Company received from sales of electricity as excess energy in the Nam Ngum 2 Hydroelectric Power Project to EGAT and has the obligations to repay to EGAT in 2022, in accordance with a condition in the Power Purchase Agreement. The Company initially records such long-term liabilities at the present value of the amounts to be repaid, calculated using a discount rate tied to the cost of the financing rate of the Company, and records them as a deduction against sales of electricity as excess energy. In addition, the carrying amount of the liabilities increases in each period to reflect the passage of time, with the Company recognising this increase as a finance cost.

21. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Trade payables - related parties	96,374	142,994
Trade payables - unrelated parties	17,750	2,905
Project payables - related parties	-	5,808
Project payables - unrelated parties	-	3,917
Amounts due to related parties	379	1,521
Other payables - unrelated parties	2,349	8,109
Accrued expenses	13,714	11,112
Total trade and other payables	<u>130,566</u>	<u>176,366</u>

22. Related party transactions

During the year, the Company had significant business transactions with related parties: related via shareholding, as well as through common shareholders and/or common directors. These transactions were concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those related parties. Below is a summary of those transactions:

		(Unit: Million Baht)	
		<u>2019</u>	<u>2018</u>
<u>Relationships</u>			
<u>Transactions with the Parent</u>			
<u>Company of the Group</u>			
Management fee		163	154
Project administrative ⁽¹⁾		-	65
<u>Transactions with related parties</u>			
Revenue from sales of electricity	Major shareholder of a shareholder of the Parent Company	3,048	3,949
Interest income	A group of shareholder of the Company	349	-
Other income	A group of shareholder of the Company, Major shareholder of a shareholder of the Parent Company	5	-
Cost of sales of electricity	Major shareholder of a shareholder of the Company, A shareholder of the Parent Company, Major shareholder of a shareholder of the Parent Company, A group of shareholder of the Company	533	372
Project cost and administration ⁽¹⁾	Common shareholder of the Parent Company, Major shareholder of a shareholder of the Parent Company	-	239

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

The balances of the accounts as at 31 December 2019 and 2018 between the Company and those related parties are as follows:

		(Unit: Thousand Baht)	
	<u>Relationships</u>	<u>2019</u>	<u>2018</u>
<u>Trade and other receivables - related parties (Note 13)</u>			
Trade receivable - related party			
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	416,601	461,676
		<u>416,601</u>	<u>461,676</u>
Other receivable - related parties			
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	149	159
- The Government of the Lao People's Democratic Republic	A group of shareholder of the Company	81,564	-
		<u>81,713</u>	<u>159</u>
Trade and other receivables - related parties		<u>498,314</u>	<u>461,835</u>

Finance lease receivable - related party

The outstanding balance of finance lease receivable net of unearned income between the Company and the related party, which has yet to be due, is as follows:

		(Unit: Thousand Baht)	
		<u>2019</u>	<u>2018</u>
Related party (A group of shareholder of the Company)			
- The Government of the Lao People's Democratic Republic		4,005,559	-
Less: Current portion		<u>(90,565)</u>	<u>-</u>
Finance lease receivable - related party, net of current portion		<u>3,914,994</u>	<u>-</u>

The balance of finance lease receivable - related party was the construction cost of Nabong Substation Project, which the Government of the Lao People's Democratic Republic ("the GOL") is responsible for the construction cost as stipulated in the concession agreement. On 1 August 2019, the Company entered into the agreement on the Nabong substation upgrading and lease with the GOL, effective on 1 January 2019. The Company therefore recorded the transfer of this substation cost to "Finance lease receivable - related party".

As at 31 December 2019, the Company had receivable under the lease agreement on Nabong substation upgrading and 500 kV transmission lines which the period of this agreement is valid until the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project and interest is charged at effective interest rate over the lease term as follows:

(Unit: Thousand Baht)

31 December 2019				
Amounts of installments due under the contract				
	Less than			
	1 year	2 - 5 years	Over 5 years	Total
Finance lease receivable	432,000	1,728,000	5,904,000	8,064,000
Unearned interest income	(341,435)	(1,276,969)	(2,440,037)	(4,058,441)
Finance lease receivable - net	90,565	451,031	3,463,963	4,005,559

(Unit: Thousand Baht)

		Relationships	2019	2018
<u>Trade and other payables - related parties (Note 21)</u>				
Trade payable - related parties				
- CK Power Public Company Limited	Parent Company of the Group		14,781	13,457
- PT Sole Company Limited	The related company's president is the Company's director		19,776	24,198
- Electricité du Laos	Major shareholder of a shareholder of the Company		4,400	1,677
- The Government of the Lao People's Democratic Republic	A group of shareholder of the Company		41,235	88,103
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company		16,182	15,559
			<u>96,374</u>	<u>142,994</u>
Other payables - related parties				
a) <u>Project payables - related parties</u>				
- CK Power Public Company Limited	Parent company of the Group		-	3,646
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company		-	2,162
			<u>-</u>	<u>5,808</u>

