

## Draft Prospectus



### NAM NGUM 2 POWER COMPANY LIMITED

(incorporated under the law of the Lao People's Democratic Republic)

Offering in Thailand of  
Unsecured and Unsubordinated Debentures Namely,  
**"THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2017 TRANCHE 1 DUE 2020"**  
**"THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2017 TRANCHE 2 DUE 2024"**  
AND  
Unsecured, Unsubordinated and Amortized Debentures Namely,  
**"THE AMORTIZED DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2017 TRANCHE 3 DUE 2027"**  
(collectively, the "Debentures")  
to Institutional Investors and High Net Worth Investors

**Issue Price: 100 per cent.**

"The Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 1 Due 2020" ("Tranche 1 Debentures"), "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 2 Due 2024" ("Tranche 2 Debentures") and "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 3 Due 2027" ("Tranche 3 Debentures", and together with Tranche 1 Debentures and Tranche 2 Debentures, the "Debentures"), will be issued in registered form. Tranche 1 Debentures have a tenor of 3 years, Tranche 2 Debentures have a tenor of 7 years and Tranche 3 Debentures have a tenor of 10 years. A total of 6,000,000 units of the Debentures will be issued, with a nominal value of Baht 1,000 each. Each of Tranche 1 Debentures, Tranche 2 Debentures and Tranche 3 Debentures will be offered in an aggregate total principal amount of Baht 1,000,000,000, Baht 1,400,000,000 and Baht 3,600,000,000, respectively. Interest on Tranche 1 Debentures, Tranche 2 Debentures and Tranche 3 Debentures will accrue at the rate of 2.59 percent per annum, 3.48 percent per annum and 3.69 percent per annum, respectively, from and including the issue date of the Debentures and shall be paid semi-annually in arrears on 5 April and 5 October in each year. Payment on the Debentures will be made subject to deductions for or on account of taxes of Thailand.

The Debentures were assigned credit ratings of 'A-' (with Stable outlook) according to reports published by TRIS Rating Co., Ltd. on 31 August 2017. The Issuer will arrange for the credit rating agency as approved by the Offering of the Securities and Exchange Commission (the "Office of the SEC") to provide a credit rating for the Debentures throughout the tenors of the Debentures. A credit rating is not a recommendation to buy, sell or hold the Debentures and may be subject to revision, suspension or withdrawal at any time by the credit rating agency.

**Bangkok Bank  
Public Company Limited**

**Joint Lead Arrangers  
Krungthai Bank  
Public Company Limited**

**The Siam Commercial Bank  
Public Company Limited**

**Debentureholders' Representative  
Bangkok Bank  
Public Company Limited**

**Registrar  
Thailand Securities Depository  
Company Limited**

**Paying Agent  
Bank of Ayudhya  
Public Company Limited**

**Subscription Period  
3-4 October 2017**

Date of filing of the registration statement and draft prospectus: 13 September 2017  
Effective date of the registration statement and draft prospectus: 2 October 2017

This document is not a prospectus for the offer for sale of the Debentures but has been prepared to publicize information regarding the Debentures prior to the offer for sale in order that prospective investors can have sufficient time to study the information before making any decision to invest. The information appearing in this document is the same as the information appearing in the registration statement and draft prospectus of the Debentures filed with the Office of the SEC, which has not yet become effective under applicable laws. Therefore, the information contained in this document is subject to possible further revision.

The offer of the Debentures may only be made when the registration statement and draft prospectus filed with the Office of the SEC have become effective and final prospectuses have been distributed to investors.

The information contained in the registration statement and draft prospectus is disclosed on the basis of providing, in the view of the Issuer, sufficient information for investors to make their own decision and this information contains at least the information required by the Notifications of the Capital Market Supervisory Board regarding the offer for sale of foreign Debentures or foreign debentures in Thailand.

Prior to making a decision to invest in the Debentures, investors should exercise their own judgment to consider detailed information relating to the Issuer and the conditions of the Debentures, including the suitability for investment and the relevant risk exposure. The effectiveness of the registration statement and draft prospectus does not represent that the Ministry of Finance of Thailand, the Thai Securities and Exchange Commission, the Capital Market Supervisory Board or the Office of the SEC has suggested investment in the Debentures nor shall they assure the value or returns on the Debentures nor shall they certify the accuracy and completeness of information contained in the registration statement and draft prospectus. The liability for certification of the accuracy and completeness of information contained in the registration statement and draft prospectus is vested in the Issuer.

Should any information in the registration statement and draft prospectus contain any false statement or omission of any material information which should be disclosed, the Debentureholders who have purchased the Debentures within one year from the effective date of the registration statement and draft prospectus shall be entitled to claim damages from the Issuer pursuant to Section 82 of the Securities and Exchange Act B.E. 2535 (1992) within one year from the date on which the Debentureholders have become aware of, or should have been aware of, such false statement or omission of the material information, but not exceeding two years from the effective date of the registration statement and draft prospectus.

**Rights and protections entitled to investors who invest in the Debentures are of the similar nature as those entitled through making direct investment overseas. Therefore, the investors should study and investigate information relating to the laws and regulations of the jurisdictions in which the Issuer is incorporated.**

Investors can review or request a copy of the registration statement and draft prospectus filed with the Office of the SEC from the Capital Market Information Center of the Office of the Securities and Exchange Commission at 333/3 Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900, Thailand during the Office of the SEC's business days and hours or via <http://www.sec.or.th>.

**An investment in the Debentures is subject to risk.**

**Investors should carefully consider the risks and exercise their own decision in making a decision to invest in the Debentures.**

## Disclaimer

This draft Prospectus has been prepared for the purpose of giving information with respect to Nam Ngum 2 Power Company Limited (the "Issuer" or the "Company") which, according to the particular nature of the Issuer and "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 1 Due 2020", "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 2 Due 2024" and "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 3 Due 2027" (collectively, the "Debentures") which will be offered to "Institutional Investors" and "High Net Worth Investors" as respectively defined in the Notification of the Securities and Exchange Commission No. KorChor. 5/2552 Re: *Determination of Definitions Used in the Notifications on the Issue and Sale of All Types of Debt Instruments*, dated 15 March 2009, as may from time to time be amended, modified, supplemented or replaced (collectively, the "Qualified Investors"), is necessary to enable Qualified Investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

No person has been authorised to give any information or to make any representation other than those contained in this draft Prospectus in connection with the issue or sale of the Debentures and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Joint Lead Arrangers whose names are listed on the cover page of this document. Neither the delivery of this draft Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this draft Prospectus has been circulated or most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this draft Prospectus has been circulated or most recently amended or supplemented or that any other information supplied in connection with the Debentures is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Each of the Joint Lead Arrangers has not separately verified the information contained in this draft Prospectus. The Joint Lead Arrangers do not make any representation, express or implied, and do not accept any responsibility, with respect to the accuracy or completeness of any of the information in this draft Prospectus. Neither this draft Prospectus nor any other financial statements should be considered as a recommendation by the Issuer or any of the Joint Lead Arrangers that any recipient of this draft Prospectus or any other financial statements should purchase the Debentures. Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this draft Prospectus. This draft Prospectus does not describe all of the risks of an investment in the Debentures. Each potential purchaser of Debentures should determine for itself the relevance of the information contained in this draft Prospectus and its purchase of Debentures should be based upon such investigation as it deems necessary. The Joint Lead Arrangers do not undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this draft Prospectus or to advise any investor or potential investor in the Debentures of any information coming to the attention of any of the Joint Lead Arrangers.

This draft Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or any of the Joint Lead Arrangers to subscribe for, or purchase, any Debentures.

The distribution of this draft Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession this draft Prospectus are required by the Issuer and the Joint Lead Arrangers to inform themselves about and to observe any such restriction.

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This Fact Sheet is a part of the Registration Statement and the Prospectus which is only a summary of offering information, characteristics and risks of the securities offered and relating to the securities issuer (the "Company" or the "Issuer"). Investors shall carefully and thoroughly read and study information in details from the full Prospectus before making an investment decision. Investors may request for the full Prospectus from the Joint Lead Arrangers and the Company, or may study the information in the Registration Statement and the Draft Prospectus submitted to the Office of the Securities Exchange Commission (the "Office of the SEC") on its website.

## PART 1 FACT SHEET

"THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2017 TRANCHE 1 DUE 2020" ("Tranche 1 Debentures")  
 "THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2017 TRANCHE 2 DUE 2024" ("Tranche 2 Debentures")

and

"THE AMORTIZED DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2017 TRANCHE 3 DUE 2027"  
 ("Tranche 3 Debentures", and together with Tranche 1 Debentures and Tranche 2 Debentures the "Debentures")

issued by

NAM NGUM 2 POWER COMPANY LIMITED

*(incorporated under the law of the Lao People's Democratic Republic)*

## Key Information relating to Debentures

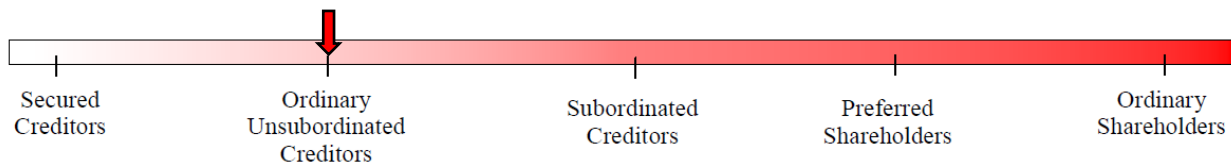
Type of Instruments	<p>(1) Tranche 1 Debentures and Tranche 2 Debentures: Name-Registered, Unsubordinated and Unsecured Debentures with a Debentureholders' Representative</p> <p>(2) Tranche 3 Debentures: Name-Registered, Unsubordinated, Unsecured and Amortized Debentures with a Debentureholders' Representative</p>	Denomination	Thai Baht
Credit Rating	<p><input type="checkbox"/> None      <input type="checkbox"/> Issuer</p> <p><input type="checkbox"/> Guarantor    <input checked="" type="checkbox"/> Issue</p> <p>The Debentures were assigned credit ratings of 'A-' (with Stable outlook) according to reports published by TRIS Rating Co., Ltd. on 31 August 2017.</p> <p>The Issuer will arrange for the credit rating agency as approved by the Offering of the Securities and Exchange Commission (the "Office of the SEC") to provide a credit rating for the Debentures throughout the tenors of the Debentures.</p> <p>A credit rating is not a recommendation</p>	Type of Offering	<p><input type="checkbox"/> PO</p> <p><input checked="" type="checkbox"/> PP (II&amp;HNW)</p>

	to buy, sell or hold the Debentures and may be subject to revision, suspension or withdrawal at any time by the credit rating agency.		
<b>Offering Size</b>	(1) Tranche 1 Debentures: Up to Baht 1,000,000,000 (2) Tranche 2 Debentures: Up to Baht 1,400,000,000 (3) Tranche 3 Debentures: Up to Baht 3,600,000,000	<b>Number of units of Debentures</b>	(1) Tranche 1 Debentures: Up to 1,000,000 units (2) Tranche 2 Debentures: Up to 1,400,000 units (3) Tranche 3 Debentures: Up to 3,600,000 units
<b>Par Value per Unit</b>	Baht 1,000	<b>Issue Price per unit</b>	Baht 1,000
<b>Total Offering Size</b>	Up to Baht 6,000,000,000	<b>Total number of units of Debentures</b>	6,000,000 units
<b>Interest Rate</b>	<input checked="" type="checkbox"/> Fixed rate (1) Tranche 1 Debentures: 2.59 percent per annum (2) Tranche 2 Debentures: 3.48 percent per annum (3) Tranche 3 Debentures: 3.69 percent per annum <input type="checkbox"/> Floating rate The calculation of the interest payable in respect of the Debentures is based on the basis that 1 (one) year has 365 (three hundred and sixty five) days and the amount of interest shall be calculated by the product of the principal amount outstanding on each unit of the Debentures. In this regard, each interest period shall be commenced (and including) from the Issue Date or the preceding Interest Payment Date (as the case may be) to (but excluding) each Interest Payment Date with respect to such interest period or the Maturity Date (as the case may be). The withholding tax shall be applied in accordance with the applicable laws.	<b>Early Redemption</b>	The Debentures may be redeemed for taxation reasons at the option of the Issuer in accordance with the conditions specified under Condition 10.4 of the terms and conditions in relation to the Debentures (the "Conditions"). Please see more details in the draft of the Conditions attached as Appendix 1 of the Registration Statement and Draft Prospectus. The Issuer may also repurchase of the Debentures from the secondary market by the Issuer as specified in the Conditions. The Debentureholders are not entitled to request the Issuer to early redeem the Debentures.