		(Unit: Thousand Baht)	
	<u>Relationships</u>	<u>2019</u>	<u>2018</u>
b) <u>Amounts due to related parties</u>			
- CK Power Public Company Limited	Parent Company of the Group	366	319
- PT Sole Company Limited	The related company's president is the Company's director	-	1,202
- Electricité du Laos	Major shareholder of a shareholder of the Company	13	-
		<u>379</u>	<u>1,521</u>
Trade and other payables - related parties		<u>96,753</u>	<u>150,323</u>
<u>Retention payable - related party</u>			
- PT Sole Company Limited	The related company's president is the Company's director	724	674
<u>Other long-term liabilities - related party (Note 20)</u>			
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	289,602	270,752

Directors and management's benefits

During the year ended 31 December 2019, the Company had short-term employee benefit expenses of its directors and management amounting to Baht 23.2 million (2018: Baht 21.8 million).

23. Dividend payment

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends (Million Baht)</u>	<u>Dividend per share (Baht)</u>
Interim dividends	The Board of Directors Meeting		
No. 1/2019	On 14 February 2019	792.8	0.9
Interim dividends	The Board of Directors Meeting		
No. 2/2019	On 24 September 2019	<u>176.2</u>	<u>0.2</u>
Total dividend for the year 2019		<u>969.0</u>	<u>1.1</u>
Interim dividends	The Board of Directors Meeting		
No. 1/2018	on 20 February 2018	352.4	0.4
Interim dividends	The Board of Directors Meeting		
No. 2/2018	on 19 September 2018	<u>484.5</u>	<u>0.6</u>
Total dividend for the year 2018		<u>836.9</u>	<u>1.0</u>

24. Financial instruments

Financial risk management and policies

The Company's principal financial instruments comprise lease liabilities, loans from financial institutions, debentures, other long-term liabilities - related party, trade and other payables, finance lease receivable - related party, trade and other receivables and cash at banks.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk and foreign currency risk. The Company will use derivative instruments, as and when it considers appropriate, to manage these risks. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

24.1 Credit risk

Credit risk is the risk that counterparties will not meet their obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk associated with operating activities and financing activities of the Company and how they are managed is described below:

Bank deposits

The Company has no significant credit risk in respect of cash at banks because the Company has deposited cash from sales of electricity, loan drawdown, loan and interest repayment and equity injection in bank accounts in accordance with the Accounts Agreement both in Thailand and the Lao People's Democratic Republic with only creditworthy banks.

As at 31 December 2019, total cash at banks of the Company amounted to Baht 1,482 million.

Trade receivable

The Company has no significant credit risk with respect to trade receivable from sales of electricity. Although the Company has only one customer under the Power Purchase Agreement ("PPA") entered into between the Company and the Electricity Generating Authority of Thailand ("EGAT"), EGAT has a strong financial position as it is a state enterprise in Thailand. In addition, there have been no receivable from sale of electricity that is past due or impaired.

Finance lease receivable

The Company has no significant credit risk with respect to finance lease receivable. Although the Company entered into the agreement on the Nabong substation upgrading and lease with the Government of Lao People's Democratic Republic ("GOL"), GOL has a strong financial position as it is a government at Lao People's Democratic Republic. In addition, there have been no finance lease receivable that is past due or impaired.

24.2 Liquidity risk

To manage the liquidity risk, the Company management considers and monitors the forecasting of its liquidity reserve with undrawn loans, uncalled share capital, cash from sales of electricity and the balance of cash and cash equivalents on the basis of estimated cash flows, which are maintained for the appropriate cash funding to meet the Company's expenditure under its interim payment schedule and budget, including reasonable short-term operational needs.

The table below summarises the maturity profile of the Company's financial assets and liabilities due within one year, due within 2 to 5 years and over 5 years based on contractual undiscounted payments:

(Unit: Million Baht)

	As at 31 December 2019		
	Within 1 year	2 - 5 year	Over 5 year
Financial assets			
Finance lease receivable - related party	432	1,728	5,904
Long-term restricted bank deposits	-	-	400
Trade and other receivables	501	-	-
Cash at bank and on hand	1,482	-	-
	<u>2,415</u>	<u>1,728</u>	<u>6,304</u>
Financial liabilities			
Lease liabilities	2	7	25
Debentures and expected interest payment	489	5,296	9,573
Other long-term liabilities - related party	-	355	-
Trade and other payables	131	-	-
Retention payable	2	-	-
	<u>624</u>	<u>5,658</u>	<u>9,598</u>

(Unit: Million Baht)