Issue Date	5 October 2017	Subscription Period	3 – 4 October 2017		
Maturity Date	(1) Tranche 1 Debentures: 5 October 2020 (2) Tranche 2 Debentures: 5 October 2024 (3) Tranche 3 Debentures: 5 October 2027	Tenor	(1) Tranche 1 Debentures: 3 (three) years from the Issue Date (2) Tranche 2 Debentures: 7 (seven) years from the Issue Date (3) Tranche 3 Debentures: 10 (ten) years from the Issue Date		
Redemption Dates	In respect of Tranche 3 Debentures, the Issuer shall redeem each unit of Tranche 3 Debentures in installments on the Redemption Dates as follows.				
	Installment	Redemption Date	Outstanding Principal Amount Per Unit (Baht)	Paid Principal Amount Per Unit (Baht)	Total Payment Per Unit (Baht)
	1	5 October 2025	1,000.00	333.33	333.33
	2	5 October 2026	667.67	333.33	666.66
	3	5 October 2027	333.34	333.34	1,000.00
Interest Period	Interest on the Debentures shall be payable semi-annually on every 5 April and 5 October of each year commencing 5 April 2018 and ending on the Maturity Date in respect of the Debentures	First Interest Payment Date	5 April 2018		
Lead Arrangers	(1) Bangkok Bank Public Company Limited; (2) Krungthai Bank Public Company Limited; and (3) The Siam Commercial Bank Public Company Limited	Registrar	Thailand Securities Depository Co., Ltd. or any other person subsequently appointed as registrar in accordance with the Registrar Appointment Agreement and as permitted by relevant laws and regulations		
Debentureholders' Representative	Bangkok Bank Public Company Limited or any other person duly appointed as replacement debentureholders' representative	Paying Agent	Bank of Ayudhya Public Company Limited or any other person duly appointed as replacement paying agent		
Issuer's Representative in Thailand	The Legists Group	Guarantee/Collateral	None		

<b>Transfer Restriction (if any)</b>	<p>The offering of the Debentures will be made to the institutional investors or the high net worth investors pursuant to the Notification of the Capital Market Supervisory Board regarding the Application for and, Granting of Approval for Offering of Newly-Issued Debt Instruments As a result, the Issuer and/or the Registrar shall not accept or register any transfer of the Debentures to any person who is not an institutional investor or a high net worth investor, unless such transfer is made by way of inheritance. Please see more details in the Condition 4.3 of the Conditions.</p> <p>The transfer restriction of the Debentures has also been: (i) acknowledged by the Bank of The Lao People's Democratic Republic; and (ii) endorsed and acknowledged by the Lao Securities Commission Office that no Debenture will be transferred to any person other than the Qualified Investors.</p>
<b>Covenant on Maintenance of Financial Ratio (if any)</b>	<p>The Issuer shall ensure that the ratio of Debt to Equity, in accordance with its Financial Statement, shall not exceed 3:1 as at the last day of the fourth quarter of each year. Please see more details, including the definitions of the terms "Debt," "Equity" and "Financial Statements" in the draft of the Conditions attached as Appendix 1 of the Registration Statement and Draft Prospectus.</p>

#### Rank of Repayment in case of the Issuer's Bankruptcy or Liquidation



#### Risks of the Instrument

##### Tranche 1 Debentures

###### Tenor of Instrument

more than 5 years				
1 - 5 years		✓		
less than 1 year				
	AAA - AA	A - BBB	non-investment grade	unrated

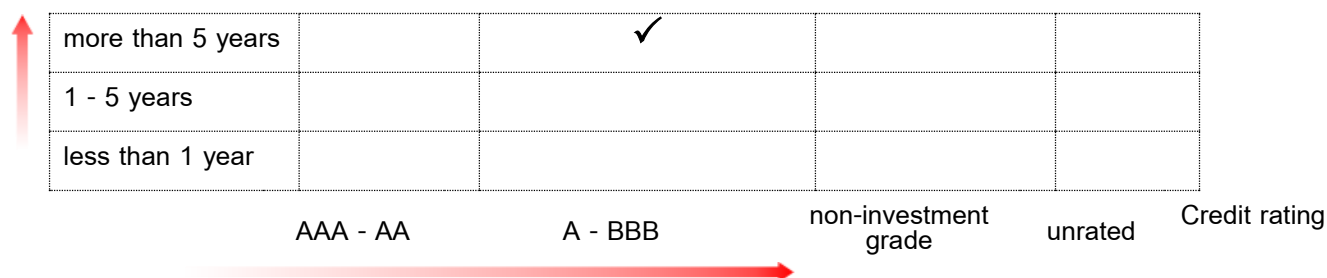
Credit rating

##### Tranche 2 Debentures

###### Tenor of Instrument

more than 5 years		✓		
1 - 5 years				
less than 1 year				
	AAA - AA	A - BBB	non-investment grade	unrated

Credit rating

Tranche 3 Debentures**Tenor of Instrument**


more than 5 years		✓		
1 - 5 years				
less than 1 year				

AAA - AA      A - BBB      non-investment grade      unrated      Credit rating

**Warnings**

- Due to low liquidity of the debt instrument market in Thailand, if the Debentureholders sell their Debentures in the secondary market prior to the Maturity Date, the Debentureholders may receive lower or higher selling price depending on particular market circumstance and demand. In addition, the Debentureholders may not be able to sell the Debentures freely since the Issuer has registered a transfer restriction of the Debentures with the SEC that no Debentures will be transferred to any person other than those qualified as institutional investors or high net worth, unless such transfer is made by way of inheritance.
- The transfer restriction of the Debentures has also been: (i) acknowledged by the Bank of The Lao People's Democratic Republic; and (ii) endorsed and acknowledged by the Lao Securities Commission Office that no Debenture will be transferred to any person other than the Qualified Investors.
- Credit rating of the Debentures is provided for making a decision on investment only. They neither recommend the purchase and selling of the Debentures, nor secure the Issuer's leverage ratio.
- The Debentures are offered in three tranches which contain different tenor and risk level. The Debentures with a longer tenor constitute higher risks.

**Special Characteristics and Risks of the Debentures**Risks in relation to the Issuer

Significant risks and guidelines for risk management are summarized in Item 3 (*Risks Factors*) in Part 3 (*Description of Issuer*) of the Registration Statement and Draft Prospectus. Those include:

Operational Risks

- Risk in respect of raw materials in electricity production
- Risk in respect of availability of power plants
- Risk from natural disaster
- Risk in respect of Concession Agreement
- Risk in respect of Power Purchase Agreement

Financial Risks

- Risk in respect of financial liquidity
- Risk from exchange rate fluctuations
- Risk from interest rate fluctuations



Risks related to investment in the Company's DebenturesRisk in respect of limited enforceability of rights under the Debentures against the Issuer in the Lao PDR

The Issuer is a limited company incorporated under the laws of Lao PDR. Substantially all of the Issuer's assets are located in the Lao PDR. As a result, it may not be possible for the Debentureholders to effect service of process outside the Lao PDR, or to enforce against them or us outside the Lao PDR judgments obtained in foreign courts. Enforceability of foreign court judgements in the Lao PDR will be subject to conditions and/or restrictions set out below.

As for the enforceability of foreign court judgments or foreign arbitral awards (collectively "Foreign Judgments") in the Lao PDR, the Lao PDR is a party to one multilateral treaty and two bilateral treaties providing for reciprocal recognition and enforcement of foreign judgments: the New York Convention and bilateral treaties separately with Vietnam and China on the recognition and enforcement of foreign judgments. Accordingly, Foreign Judgments from foreign tribunal may not be enforceable in the Lao PDR in the absence of reciprocity under bilateral or multilateral treaties from the jurisdiction of the foreign tribunal in question. Pursuant to the Law on Civil Procedures (Amended) No. 13/NA dated 4 July 2012, Lao PDR acknowledges and executes the decisions of foreign court through its embassy, or the consular or representative offices of the Lao PDR in such foreign country. In order to be recognised by Lao PDR's courts, a Foreign Judgment is subject to:

- be translated into Lao language;
- be from a country which is a signatory to a treaty to which the Lao PDR is also a signatory or party;
- not impact adversely on the sovereignty of the Lao PDR or not contradict with Lao PDR's laws; and
- not affect security and social order.

Moreover, Lao PDR courts may decide not to recognise a Foreign Judgment if:

- such judgment is subject to continuing proceedings or appeals and is not a final decision;
- the losing party in the foreign judgment did not participate in the proceeding and the judgment was made in default;
- the matter considered by the foreign court should have been considered under the jurisdiction of the Lao PDR courts;
- such judgement conflicts with the Constitution or Lao PDR laws; and
- other non-specified issues relating to the foreign judgment are brought to the attention of the Lao PDR courts.

Enforcing Debentureholders' rights under the Debentures across multiple jurisdictions may be difficult.

The Debentures will be issued by the Issuer which is incorporated under the law of the Lao PDR. The Debentures and the Debentureholders' Representative Appointment Agreement will be governed by Thai law. In the event of a bankruptcy, insolvency or similar event, different proceedings could be initiated in the Lao PDR or Thailand. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of the rights of Debentureholders. Debentureholders' rights under the Debentures will be subject to the insolvency and administrative laws of the Lao PDR and there can be no absolute assurance or there can be some difficulty that Debentureholders will be able to effectively enforce their rights in such complex multiple bankruptcy, insolvency or similar proceedings. Furthermore, the bankruptcy, insolvency, administrative and other laws of the Lao PDR and Thailand may be certain difference from, or possibly be in conflict with, each other and those with which Debentureholders may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceedings. The application of these laws, or any certain conflict among them, could call into question whether the laws of any particular jurisdiction should apply which may, adversely affect Debentureholders, and their ability or difficulty to enforce their rights under the Debentures in the relevant jurisdiction or limit any amounts that Debentureholders may receive.

Risk in relation to exchange control

Unless specified in the Registration Statement and Draft Prospectus, currently, there is no specific risk in relation to exchange control restriction or any other restriction in the Lao PDR which may prohibit, delay or impact payments by the Issuer under the Debentures, subscription and subscription payments for the Debentures and the issue, delivery and transfer of the Debentures.

Risk in respect of Lao Political, legal and regulatory factors

The Company is subject to political, legal and regulatory conditions in Lao PDR that differ in certain respects from those prevailing in other countries with more developed economies. The GOL's intervention in Lao PDR's economy can result in significant changes in economy policy and have a negative impact on the Company. The Company's future prospects may be adversely affected by changes in the GOL's policies involving electricity concession, exchange controls, tax policies and other matters. However, according to the CA between the GOL and the Company, the Company shall be entitled to compensation from the GOL in the case of any change in the Lao Law (a new law is generally not retroactive) having an adverse effect to the economic position of the Company.

Amortized debentures

Tranche 3 Debentures are amortized debentures where the issue price of each unit is payable in installments. Failure to pay any subsequent installment on an amortized debenture could result in an investor losing all of its investment.

Please see details in Item 3 (*Risks Factors*) in Part 3 (*Description of Issuer*) of the Registration Statement and Draft Prospectus.

Please see other risks related to investment in the Company's Debentures in Item 3.3.1 (Risk in respect of the right to receive payments on the Debentures that is effectively junior to existing and future secured debt of the Issuer), Item 3.3.5 (Interest rate risks on an investment in the Debentures) and Item 3.3.6 (Inflation risk on an investment in the Debentures) of Part 3 (*Description of Issuer*) in the Registration Statement and Draft Prospectus.

Substantial Similarities and Differences between the Terms and Conditions of the Debentures and Sample of Terms and Conditions prepared by SEC

The Conditions and the sample of terms and conditions prepared by SEC (the "**Sample Conditions**") are substantially different in the following issues:

- Condition 7 (*Covenants of the Issuer*) There are additional covenants from those found in the Sample Conditions; such as, an undertaking to maintain the ratio of Debt to Equity under Condition 7.2, a requirement for the Issuer to deliver a report setting out the Debt to Equity Ratio to the Debentureholders' Representative and the Registrar under Condition 7.3\*, and a requirement for the Issuer to deliver copies of English translations of its audited annual consolidated financial statements under Condition 7.10\*.
- Condition 13 (*Events of Default*) An occurrence of event each of which constitutes an Event of Default are difference from the Sample Conditions:
  - *payment default*: a default made on the payment of any amount of principal or any interest due in respect of the Debentures when and as the same ought to be paid in accordance with the Conditions, however, such payment default shall not constitute an Event of Default if it arises from a delay and/or mistake in funds to make payment of such control of the Issuer and the Issuer has sufficient funds to make payment of such principal or interest as they fall due, and the Issuer has made payment of such principal or interest within 3 (three) days from the relevant due date;
  - *cross default*: the Issuer fails to pay any indebtedness, having an aggregate nominal amount of more than Baht 500,000,000 (five hundred million baht) (or the equivalent in any other currency or currencies) when it becomes due and payable (following the giving of such notice, if any, as is required under the document governing such indebtedness and as extended by any applicable grace period) or such indebtedness was declared to be prematurely due and payable due to a default by the Issuer, however, such failure to pay which the Issuer is disputing in good faith and is under consideration of a court of competent jurisdiction (for so long as there is no final judgment in relation to the dispute) shall not constitute an Event of Default;

- final judgment or arbitration award: the Issuer is subject to any final judgments of a court of law or arbitration awards ordering it, in an aggregate amount, to pay a sum of more than Baht 500,000,000 (five hundred million baht) (or the equivalent in any other currency or currencies), unless the Issuer is capable of paying such amount in accordance with such final judgments or arbitration awards and such payment does not have a material adverse effect on the ability of the Issuer to perform its payment obligations under the Conditions.

Please see more details in the draft of the Conditions attached as Appendix 1 of the Registration Statement and Draft Prospectus.

- \* Under Condition 7.3, the report setting out the Debt to Equity Ratio shall be delivered to the Debentureholders' Representative and the Registrar within 15 (fifteen) days from the date the relevant Financial Statement is sent to the Tax Department, Ministry of Finance of the Lao PDR. Under Condition 7.10, the copies of English translations of its audited annual consolidated financial statements shall be submitted within, if applicable, the same period as that required under applicable laws or regulations, but in any case, shall be no later than 180 (one hundred and eighty) days from the end of the financial year of the Issuer. If, after the Issue Date, such submission period to the SEC or method for the submission is changed under the applicable laws or regulations, the Issuer shall comply with the new submission period, method for the submission or requirements according to such amended applicable laws or regulations, as the case may be.

In accordance with the Lao PDR law as at January 2017, the Issuer is required to send such financial statements to the Tax Department, Ministry of Finance of the Lao PDR on the 1st of March of the following year. If there is any change in Lao PDR law regarding to this issue, the Issuer will inform by way of posting on the website [www.ckpower.co.th](http://www.ckpower.co.th).

## General Risks

### Risks in relation to Instrument

Credit Risk The Debentureholders are subject to the risk that the Issuer might not be able to pay interest or principal in respect of the Debentures in case the Issuer's business and financial performance are below expectation or the Issuer's properties are insufficient to make the payment in respect of the Debentures. Investors should carefully consider the Issuer's financial position and capacity to repay its debt from the information contained in the draft prospectus. In addition, in the consideration of the credit risk, investors may study the credit rating provided by the credit rating agency before making a decision to invest in the Debentures. A low credit rating implies higher credit risk of the Issuer or the Debentures and thusly, a higher return rate can be expected, however, a high credit rating implies lower credit risk of the Issuer or the Debentures and thusly, a lower return rate can be expected. Each investor should update itself the Issuer's information including a review of credit rating posted on the website of SEC, the credit rating agency or the Thai Bond Market Association

Price Risk Value of the Debentures may be changed according to several factors, such as interest rate in the money market, the Bank of Thailand's policy, general economic circumstance, rate of inflation, tenor of the Debentures, excess or deficiency of the Debentures' demand, therefore, the Debentureholders may be affected by the fluctuation of the Debentures' price when selling the Debentures in the secondary market prior to the Maturity Date.

Liquidity Risk The Debentureholders may not be able to immediately sell the Debentures in the secondary market prior to the Maturity Date at their preferred price since there is a low liquidity of the debt instrument secondary market. In addition, the Issuer does not procure the Debentures to be traded in the Bond Electronic Exchange (BEX) but the Debentureholders are able to sell or purchase the Debentures with commercial banks, securities companies or other juristic persons having debt instrument trading license.

In addition, the Debentureholders may not be able to sell the Debentures freely since the Issuer has registered a

transfer restriction of the Debentures with the SEC that no Debentures will be transferred to any person other than those qualified as institutional investors or high net worth, unless such transfer is made by way of inheritance. The transfer restriction of the Debentures has also been: (i) acknowledged by the Bank of The Lao People's Democratic Republic; and (ii) endorsed and acknowledged by the Lao Securities Commission Office that no Debenture will be transferred to any person other than the Qualified Investors.

### Issuer's Information

#### Nature of Business

Nam Ngum 2 Power Company Limited ("NN2" or "Company" or "Issuer") is a company registered in the Lao People's Democratic Republic ("Lao PDR") and which is awarded the concession for the development of the Nam Ngum 2 Hydroelectric Power Project from the Government of the Lao PDR.

Nam Ngum 2 Hydroelectric Power Project ("NN2HPP") has an installed capacity of 615 MW achieved its Initial Operation Date ("IOD") on March 26, 2011, and thereafter the Commercial Operation Date ("COD") on January 1, 2013. The Company is established by the joint venture between SouthEast Asia Energy Limited ("SEAN") holding 75 percent of the total share capital and EDL-Generation Public Company ("EDL-Gen") holding 25 percent of the total share capital.

NN2HPP has generating capacity of 2,310 GWh per year. All the power generated is sold to Thailand via the Electricity Generating Authority of Thailand ("EGAT") pursuant to the Power Purchase Agreement ("PPA") for a period of 25 years from the COD which would result in the benefits of both Thailand and Lao PDR.

Please see more details in Item 1 (Company Information) and Item 2 (Nature of Business Operation) of Part 3 (Description of Issuer) in the Registration Statement and Draft Prospectus.

#### Objectives for Utilizing the Proceeds

The Issuer will use the proceeds received from the offering of the Debentures for the repayment or refinancing of its existing debt.

## Summary of Financial Position and Operating Results for the Past 2 Years

Unit: Baht (unless otherwise indicated)

Information	Year 2016	Year 2015
Total assets	27,138,189,901	28,876,453,129
Total liabilities	16,837,446,845	16,735,734,186
Shareholders' Equity	10,300,743,056	12,140,718,943
Total Income	3,833,141,150	3,944,550,681
Total Expenses	2,348,076,882	2,035,773,997
Net Profit	617,644,662	1,013,815,803
Current Ratio (time)	2.1	1.5
Quick Ratio (time)	1.8	1.2
Average Collection Period (day)	66.9	88.8
Net Profit Margin Ratio (percent)*	26.0	25.7
Interest Coverage Ratio (time)*	3.4	3.3
Debt to Equity Ratio (time)	1.6	1.4
Debt to Equity Ratio (time)**	1.5	1.2

\* full year adjustment

\*\* The Conditions provide that the Issuer shall ensure that the ratio of Debt to Equity, in accordance with its Financial Statement, shall not exceed 3:1 as at the last day of the fourth quarter of each year, whereby "Debt" and "Equity" are defined in the Conditions

## Default Record

☒ No
 ☐ Yes

## Contact Information

1. The investors may request for more information or obtain the prospectus at:

**Bangkok Bank Public Company Limited**

Address: 333 Silom Road, Silom, Bangrak, Bangkok 10500

Telephone: 0-2230-2295

**Krungthai Bank Public Company Limited**

Address: 35 Sukhumvit Road, Klong Toey Nua, Wattana, Bangkok 10110

Telephone: 0-2111-1111, 0-2208-4631-39

**The Siam Commercial Bank Public Company Limited**

Address: 9 Rutchadapisek Road, Jatujak, Jatujak, Bangkok 10900

Telephone: 0-2544-5740

2. For any complaints, please contact:

**Bangkok Bank Public Company Limited**

Address: 333 Silom Road, Silom, Bangrak, Bangkok 10500

Telephone: 0-2230-2295

**Krungthai Bank Public Company Limited**

Address: 35 Sukhumvit Road, Klong Toey Nua, Wattana, Bangkok 10110

Telephone: 02-111-1111 (KTB Call Center) or +02-208-8989 (Mon – Fri: 08.30 – 16.30 hrs.)

**The Siam Commercial Bank Public Company Limited**

Address: 9 Rutchadapisek Road, Jatujak, Jatujak, Bangkok 10900

Telephone: 0-2544-5740

## **PART 2**

### **EXECUTIVE SUMMARY**

#### **1. COMPANY INFORMATION**

Nam Ngum 2 Power Company Limited (“NN2PC” or “Company” or “Issuer”) is a company registered in the Lao People’s Democratic Republic (“Lao PDR”) and is awarded the concession for the development of the Nam Ngum 2 Hydroelectric Power Project from the Government of the Lao PDR.