	As at 31 December 2018		
	Within 1 year	2 - 5 year	Over 5 year
Financial assets			
Trade and other receivables	464	-	-
Cash at bank and on hand	1,428	-	-
Short-term restricted bank deposits	507	-	-
Long-term restricted bank deposits	-	976	-
	<u>2,399</u>	<u>976</u>	<u>-</u>

(Unit: Million Baht)

As at 31 December 2018

	Within 1 year	2 – 5 year	Over 5 year
Financial liabilities			
Long-term loans from financial institutions and expected interest payment	1,485	5,434	2,113
Debentures and expected interest payment	327	2,224	9,283
Other long-term liabilities - related party	-	355	-
Trade and other payables	176	-	-
Retention payable	1	-	-
	<u>2,267</u>	<u>8,013</u>	<u>11,396</u>

24.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company manage its interest rate risk by having a balanced portfolio of fixed rate debentures totalling Baht 14,314 million. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's bank deposits with floating interest rates. The Company will use derivative financial instruments, as and when it considers appropriate, to manage this risk.

Significant financial assets and liabilities as at 31 December 2019 and 2018 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the earlier of (a) maturity date and (b) the repricing date.

(Unit: Million Baht)

As at 31 December 2019

	Fixed interest rates	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
Financial assets					
Finance lease receivable	4,006	-	-	4,006	Effective interest rate over the lease term
Long-term restricted bank deposits	400	-	-	400	1.10
Trade and other receivables	-	-	501	501	
Cash at bank and on hand	114	1,368	-	1,482	0.05 - 1.10
	4,520	1,368	501	6,389	

(Unit: Million Baht)

As at 31 December 2019

	Fixed	Floating	Non-interest	
	interest rates	interest rate	bearing	Total
				Interest rate
				(% p.a.)
Financial liabilities				
Lease liabilities	26	-	-	26
				Thai Government bond yield
				+ margin
Debentures	14,314	-	-	14,314
				2.59 - 3.98
Accrued interest	-	-	140	140
Other long-term liabilities - related party	-	-	290	290
Trade and other payables	-	-	131	131
Retention payable	-	-	2	2
	<u>14,340</u>	<u>-</u>	<u>563</u>	<u>14,903</u>

(Unit: Million Baht)

As at 31 December 2018

	Fixed	Floating	Non-interest	
	interest rates	interest rate	bearing	Total
				Interest rate
				(% p.a.)
Financial assets				
Long-term restricted bank deposits	509	467	-	976
				0.05 - 1.05
Short-term restricted bank deposits	-	507	-	507
				0.05 - 0.375
Trade and other receivables	-	-	464	464
Cash at bank and on hand	-	1,427	1	1,428
	<u>509</u>	<u>2,401</u>	<u>465</u>	<u>3,375</u>
Financial liabilities				
Long-term loans from financial institutions	-	7,103	-	7,103
				MLR-margin and
				LIBOR + margin
Debentures	8,935	-	-	8,935
				2.59 - 3.98
Accrued interest	-	-	277	277
Other long-term liabilities - related party	-	-	271	271
Trade and other payables	-	-	176	176
Retention payable	-	-	1	1
	<u>8,935</u>	<u>7,103</u>	<u>725</u>	<u>16,763</u>

24.4 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to foreign exchange risk related primarily to its long-term loans from financial institutions, trade and other payables and trade and other receivables.

The Company manages its exposure to foreign currency risk by balancing net position of receipt and payment of the foreign currency transactions in each period. The Company will use derivative financial instruments, as and when it considers appropriate, to manage this risk.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2019 and 2018 are summarised below.

Foreign currency	Financial assets/liabilities		Average exchange rate as at 31 December	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Million)		(Baht per 1 foreign currency unit)	
US Dollar			30.1540	32.4498
Financial assets				
- Trade and other receivables	6.1	6.5		
- Cash at bank and on hand	2.2	28.4		
	<u>8.3</u>	<u>34.9</u>		
Financial liabilities				
- Long-term loans from financial institution	-	63.3		
- Trade and other payables	0.9	1.2		
	<u>0.9</u>	<u>64.5</u>		

As at 31 December 2019, the Company does not utilise any derivative contracts to hedge foreign exchange rate risk.

The foreign currency sensitivity for the net balance of financial assets and liabilities as at 31 December 2019, if Thai Baht had strengthened/(weakened) 5 percent against the US dollar, with all other variables held constant, profit would have decrease/(increased) by Baht 11 million.

Since July 2013, the Company has applied cash flow hedge accounting in order to hedge the foreign exchange exposure on a certain portion of its forecasted revenue from sales of electricity in USD currency, which are designated as the hedged item and long-term loans in USD are the hedging instrument. On 7 March 2019, the Company made repayment all long-term loans dominated in USD and has therefore ceased application of cash flow hedge accounting.

For the year ended 31 December 2019, the Company recognised an unrealised gain of Baht 1 million from changes in the fair value of the long-term loans in USD used for cash flow hedging, in other comprehensive income.