Nam Ngum 2 Hydroelectric Power Project (“NN2HPP”) has an installed capacity of 615 MW. NN2HPP achieved its Initial Operation Date (“IOD”) on March 26, 2011, and thereafter the Commercial Operation Date (“COD”) on January 1, 2013. The Company is established by the joint venture between SouthEast Asia Energy Limited (“SEAN”) holding 75 percent of the total share capital and EDL-Generation Public Company (“EDL-Gen”) holding 25 percent of the total share capital.

NN2HPP has an electricity supply target of 2,310 GWh per year. All the power generated is sold to Thailand via the Electricity Generating Authority of Thailand (“EGAT”) pursuant to the Power Purchase Agreement (“PPA”) for a period of 25 years from the COD which would result in the benefits of both Thailand and Lao PDR.

#### **2. COMPANY FINANCIAL POSITION**

In 2016, the Company reported Total Revenues of Baht 3,833.1 million, a decrease of Baht 111.5 million or 2.8% compared to the previous year. This is mainly due to the Company’s recognition of the remaining balance of the Primary Energy Account (PE Account) of 94.1 GWh, which the Company accumulated prior to 2015, as sales of electricity during 2015 on top of the Company’s declaration of plant’s availability of 2,104.8 GWh during 2015, while no PE Account was used during 2016.

Total Cost of Sales of Electricity decreased by Baht 130.6 million or 7.3% compared to the previous year mainly due to the decline in Operation and Maintenance Costs as a result of the Company’s effective operation cost management and the decline in repair and maintenance expenses compared to 2015. However, Administrative Expenses increased by Baht 397.5 million or 162.0% in 2016 compared to 2015 primarily due to the one-time write-off of Baht 377.6 million from the termination of Nam Bak Hydroelectric Power Project development in the fourth quarter of 2016.

These results in Net Profit of Baht 617.6 million in 2016, a decrease of Baht 396.2 million or 39.1% compared to the previous year

#### **3. RISKS FACTORS**

Investor should carefully consider the risks identified below and all other information contained in this Prospectus, including our financial statements and related notes, before making an investment decision. If any of the following risks, as well as other risks and uncertainties that are not currently known or that the Company currently thinks are

immaterial, are actually realized, our business, financial condition and results of operations could be materially and adversely affected. The Company realizes the significance of risk management from the perspective of electricity production and distribution business.

1. Operational Risks

- Risk in respect of raw materials in electricity production
- Risk in respect of availability of power plants
- Risk from natural disaster
- Risk in respect of Concession Agreement
- Risk in respect of Power Purchase Agreement

2. Financial Risks

- Risk in respect of financial liquidity
- Risk from exchange rate fluctuations
- Risk from interest rate fluctuations

3. Risks related to investment in the Company's Debentures

- Risk in respect of the right to receive payments on the Debentures that is effectively junior to existing and future secured debt of the Issuer
- Risk in respect of limited enforceability of rights under the Debentures against the Issuer in the Lao PDR
- Enforcing Debentureholders' rights under the Debentures across multiple jurisdictions may be difficult.
- Risk in respect of Lao Political, legal and regulatory factors
- Interest rate risks on an investment in the Debentures
- Inflation risk on an investment in the Debentures
- Amortized debentures

#### 4. OFFERING INFORMATION

The Company intends to issue and offer (1) name-registered, unsubordinated and unsecured debentures with a debentureholders' representative namely "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 1 Due 2020" ("**Tranche 1 Debentures**") and "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 2 Due 2024" ("**Tranche 2 Debentures**") and (2) name-registered, unsubordinated, unsecured and amortized debentures with a debentureholders' representative namely "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 3 Due 2027" ("**Tranche 3 Debentures**," and together with Tranche 1 Debentures and Tranche 2 Debentures, the "**Debentures**")

Tranche 1 Debentures have a tenor of 3 years, Tranche 2 Debentures have a tenor of 7 years and Tranche 3 Debentures have a tenor of 10 years. A total of 6,000,000 units of the Debentures will be issued, with a nominal value of Baht 1,000 each. Each of Tranche 1 Debentures, Tranche 2 Debentures and Tranche 3 Debentures will be offered in an aggregate total principal amount of Baht 1,000,000,000, Baht 1,400,000,000 and Baht 3,600,000,000, respectively. Interest on Tranche 1 Debentures, Tranche 2 Debentures and Tranche 3 Debentures will accrue at the rate of 2.59 percent per annum, 3.48 percent per annum and 3.69 percent per annum, respectively.

The Debentures will be offered to "Institutional Investors" and "High Net Worth Investors" as respectively defined in the Notification of the Securities and Exchange Commission No. KorChor. 5/2552 Re: Determination of Definitions Used in the Notifications on the Issue and Sale of All Types of Debt Instruments, dated 15 March 2009, as may from time to time be amended, modified, supplemented or replaced.

The Debentures were assigned credit ratings of 'A-' (with Stable outlook) according to reports published by TRIS Rating Co., Ltd. on 31 August 2017.

The Issuer will use the proceeds received from the offering of the Debentures for the repayment or refinancing of its existing debt.

*(Investor should carefully consider all information in Part 3 and Part 4 before making an investment decision.)*



## PART 3 DESCRIPTION OF THE ISSUER

### 1. GENERAL INFORMATION

#### 1.1 General Information of the Company

<b>Company Name</b>	: Nam Ngum 2 Power Company Limited
<b>Incorporation Date</b>	: 21 April 2006
<b>Type of Business</b>	: Production and distribution of electricity from hydroelectric power.
<b>Head Office</b>	: 215 Lanexang Avenue, Ban Xieng Yuen, Chanthabouly District, Vientiane, Lao PDR.
<b>Registered Capital</b>	: 880,900,000 ordinary shares, at the par value of Baht 10 per share, fully paid-up, being the total registered and paid-up capital of Baht 8,809,000,000
<b>Telephone Number</b>	: (+856-21) 251-718
<b>Facsimile Number</b>	: (+856-21) 215-500
<b>Use of Proceeds</b>	: For the repayment or refinancing of its existing debt

#### 1.2 Company Background

Nam Ngum 2 Power Company Limited (“NN2PC” or “Company” or “Issuer”) is a company registered in the Lao People’s Democratic Republic (“Lao PDR”) and is awarded the concession for the development of the Nam Ngum 2 Hydroelectric Power Project from the Government of the Lao PDR.

Nam Ngum 2 Hydroelectric Power Project (“NN2HPP”) has an installed capacity of 615 MW. NN2HPP achieved its Initial Operation Date (“IOD”) on March 26, 2011, and thereafter the Commercial Operation Date (“COD”) on January 1, 2013. The Company was established by the joint venture between SouthEast Asia Energy Limited (“SEAN”) holding 75 percent of the total share capital and EDL-Generation Public Company (“EDL-Gen”) holding 25 percent of the total share capital.

NN2HPP has an electricity supply target of 2,310 GWh per year. All the power generated is sold to Thailand via the Electricity Generating Authority of Thailand (“EGAT”) pursuant to the Power Purchase Agreement (“PPA”) for a period of 25 years from the COD, which would result in the benefits of both Thailand and Lao PDR.

### 1.3 Vision

To be a reliable and reputable company in the hydropower sector that offers sustainable benefits and growth via a competent system and a highly qualified team.

### 1.4 Mission

1. Prudent Operations & Maintenance
2. Continuous development in Southeast Asia

### 1.5 Key Milestones

Date	Major Development
14 September 2016	: The Company entered into long-term agreements with the lending financial institutions for refinancing of existing long-term loans and additional financing for improvement and construction of the Nabong Substation.
October 2013	: The Company reduced interest rate of Tranche A Facility from MLR to be MLR less a margin per annum.
1 January 2013	: Commercial Operation Date
April 2012	: The Company reduced interest rate of Tranche A Facility from MLR plus a margin to be MLR per annum.
26 March 2011	: Initial Operation Date

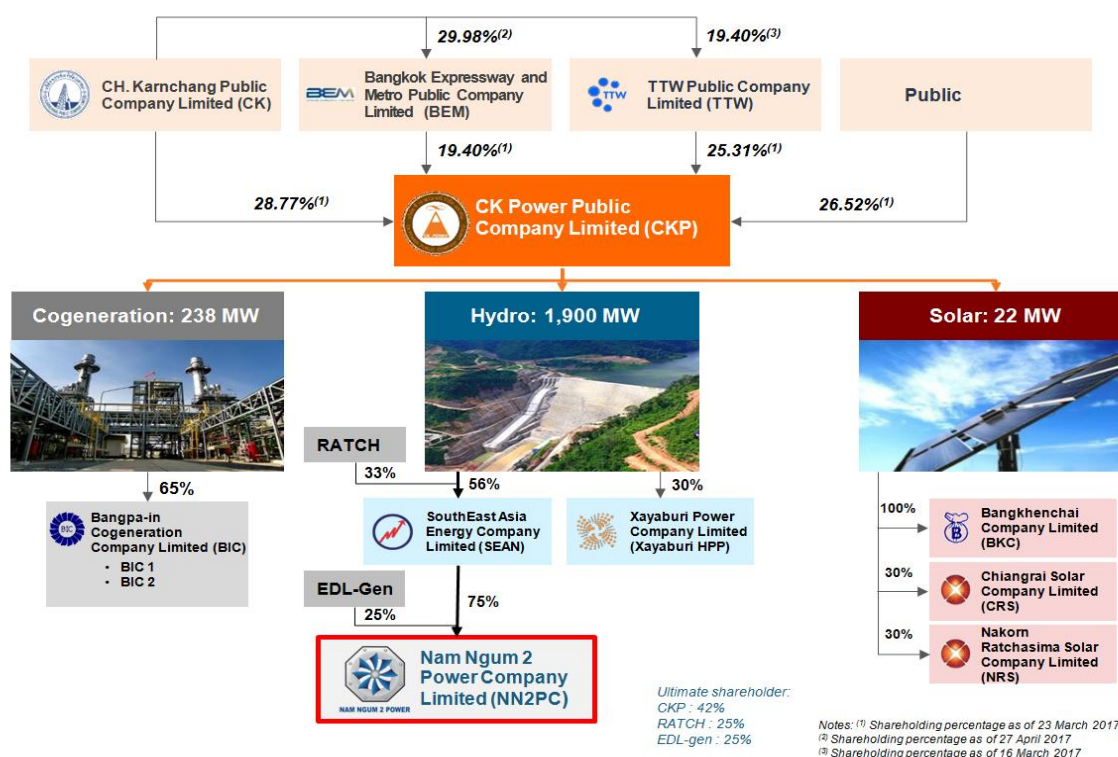
## 2. BUSINESS OPERATION

### 2.1 Company Profile

NN2HPP is located on the Nam Ngum River between Phou Xay and Phou Houat, Ban Houaymo, Muang Hom, Vientiane Capital, Lao PDR, 35 kilometers northeast and upstream of the existing Nam Ngum 1 Dam, and 90 kilometers from Vientiane, the capital city of Lao PDR.

#### Group Structure

NN2PC is a member of CK Power Public Company Limited, a listed company in Thailand. The following chart shows the ultimate shareholders of the Company.



#### Project Information of NN2PC

Summary of project information of NN2HPP is as follows:

Initial Operation Date (IOD)	: 26 March 2011
Commercial Operation Date (COD)	: 1 January 2013
Project Cost	: ~USD 1 billion
Concession Period	: 25 years from COD
Capacity	: 615 MW (3 turbines*205 MW)
Spillway Capacity (PMF)	: 8,263 m <sup>3</sup> /s
PWW Length	: 600 m.
Diameter	: 10.7 m.
Penstock Length	: 3 x 265 m.

Summary of important technical information of NN2HPP is as follows:

1. Reservoir
  - Reservoir Area : 5,640 km<sup>2</sup>
  - Yearly averaged discharge capacity : 6,270 MCM
  - Full supply level : 378.75 masl
  - Maximum flood level : 375 masl
  - Reservoir area (full supply level) : 122 km<sup>2</sup>
  - Storage (full supply level) : 6,774 MCM
  - Minimum operating level : 345 masl
  - Storage (minimum operating level) : 3,780 MCM
  - Active storage : 2,994 MCM
2. Dam
  - Type : Concrete face rockfill
  - Crest length : 485 m
  - Crest level : 381 masl
  - Height from foundation : 181 m
  - Width of concrete face : 0.30 – 0.90 m
3. Headrace Tunnel
  - Type : Concrete-lined divided into three tunnels
  - Diameter : 11.7 m
  - Length of the first tunnel : 1,141 m
  - Length of the second tunnel : 1,263 m
  - Height (above the penstock) : 209.1 masl
4. Tailrace Canal
  - Amount : 3 units
  - Diameter : 5.35 m
  - Length : 212 m

The PPA determines the Annual Supply Target of 2,310 GWh (million units) to be purchased by EGAT, which is divided into:

(a) Primary Energy (“PE”): 2,218 GWh per year, with the production capacity not exceeding 16 hours per day, the payments for which will be made partially in Thai Baht and partially in USD according to the tariff designated by the PPA.

(b) Secondary Energy (“SE”): 92 GWh per year. This refers to the electrical energy generated only during August, September and October each year, all payments for which will be made in Thai Baht.

(c) Excess Energy (“EE”) is the excess electricity generated when NN2PC’s volume of water exceeds the forecasted amount, thereby, in such month, generating electricity in excess of the target designated in (a) and (b) as declared to EGAT in advance. The excess electricity will be considered the Excess Energy. All payments for which will be made in Thai Baht.

In addition, if NN2PC is able to generate electricity in excess of the designated target of PE or SE as determined in the Agreement, such Excess Energy may be accumulated in the Reserve Account, which may be utilized in the future in any year in which it cannot generate and sell electricity to EGAT to meet the target as specified in the PPA. The Excess Energy accumulated in the Reserve Account in form of electricity credit can be retained for up to 10 years and will be settled three times in 2022, 2032, and at the end of the CA.

### **Company’s Business Strategy**

1. Continuous development of Human Resources and improvement of the management system
2. Strict adherence to Good Corporate Governance
3. Uphold the Corporate Responsibility to both society and environment

## **2.2 Revenue Structure**

The following table sets forth a revenue structure of our business for the periods indicated.

(Unit: Million Baht)

Business Segment	For the Year Ended 31 December 2016		For the Year Ended 31 December 2015		For the Year Ended 31 December 2014	
	Amount	%	Amount	%	Amount	%
Revenue from sale of electricity	3,814.9	99.5%	3,883.2	98.4%	3,976.5	99.8%
Gain on exchange	-	0.0%	42.0	1.1%	-	0.0%
Other income	18.2	0.5%	19.4	0.5%	9.1	0.2%
<b>Total</b>	<b>3,833.1</b>	<b>100.0%</b>	<b>3,944.6</b>	<b>100.0%</b>	<b>3,985.5</b>	<b>100.0%</b>

### **Tariff Structure**

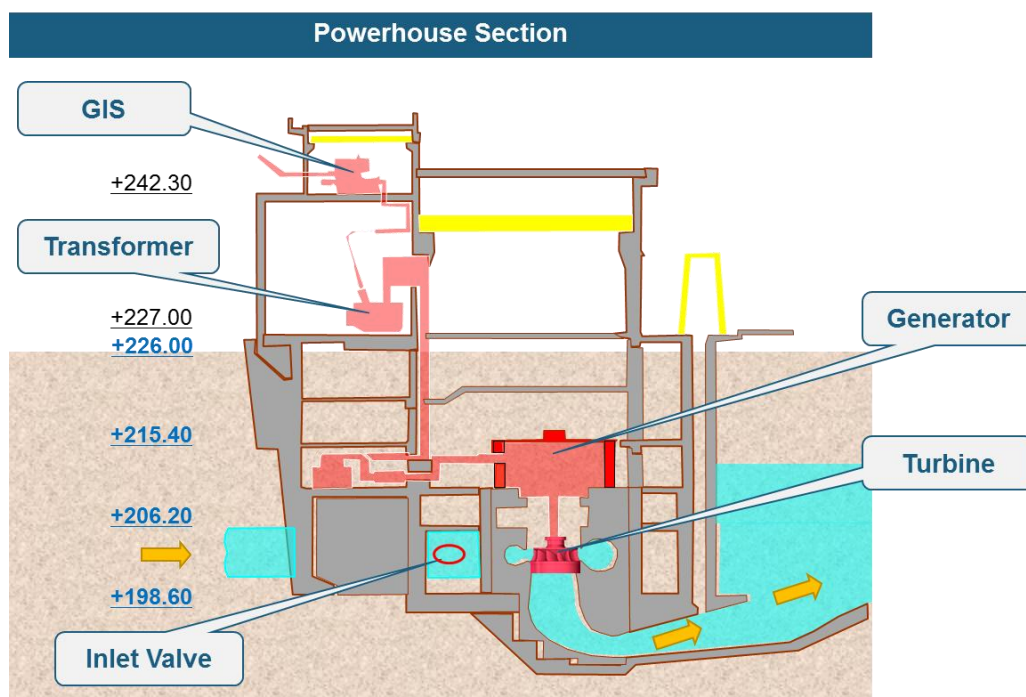
Year	PE Tariff			SE Tariff	EE Tariff
	50% in USD/kWh	50% in THB/kWh	THB equi. /kWh*	THB/kWh	THB/kWh
2011 – 2012	0.02475	0.9630	1.8045	1.2530	1.0600
2013 – 2018	0.02475	0.9650	1.8065	1.2550	1.0620
2019 Thereafter	0.02668	1.0410	1.9481	1.3530	1.1450

\*Assume exchange rate of Baht 34 per USD

## 2.3 Production Process

The NN2HPP is a storage dam, which impounds water in a reservoir for power generation. The dam was constructed with the water storage level higher than the powerhouse to establish different levels of water to generate high pressure when water is released. The volume of water released from the reservoir down through tunnels towards the powerhouse is controlled to be at the desired quantity. The immense pressure of water in the tunnels will drive the turbine to spin at high velocity. The spinning turbine will then drive the generator, connected to the turbine through shaft, to spin and produce electricity.

The powerhouse of the NN2HPP comprises three vertical Francis Turbines, a reaction turbine type suitable for hydropower plants with moderate water level such as the NN2HPP. The generators comprise three synchronous generators with a capacity of 205 MW each, thereby bringing the total capacity to 615 MW.



The NN2HPP relies solely on the water in the Nam Ngum River, which originates from the Xiangkhouang Plateau, with a total length of approximately 354 kilometers. NN2HPP's reservoir covers approximately 107 square kilometers, with the full water capacity of 4,886 million cubic meters at full supply level of 375 meters above Mean Sea Level ("masl").

Despite the fact that the water supply has no cost for power generation as it is derived from natural sources, hydropower generation is subject to some limitations due to the uncertain and unpredictable volume of water from time to time depending on weather conditions and seasons. According to the feasibility study of Nam Ngum 2 Hydroelectric Power Project, which takes into account the 50-year rainfall database (during 1954 - 2003), the amount of storm water in the Nam Ngum River is sufficient to feed the dam and for

storage for power generation to meet the supply target under the Power Purchase Agreement with EGAT in the respective years.

The volume of water in the NN2HPP in 2014 to 2016 was as follows:

	2016		2015		2014	
	Height* (masl)	Water Volume (cubic meters)	Height* (masl)	Water Volume (cubic meters)	Height* (masl)	Water Volume (cubic meters)
January	372.45	4,309.82	373.72	4,771.96	372.33	4,604.72
February	369.43	4,376.89	373.93	4,560.22	370.64	4,431.54
March	370.10	3,987.35	371.90	4,140.04	368.23	4,190.92
April	366.13	3,452.00	367.71	3,390.05	358.93	3,333.79
May	360.29	2,918.03	359.58	2,669.52	350.62	2,667.29
June	354.68	2,610.26	350.65	2,258.43	343.85	2,192.50
July	349.85	2,753.04	344.84	2,829.75	343.89	2,195.29
August	351.76	3,586.16	352.76	3,906.65	351.76	2,753.04
September	361.60	4,057.45	365.28	4,554.07	367.35	4,104.97
October	366.86	4,118.60	371.84	4,735.18	374.30	4,811.22
November	367.49	4,310.82	373.58	4,553.05	373.78	4,755.82
December	369.44	4,481.30	371.83	4,617.17	373.76	4,749.59

\* Height as at the beginning of each month

## 2.4 Operation and Maintenance

The Company manages reservoir's water level and electricity generation by using an operating rule curve, which acts as an operating guideline for NN2PC to operate more efficiently and generate more electricity. Moreover, the operating rule curve is used to predict probability of various weather and water volume scenario for further improvement of reservoir management and electricity generation in the future periods.

The Company has an Operation and Maintenance Agreement with EGAT to operate and maintain its dam and powerhouse camp facilities. Additionally, the Company has an Operation and Maintenance Agreement with Electricite Du Laos ("EDL"), the state enterprise of Lao PDR to operate and maintain its transmission line.

The maintenance of the Company's production facilities is a critical aspect of the Company's business. Proper maintenance allows the Company to operate more efficiently and generate more electricity. The Company manages the maintenance of its power plant to minimize disruption to its electricity generation. This includes coordinating the maintenance outages with the requirements of EGAT as well as planning and scheduling the maintenance to achieve maximum efficiency and minimize the time that the Company's facilities are not in operation.



The Company's PPA provides allowances for scheduled maintenance outages and the Company works to ensure that it falls within these parameters. Through the Operation and Maintenance Agreement with EGAT and EDL, the Company maintains highly experienced technicians and engineers at its hydropower plant to provide day-to-day operation and maintenance services. The Company typically maintains key components and spare parts in order to handle any outage situation. The Company's regular maintenance program focuses on ensuring that all relevant performance targets are met. These services include the following:

2.4.1 Daily, monthly and yearly maintenance of the following machines by employees in operation & maintenance department:

- Generator;
- Governor;
- Inlet Valve;
- Cooling water system;
- Excitation system;
- Main transformer;
- Station Service Transformers;
- 15kV Bus Duct;
- Generator Circuit Breaker;
- 22kV switch gear;
- 400V AC system;
- DC&UPS system;
- Gas insulation switch gear;
- Spillway gate control cubicle;
- Line protection system;
- Communication system;
- Control & Protection system;
- Intake gate control cubicle;
- HVAC system;
- Diesel engine generator;
- Motor for water pump cubicle control;
- Spillway galleries;
- Generator protection system;
- Crane control system;
- Low voltage switch gear;
- Low pressure system;
- Drainage & Dewatering system;



- Fire Fighting system;
- Transmission line system.