As at 31 December 2019, the outstanding of the hedging instrument are expected to mature and affect to the profit or loss were as follows.

	(Million USD)	
	As at 31 December	
Recyclable:	<u>2019</u>	<u>2018</u>
In up to 1 year	-	6
In over 1 and up to 5 years	-	20

24.5 Fair value

Since the Company's financial assets and trade and other payables are short-term in nature, long-term finance lease receivable - related party, long-term restricted bank deposits and the majority of the Company's financial liabilities comprise loans from financial institutions and debentures which bear interest at rates close to market rates and other long-term liabilities, the Company's management believes that the fair values of the Company's financial assets and liabilities are approximate to their carrying values. The fair value of long-term finance lease receivable - related party, long-term restricted bank deposits, long-term loans from financial institutions, debentures and other long-term liabilities are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. Based on this evaluation, the carrying amount of such long-term finance lease receivable - related party, long-term restricted bank deposits, long-term loans, debentures and other long-term liabilities were not materially different from their calculated fair values.

24.6 Capital management

Capital includes ordinary shares and equity attributable to the equity holders of the Company.

The primary objective of the Company's capital management is to ensure that it maintains its ability to continue as a going concern and maintains an appropriate capital structure as stipulated in the long-term loan agreements with financial institutions and condition of debentures.

The Company monitors its capital structure by net interest-bearing debt to equity ratio, which is the interest-bearing debt less cash and cash equivalents, short-term and long-term restricted bank deposits divided by the equity. The Company intends to maintain the net interest-bearing debt to equity at no more than 3.0 times.

As at 31 December 2019, the Company's net interest-bearing debt to equity ratio is 1.17 times (2018: 1.22 times).

25. Commitments and contingent liabilities

25.1 Management service agreements

The Company has commitments in respect of consultancy, administration and other service agreements with the Parent Company of the Group and other companies for the Nam Ngum 2 Hydroelectric Power Project totalling Baht 30.9 million and Baht 13.5 million per month (2019: Baht 25.9 million and Baht 13.1 million per month).

25.2 Operation and maintenance agreements

- a) The Company has commitment in respect of the Agreement on Operation and Maintenance of Dam and Powerhouse for Nam Ngum 2 Hydroelectric Power Project with a related party, until the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project, with the service fee as specified in the agreement and subject to increase on an annual basis at the rate specified in the agreement. The service fee for 2020 is approximately Baht 9.4 million per month (2019: Baht 9.1 million per month).
- b) The Company has commitment in respect of the Agreement on Operation and Maintenance of Transmission Systems for Nam Ngum 2 Hydroelectric Power Project with a related party, until the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project, with the service fee as specified in the agreement and subject to increase on an annual basis at the rate specified in the agreement. The service fee for 2020 is approximately USD 0.03 million per month (2019: Baht 0.05 million per month).
- c) The Company has commitment amounting to approximately Baht 25.0 million per year in respect of the Service Agreement with a related company for consultancy services relating to operation and maintenance of the Nam Ngum 2 Hydroelectric Power Project.
- d) The Company has commitments to pay wheeling charges to the Government of the Lao People's Democratic Republic from 1 January 2019 to the end of the concession date of the Nam Ngum 2 Hydroelectric Power Project, calculated by multiplying sales of electricity energy from Nabong substation by the wheeling charge rates for each period as specified under the Nabong interconnection and transmission agreement.
- e) The Company has commitment in respect of the Agreement on Major Maintenance of Dam and Powerhouse for the Nam Ngum 2 Hydroelectric Power Project with a related party, until December 2026, with the service fee as specified in the agreement and subject to increase on an annual basis at the rate specified in the agreement. The service fee for 2020 is approximately Baht 3.7 million per month (2019: Baht 3.8 million per month).

25.3 Royalty

The Company has a commitment to pay a royalty for a period of 25 years to the Government of the Lao People's Democratic Republic commencing from the Initial Operation Date (26 March 2011) to the end of the concession period, which will be calculated by multiplying revenue from sales of electricity by the royalty rate for each period as specified under Concession Agreement.

25.4 Bank guarantees

As at 31 December 2019, there were outstanding bank guarantees of USD 25.0 million (equivalent to Baht 758.3 million) issued by banks on behalf of the Company in respect of the guarantee required under the Power Purchase Agreement with the Electricity Generating Authority of Thailand (2018: USD 25.0 million).

26. Events after the reporting period

Dividend payment

On 20 February 2020, the Board of Directors's Meeting of the Company No. 1/2020 passed a resolution to pay a dividend of Baht 0.55 per share, or a total of Baht 484.50 million, to the shareholders of the Company in respect of the profit from July to December 2019. The resolution will be proposed to the Annual General Meeting of Shareholders of the Company for the year 2020 for approval.