2.4.2 Daily, monthly and yearly maintenance of the machines and plant by civil & service department as follows:

- Plant maintenance
  - Maintain penstock to machines;
  - Maintain audit tunnel;
  - Inspect and record sedimentation;
  - Inspect and record deflection;
  - Inspect water leakage;
  - Maintain log boom;
  - Dam and Instrument record;
  - Reservoir patrol.
- Residence and road maintenance
  - Repair and maintain employees and workers' dwelling;
  - Repair and maintain offices, machinery houses, security shelters and houses, main housing club;
- Repair and maintain access road to each employees and workers' residence

In addition, the Company has arranged for regular maintenance and inspection plan, which comprises (1) Annual Inspection, (2) Check-up, conducted every 2 years, (3) Partial Overhaul, conducted every 6 years, and (4) Major Overhaul, conducted every 12 years, emphasizing inspection of the main equipment including electrical equipment and relay equipment (i.e. generators, turbines, guide vanes, transformers, switch yard equipment, etc.). These inspections also include repairing and replacing such equipment, as the case may be. Moreover, the Company uses manufacturer services for station service equipment to support main equipment such as crane, low pressure system, elevator, HVAC system, etc.

## 2.5 Insurance

The Company procures and maintains policies of insurance on reasonable commercial terms and under prudent utility practices with reputed insurers throughout the concession period.

With respect to the operating phase insurances, the Company's insurances must at least cover:

2.5.1 "All Risks (including Machinery Breakdown)" insurance;

- 2.5.2 “Business Interruption” insurance following All Risks (including Machinery Breakdown), as necessary and beneficial to the Company;
- 2.5.3 “Public Liability” insurance;
- 2.5.4 “Workmen’s Compensation” insurance; and
- 2.5.5 “Employer’s Liability” insurance.

With respect to the construction phase insurances, the Company’s insurances must at least cover:

- 2.5.6 “Marine Cargo/Transit” insurance;
- 2.5.7 “Construction All Risks” insurance;
- 2.5.8 “Public Liability” insurance; and
- 2.5.9 “Delay in Start-Up” following Marine Cargo and Construction All Risks, as necessary and beneficial to the Company.

The Company believes that it has maintained adequate insurances to protect the Company against the most likely events. However, there can be no assurance that a severe event impacting one or more of the Company’s assets will be adequately covered by insurance.

## 2.6 Environmental and Social Policies and Commitments

NN2PC is determined to engage in hydroelectric power generation with minimization of environmental, community, and social impacts following the Company’s mission to be responsible to environment, community and all stakeholders.

Over the past 6 years of operation of the Nam Ngum 2 Hydroelectric Power Project, NN2PC has successfully implemented the Environmental Management Plan (“EMP”) and Resettlement Action Plan (“RAP”) for the project during the operation phase. NN2PC’s commitment to act responsibly and ethically to communities in which its project operates is exemplified by successful resettlement initiatives for those affected by the dam construction.

Since 2010, NN2PC, together with TEAM Consulting Engineering and Management Co., Ltd., Thailand in association with TEAM Lao Co., Ltd., Lao PDR, has managed the EMP and RAP implementations following the policies and commitments to improve Project-Affected People (“PAP”)’s livelihood, communities, and environment as follows:

- **Better Living Conditions:** NN2PC is responsible for building new homes for families that have been relocated or resettled. There are several types of houses to meet the needs of different size of families. Each is equipped with

electricity and running water, a vegetable garden and a farming area. This helps ensure that families can transition to a life that is rewarding and sustainable. Infrastructure such as roads, irrigation systems and electricity lines also help make life more comfortable for the relocated and resettled villagers.

- **Better Livelihood:** Skills training is made available to villagers, with the goal of bringing each family's annual income to USD 1,800 per year by 2020. Villagers can choose from vocational training in farming, handicraft making, beauty treatments, automotive and motorcycle repair and many others. This training helps villagers to both provide services to their neighbors and build a sustainable future for their families.
- **Better Education:** Elementary and secondary schools were built for the communities, making education accessible for all children of the communities.
- **Better Health:** Medical facilities staffed by professional doctors, nurses and pharmacists were constructed, providing quality and affordable health care to all villagers.
- **Better Environment:** Implementation related to the environment are:

***Surface water quality monitoring:*** The water quality monitoring has been conducted every three months since December 2010 at upstream reservoir, and upstream and downstream areas near Dam Axis. The monitoring data aims at observing the water quality discharged from the Nam Ngum 2 reservoir throughout the year, assessing the effect of any change in water quality, and recommending any necessary measures to mitigate the impacts in the future.

***Air and noise pollution monitoring:*** NN2PC has engaged Environmental Department of EGAT to bring equipment from Thailand to perform air quality and noise level checking every year.

***Solid waste management:*** Monitoring and training were carried out for cleaning the host village and surrounding village area to ensure that wastes are properly collected and transported to the disposal site. In the power plant area, waste management is performed according to the ISO 9001 procedure.

***Watershed management:*** Implementation of the watershed management was conducted in operation phase with the activities of watershed including patrolling survey and monitoring, creating public awareness on environmental issues and participating in forestry reservation activities.

## 2.7 Human Resources

Since the Incorporation Date, the Company's business has not been interrupted by any work stoppage or strike. The Company considers the relationship with its employees to be good.

The employees are one of the most strategic and valuable assets of the Company, and are the foundation of its success and growth. The Company's philosophy in human resources management aims to create work environment where its people can grow their careers, develop themselves, and perform at their best. This effective human resource management and development has helped the Company maintain highly skilled technicians and engineers, who are considered to be among the most experienced people in hydropower industry in Southeast Asian region. This is the Company's strategic advantage, which will help ensure its future growth and strong positioning in the power generation industry as well as creating the opportunity for the Company to expand into other related businesses.

In addition to technical competencies, the Company also aims to develop business competency to enhance its employees' knowledge of capital markets in order to understand the Company's impacts on the securities markets. Integrity and ethics are reinforced as part of the Company's core values to ensure commitment and responsibility to shareholders. The Company intends to create a performance based culture through its performance management system which assesses performance results and competencies as well as identify areas for development of employees. Rewards and recognitions are provided according to employees' performance. Training needs are defined based on competency assessment and area for development. Human resources development and manpower planning are also in place to support business direction.

### 3. RISKS FACTORS

The Company realizes the significance of risk management from the perspective of electricity production and distribution business. The Company maintains a working group, comprising executives from every line of work of the Company to prepare an annual risk management plan and to assess and monitor various risks. In each quarter, the results of risk assessment are reported to the Board of Directors to inform them of the ongoing changes in circumstances which might affect the Company.

The significant risks and guidelines for risk management may be summarized as follows:

#### 3.1 Operational Risks

##### 3.1.1 Risk in respect of raw materials in electricity production

Raw materials are key factors contributing to the capacity of the electricity production, which will affect the ability of a power plant to generate revenue. In regard to hydroelectric power plant, raw material in its electricity production is water, which is procured at no cost. Nevertheless, the amounts could fluctuate.

The significant source of water in the Nam Ngum River is derived from the storm water catchment area, the amount of which is subject to certain limitations from the uncertain and unpredictable amount of rain and storm water. The risk relating to acquisition of water for production has been efficiently managed through appropriate design of the dam and reservoir structures, and negotiations on various terms in the Power Purchase Agreement (“PPA”) to fairly cover such risk, including an agreement on tariff structure and power purchase guidelines for fair water risk management for both contractual parties. For example, in the event that the Primary Energy (“PE”) produced by NN2PC is lower than the average of 8 hours per day in any month or lower than the average of 10 hours per day in any year, NN2PC must pay a fine to the EGAT at the rate of 23.7 percent of PE charge multiplied by the shortfall. However, in the hydroelectric power project design and prior to execution of the PPA with EGAT, NN2PC studied the statistics of actual amount of water in the Nam Ngum River over the previous 50 years to identify the potential capacity for electricity production. Therefore, the Company is confident that it would be able to comply with the terms in the PPA. In the event that the amount of water decreases to the extent that the electricity produced by NN2PC is less than the requirement under the PPA, it may consider declaring such year as a drought year. According to the PPA, a drought year may be declared twice throughout the entire period of the Agreement, whereby no fine due to electricity production shortfall will be imposed.

Furthermore, in any year, if the amount of water flowing into the project increases to the extent that the project produces electricity in excess of the target of 2,218 GWh (million units) for PE and 92 million units for the Secondary Energy (“SE”), NN2PC may carry forward the Excess Energy to be recognized as revenue for the subsequent years in which the amount of water is insufficient to produce electricity

to meet the target, and as such, its revenue stream has been relatively steady despite the fluctuation in the amount of water. No fine will be imposed for failure to produce electricity to meet the annual supply target. According to the actual records in 2016, the amount of water flowing into the project was relatively low, causing a shortfall of PE of 186.45 million units of electricity compared to the PE target, and a shortfall of SE of 21.38 million units of electricity compared to the SE target. The aforesaid shortfalls of electricity will be carried forward for the declaration of plant's availability in the following years, subject to the appropriate amount of water flowing into the project. The mechanism of such reserve energy could minimize risks relating to revenue fluctuations between a wet year and a dry year. This could be seen from NN2PC's revenue from sales of electricity in 2016, which was lower than that in 2015 by only Baht 68.23 Million or 1.76 percent despite the fact that the amount of water declined to 445.12 cubic meters or 7.67 percent compare to the previous year.

Over the past few years, the monsoon season appeared to be delayed due to the effect of El Nino, which has affected the Company's electricity production. The Company closely monitors the pattern of changing seasons and coordinates with TEAM Consulting Engineering and Management Co., Ltd., as the water management expert, in order to further plan for proper electricity production.

### **3.1.2 Risk in respect of availability of power plants**

Risk from the unavailability of equipment of power plant other than the shortage of raw materials may occur for many reasons, thereby impairing the efficiency of the electricity production or interrupting the production process, which may cause damage to power plant, danger to personnel, reduction in revenue, and increase in repair cost of defective equipment. Any interruption of the electricity production for any reason other than normal maintenance, without prior notice to EGAT, the power purchaser, may be subject to a fine.

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

NN2PC has personnel who are highly experienced and capable hydropower plant project managers. Moreover, NN2PC engages EGAT to provide services under the Operation and Maintenance Agreement including major maintenance services. NN2PC benefits greatly through this Operation and Maintenance Agreement with EGAT, since EGAT is one of a few organizations in Thailand having personnel with long-term experience and expertise in management of hydroelectric power projects and

is also the sole power purchaser under the PPA of NN2PC. With respect to the preventive maintenance plans, NN2PC implements partial overhaul and major overhaul plans every six years and twelve years, respectively. Moreover, an independent consultant is also engaged to measure the efficiency and stability in various aspects of the hydroelectric power plant, whereby the Company regularly follows up on relevant reports to enhance the availability of the power plant. In addition, the Company continuous to look for third-party experts to provide knowledge sharing and staff training services to the Company to enhance its ability in the hydroelectric power project management. The Company believes that such policy is necessary for managing operational risk.

### **3.1.3 Risk from natural disaster**

The Company manages such risk from natural disaster by selecting the location it deemed to have the lowest risk of being affected by natural disasters to establish the project and by designing the project to accommodate and withstand potential natural disasters. The Nam Ngum 2 Hydroelectric Power Project is located in an area where the highest magnitude of an earthquake in recorded history did not exceed 5.8 on the Richter scale. The Nam Ngum 2 Dam has also been designed to accommodate an earthquake up to 8 on the Richter scale. The dam uses spillway as the overflow prevention system. The spillway has three gates, each with 15 meters in width and 16.7 meters in height. The spillway is capable of draining water up to 6,756 cubic meters per second.

In addition, the Company has taken out insurance to cover potential damages. The insurance policies include property damage insurance, business interruption insurance, and public liability insurance.

### **3.1.4 Risk in respect of Concession Agreement**

According to the Concession Agreement, the concession period in relation to generation assets is 25 years from the COD. Thus, the Company's main source of revenues, which is the sales of electricity to EGAT under the PPA, is subject to such contractual limitation. After such period, the Company is required to transfer the relevant generation assets to the GOL according to the CA.

Currently, the concession period of the CA between the GOL and the Company will last until 2038 and the Company has the right to a contract period extension under terms and conditions as may then be agreed by the GOL and the Company.

### **3.1.5 Risk in respect of Power Purchase Agreement**

The Company could potentially face fines in a situation where it could not fulfill conditions stipulated in the PPA. Such conditions include, but not limited to, the Company's ability to deliver a certain amount of electricity to EGAT under the



minimum requirement of the PPA. However, under the PPA, there are mechanisms which help the Company manage its electricity production and fulfill its obligation under the PPA.

The PPA determines the Annual Supply Target of 2,310 GWh (million units) to be purchased by EGAT, which is divided into:

(a) Primary Energy (“PE”): 2,218 GWh per year, with the production capacity not exceeding 16 hours per day, the payments for which will be made partially in Thai Baht and partially in USD according to the tariff designated by the PPA.

(b) Secondary Energy (“SE”): 92 GWh per year. This refers to the electrical energy generated only during August, September and October each year, all payments for which will be made in Thai Baht.

(c) Excess Energy (“EE”) is the excess electricity generated when NN2PC’s volume of water exceeds the forecasted amount, thereby, in such month, generating electricity in excess of the target designated in (a) and (b) as declared to EGAT in advance. The excess electricity will be considered the Excess Energy. All payments for which will be made in Thai Baht.

The Company may choose to accumulate such Excess Energy in the Reserve Account, which may be utilized in the future in any year in which it cannot generate and sell electricity to EGAT to meet the target as specified in the PPA. The Excess Energy accumulated in the Reserve Account in form of electricity credit can be retained for up to 10 years and will be settled three times in 2022, 2032, and at the end of the CA.

## **3.2 Financial Risks**

### **3.2.1 Risk in respect of financial liquidity**

As for the liquidity management, the Company maintains the cash flow projections and regularly updates the data, as well as manages the loan agreements and closely coordinates with the lending banks, in order to minimize risks of breaching the conditions of the loan agreements. Moreover, the Company has a policy to manage the excess cash by investing in bank deposits and highly liquid short-term investments with reliable financial institutions, arranges for credit availability and maintains the relationships with commercial banks when fund is needed.

### **3.2.2 Risk from exchange rate fluctuations**

The Company is at risk of its financial statements’ being affected by the fluctuating revenue and expenses due to changes in exchange rate between USD and Baht. This is because, according to the PPA with EGAT, a certain portion of the tariff is



denominated in USD. In 2016 and 2015, the Company derived USD revenue in the amount of USD 50.28 Million and USD 53.27 Million, respectively. Furthermore, the Company entered into the long-term USD loan agreement in the amount of USD 134 Million to partially finance the construction of the Nam Ngum 2 Hydroelectric Power Project, with the principal repayment in installments until full repayment in 2030.

In 2016 and 2015, the Company's USD revenue, expenses and principal repayment of the long-term loans were as follows:

<b>(Unit: USD Million)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>	<b>50.28</b>	<b>53.27</b>
- Revenue from sales of electricity	50.28	53.27
<b>Expenditure</b>	<b>14.75</b>	<b>18.59</b>
- Principal repayment	8.35	12.60
- Interest expense	4.69	4.18
- Royalty fee	1.71	1.81
<b>Net</b>	<b>35.53</b>	<b>34.68</b>

By the nature of business operation, which derives certain portion of revenue in USD and at the same time incurs certain portion of expenses in USD, the exchange rate risk has been managed by way of natural hedge.

Since July 2013, the Company started applying hedge accounting in order to hedge the foreign exchange exposure on a certain portion of its forecasted revenue from sales of electricity in USD currency, whereby such revenue from sales of electricity was designated as the hedged item and the long-term loans in USD were designated as the hedging instrument. Based on the cash flow hedge accounting principles, the fluctuation of gain and loss on exchange rate could be minimized, whereby the effective portion of the change in the fair value of the cash flow hedging instrument is recognized in other comprehensive income, instead of profit and loss, and then transferred to profit or loss only at the time when and for the portion where the hedging item affects profit or loss (i.e. when the repayment of USD loans occurs).

### **3.2.3 Risk from interest rate fluctuations**

Based on the Company's long-term loans, all of which were subject to floating interest rate, any material changes in the interest rate will have an impact on finance cost of the Company. However, the Company manages such risk from interest rate by regularly monitoring of the tendency of changes in interest rate, continuously managing and improving finance cost, and considering potential for arrangements of hedging instruments by changing from floating interest rate to fixed interest rate as appropriate to market conditions, without any purpose of speculation.

### 3.3 Risks related to investment in the Company's Debentures

#### 3.3.1 Risk in respect of the right to receive payments on the Debentures that is effectively junior to existing and future secured debt of the Issuer

On the issue date of the Debentures, the Issuer will apply the proceeds received from the Debentures towards the partial prepayment of its existing secured debt. Since the holders of the Debentures will not share the security and collateral granted to secure the secured debt of the Issuer, the rights of holders of the Debentures will effectively rank junior to the rights of holders of secured debt of the Issuer to the extent of the value of the assets securing such secured debt.

Because the Debentures will be unsecured obligations, your right of payment may be compromised if any of the following occurs:

- The Company enters into bankruptcy, liquidation, reorganization, suspension of payments or other winding-up proceedings;
- There is a default in payment under any of the Company's secured debt; and
- There is an acceleration of any of the Company's secured debt.

If any of these events occurs, the secured creditors could sell the Company's assets to your exclusion, even if an Event of Default exists under the Debentures at such time. As a result, upon the occurrence of any of these events, the Company cannot assure you that there will be sufficient funds to pay amounts due on the Debentures.

#### 3.3.2 Risk in respect of limited enforceability of rights under the Debentures against the Issuer in the Lao PDR

The Issuer is a limited company incorporated under the laws of Lao PDR. Substantially all of the Issuer's assets are located in the Lao PDR. As a result, it may not be possible for the Debentureholders to effect service of process outside the Lao PDR, or to enforce against them or the Company outside the Lao PDR judgments obtained in foreign courts. Enforceability of foreign court judgements in the Lao PDR will be subject to conditions and/or restrictions set out below.

As for the enforceability of foreign court judgments or foreign arbitral awards (collectively "Foreign Judgments") in the Lao PDR, the Lao PDR is a party to one multilateral treaty and two bilateral treaties providing for reciprocal recognition and enforcement of foreign judgments: the New York Convention and bilateral treaties separately with Vietnam and China on the recognition and enforcement of foreign judgments. Accordingly, Foreign Judgments from foreign tribunal may not be enforceable in the Lao PDR in the absence of reciprocity under bilateral or multilateral treaties from the jurisdiction of the foreign tribunal in question. Pursuant to the Law on Civil Procedures (Amended) No. 13/NA dated 4 July 2012, Lao PDR acknowledges and executes the decisions of foreign court through its embassy, or the consular or

representative offices of the Lao PDR in such foreign country. In order to be recognized by Lao PDR's courts, a Foreign Judgment is subject to:

- be translated into Lao language;
- be from a country which is a signatory to a treaty to which the Lao PDR is also a signatory or party;
- not impact adversely on the sovereignty of the Lao PDR or not contradict with Lao PDR's laws; and
- not affect security and social order.

Moreover, Lao PDR courts may decide not to recognize a Foreign Judgment if:

- such judgment is subject to continuing proceedings or appeals and is not a final decision;
- the losing party in the foreign judgment did not participate in the proceeding and the judgment was made in default;
- the matter considered by the foreign court should have been considered under the jurisdiction of the Lao PDR courts;
- such judgement conflicts with the Constitution or Lao PDR laws; and
- other non-specified issues relating to the foreign judgment are brought to the attention of the Lao PDR courts.

### **3.3.3 Enforcing Debentureholders' rights under the Debentures across multiple jurisdictions may be difficult.**

The Debentures will be issued by the Issuer which is incorporated under the law of the Lao PDR. The Debentures and the Debentureholders' Representative Appointment Agreement will be governed by Thai law. In the event of a bankruptcy, insolvency or similar event, different proceedings could be initiated in the Lao PDR or Thailand. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of the rights of Debentureholders. Debentureholders' rights under the Debentures will be subject to the insolvency and administrative laws of the Lao PDR and there can be no absolute assurance or there can be some difficulty that Debentureholders will be able to effectively enforce their rights in such complex multiple bankruptcy, insolvency or similar proceedings. Furthermore, the bankruptcy, insolvency, administrative and other laws of the Lao PDR and Thailand may be certain difference from, or possibly be in conflict with, each other and those with which Debentureholders may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceedings. The application of these laws, or any certain conflict among them, could call into question whether the laws of any particular jurisdiction should apply, which may adversely affect Debentureholders and their ability or difficulty to enforce their rights under the Debentures in the relevant jurisdiction or limit any amounts that Debentureholders may receive.

### **3.3.4 Risk in respect of Lao Political, legal and regulatory factors**

The Company is subject to political, legal and regulatory conditions in Lao PDR that differ in certain respects from those prevailing in other countries with more developed economies. The GOL's intervention in Lao PDR's economy can result in significant changes in economy policy and have a negative impact on the Company. The Company's future prospects may be adversely affected by changes in the GOL's policies involving electricity concession, exchange controls, tax policies and other matters. However, according to the CA between the GOL and the Company, the Company shall be entitled to compensation from the GOL in the case of any change in the Lao Law (a new law is generally not retroactive) having an adverse effect to the economic position of the Company.

### **3.3.5 Interest rate risks on an investment in the Debentures**

Debentureholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Debentures, resulting in a capital loss for the Debentureholders. However, the Debentureholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Debentures may rise. The Debentureholders may receive a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

### **3.3.6 Inflation risk on an investment in the Debentures**

Debentureholders may suffer erosion on the return of their investments due to inflation. Debentureholders may have an anticipated rate of return based on expected inflation rates on the purchase of the Debentures. An unexpected increase in inflation could reduce the real rate of return to Debentureholders.

### **3.3.7 Amortized debentures**

Tranche 3 Debentures are amortized debentures where the issue price of each unit is payable in installments. Failure to pay any subsequent installment on an amortized debenture could result in an investor losing all of its investment.

## 4. OPERATING ASSETS

### 4.1 Fixed Assets

As at December 31, 2016, the Company used the following fixed assets in the business operations with net book values as follows:

#### 4.1.1 Assets of hydroelectric power project under concession agreement

Location	Net Book Value (Million Baht)	Ownership	Encumbrance
Lao PDR	23,240.07	Owner	To secure long-term loans from financial institutions

#### 4.1.2 Property, plant and equipment

No.	Item	Location	Net Book Value (Million Baht)	Ownership	Encumbrance
1	Leasehold building improvements	No. 215 Lanexang Avenue, Ban Xieng Yuen, Chanthabouly District, Vientiane Province, Lao PDR	17.71	Owner	None
2	Furniture and office supplies	Lao PDR	21.23	Owner	None
3	Vehicles	Lao PDR	14.84	Owner	None
<b>Total property, plant and equipment</b>			<b>53.78</b>		

#### 4.1.3 Long-Term Lease Agreements

The Company entered into the long-term lease agreements for utilization in the business operations, as follows:

Leaser	Agreement	Area	Term	Starting Date	Ending Date
State Property Management Department, Ministry of Finance, Lao PDR	Lease of office space	2,106 square meters	25 years	1-Jan-09	31-Dec-33

## **5. LEGAL DISPUTES**

As at December 31, 2016, NN2PC was not a party in any case, had no legal dispute or case outside the ordinary course of business operations of the Company which may give rise to damage or negative material impact on the business operations regardless of whether it is assessable and translated into money.

## 6. CAPITAL STRUCTURE

### 6.1 Registered and Paid in Capital

As at December 31, 2016, the registered capital and paid-in capital were as follow:

Registered Capital: Baht 8,809,000,000 with 880,900,000 ordinary shares,  
at the par value of 10 Baht  
Paid-in Capital: Baht 8,809,000,000 with 880,900,000 ordinary shares,  
at the par value of 10 Baht

### 6.2 Equity Structure

The Company's major shareholder is SouthEast Asia Energy Company Limited with shareholding of 75%.

No.	Name	Number of Shares	Shareholding Percentage
1	SouthEast Asia Energy Limited	660,675,000	75.0
2	EDL - Generation Public Company Limited	220,225,000	25.0
<b>Total</b>		<b>880,900,000</b>	<b>100.0</b>

### 6.3 Debentures / Bills of Exchange / Promissory Notes

As at December 31, 2016, the Company did not have any outstanding debentures and/or bills of exchange and/or promissory notes.

### 6.4 Policy on Dividend Payment

NN2PC has a policy on dividend payment to shareholders at the rate of no less than 40 percent of the net profit after deduction of corporate income tax and legal reserve. In this regard, the rate of such dividend payment may vary from the specified rate subject to the operational results, financial position, available liquidity, working capital requirement, and other relevant factors as the Board of Directors and/or NN2PC's shareholders may deem appropriate, as well as restrictions specified in the loan agreement. The conditions in the long-term loan agreement specify that NN2PC may make the dividend payment only after reserves have been made to fully meet the following requirements:

1. Operating Account: The Company must reserve funds for payment of the operating expenses for three months;
2. Accrual Account: The Company must reserve funds for payment of the principal and interest in the next installment;

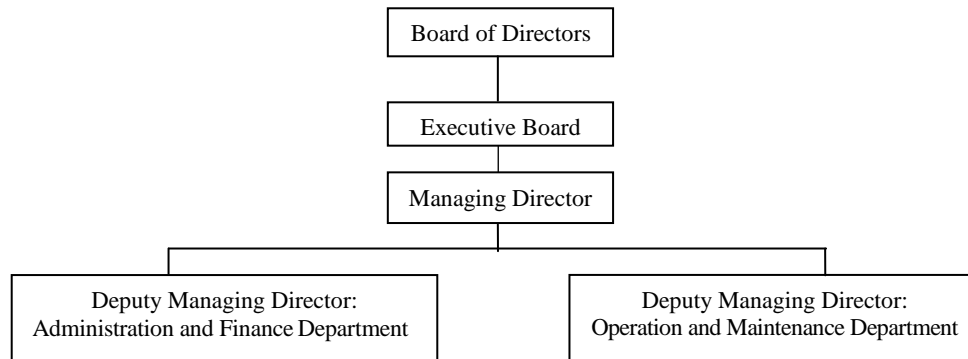
3. Debt Service Reserve Account: The Company must reserve funds in the amount equivalent to the principal and interest in the next six months; and
4. Major Maintenance Account: The Company must reserve funds in the amount equivalent to the Capital Expenditure costs in accordance with the Major Maintenance requirement.

The remaining cash after the provision of reserve in the accounts above will be available for dividend payment, provided that the DSCR shall not be less than 1.10 times.



## 7. ORGANIZATION STRUCTURE

The Management Structure of Nam Ngum 2 Power Company Limited as at December 31, 2016 was as follows:



### 7.1 Board of Directors

#### 7.1.1 The Structure of the Board of Directors

As at December 31, 2016, NN2PC's Board of Directors consisted of 13 directors, six of whom are executive directors. Detail of the Board of Director's meeting attendances is as follows:

Name	Position	Number of the Board of Directors' Meetings in 2016 <sup>1</sup>	Number of the Executive Board's Meetings in 2016 <sup>1</sup>
Dr. Virabongsa Ramangkura	Chairman of the Board of Directors	4/4	
Mr. Plew Trivisvavet <sup>2</sup>	Chairman of the Executive Board	4/4	4/4
Mr. Supong Chayutsahakij <sup>2</sup>	Director	4/4	
Mr. Narong Sangsuriya <sup>2</sup>	Director	4/4	
	Executive Director		4/4
Mr. Prasert Marittanaporn <sup>2</sup>	Director	4/4	
Mr. Thanawat Trivisvavet <sup>2</sup>	Director	4/4	
	Executive Director		4/4
Mr. Peerawat Pumthong	Director	4/4	
Mr. Van Hoang Dau	Director	4/4	
	Executive Director		4/4
Mr. Milton William Shlapak	Director	4/4	
Mr. Bounleua SINXAYVOLAVONG	Director	2/4	
Mr. Bounsalong SOUTHIDARA	Director	3/4	
Mr. Somnuk Jindasup	Director	4/4	

Name	Position	Number of the Board of Directors' Meetings in 2016 <sup>1</sup>	Number of the Executive Board's Meetings in 2016 <sup>1</sup>
	Executive Director		4/4
Mr. Vorapote U.Choepaiboonvong	Director	3/3	
	Executive Director		3/3
	Managing Director		
Mr. Alvin Gee <sup>2, 3</sup>	Director	1/1	
	Executive Director		1/1
	Managing Director		

Remarks: <sup>1</sup> Total Number of Meetings/Attendances

<sup>2</sup> Directors representing the Company in NN2PC in proportion to the Company's shareholding in NN2PC at 42 percent (indirect shareholding through SEAN in NN2PC).

<sup>3</sup> Board of Directors' Meeting No.1/2016 on February 4, 2016 approved to appoint Mr. Vorapote U.Choepaiboonvong to replace Mr. Alvin Gee, who resigned from directorship effective March 1, 2016.

### 7.1.2 Authorized Signatory Directors of NN2PC

NN2PC is a company incorporated in Lao PDR. NN2PC's criteria for authorized signatory directors are as follows:

- Two of the following four directors, namely, Mr. Plew Trivisvavet, Mr. Narong Sangsuriya, Mr. Thanawat Trivisvavet, Mr. Vorapote U.Choepaiboonvong, jointly sign and affix NN2PC's seal; or
- Either Mr. Plew Trivisvavet or Mr. Narong Sangsuriya or Mr. Thanawat Trivisvavet or Mr. Vorapote U.Choepaiboonvong, and another director, totaling two directors, jointly sign and affix NN2PC's seal.

### 7.1.3 Duties and Responsibilities of the Board of Directors

As the representatives of the shareholders and the Company, the Board of Directors has the duty to oversee the Company and is responsible for ensuring that all activities of the Company be in accordance with the resolutions of the meetings of the shareholders and the Board of Directors, the Articles of Association and relevant laws and regulations with honesty and duty of care for the Company's interests.

Duties and responsibilities of the Board of Directors are as follows:

- To set goals, directions, policies and business operation plans as well as budget of the Company, efficiently and effectively conduct the monitoring and supervision of the management and administration by the Company's management to ensure

- compliance with the specified policies, plans and budget as well as monitoring and supervising the Company, to ensure compliance with applicable laws or regulation relating to the Company's business;
2. To consider, review, examine and approve the business expansion plan, large-scale investment projects, including any joint investment with other operators as proposed by the Management;
  3. To arrange for a reliable system for accounting, financial reporting and auditing, as well as to maintain a document filing system which is capable of verification of accuracy, together with efficient and effective internal control, internal audit and risk management;
  4. To prepare the financial statements at the end of the Company's accounting period to correctly present the financial position which must be realistic, complete and correct in accordance with generally accepted accounting standards to the general meeting for adoption within four months after the end of the fiscal year;
  5. To consider and propose to appoint external auditors and fixing remuneration of such auditors in the meeting of the shareholders for their approval;
  6. To consider and approve the replacement of Director, or pass the resolution to the general meeting of shareholders to approve the appointment of Director, as well as to determine Director's remunerations;
  7. To consider and have the power to appoint Chairman of the Board of Directors, an Executive Committee and Managing Director and to determine the scope of power and duties as well as remuneration of the Executive Committee and Managing Director;
  8. To convene the annual ordinary general meeting of shareholders at least once a year, and the extraordinary general meeting of shareholders whenever it deems appropriate or when required by law;
  9. To convene the Board of Directors' meetings at least once every three months;
  10. To consider and approve interim dividend payment which is justified by the profits of the Company;
  11. To consider the following matters with the affirmative vote of at least seventy-five percent (75%) of the total number of directors attending the meeting in person or by proxy and entitled to vote which must include an affirmative vote form with at least one of the directors nominated by the majority shareholders of SouthEast Asia Energy Limited, unless none of such shareholders is entitled to vote due to a conflict of interest;

- (1) any amendment of the Company's objectives, the Articles of Association or change of the Company name;
- (2) any amendment or termination of the agreements relating to the development of the Nam Ngum 2 hydroelectric power project;
- (3) investment in any new projects, acquiring assets or incurring any liability or creating any indebtedness in excess of a sum of Thai Baht 200,000,000 or its equivalent but not exceeding Thai Baht 400,000,000 or its equivalent in an aggregate;
- (4) establishing or closing down a Company's subsidiary, whether wholly or partially owned by the Company;
- (5) any merger, consolidation or other business combination of the Company;
- (6) dissolution, liquidation or winding up of the Company, unless provided for by law, or filing of a voluntary petition in bankruptcy on behalf of the Company;
- (7) approving the Company's annual budget and any amendment thereof;
- (8) creation of security over any asset of the Company;
- (9) initiation or settlement of any claim, litigation, arbitration or other judicial or administrative proceedings where the amount at issue exceeds the equivalent of Thai Baht 200,000,000;
- (10) approving the increased costs of a project, which exceeds the original cost budgeted for such project; and
- (11) approving the appointment or dismissal of the Managing Director and his/her remuneration.

The above matters (1), (5) and (6) also require special resolution of the general meeting of shareholders.

#### **7.1.4 Remuneration of the Board of Directors**

The Board of Directors shall receive only the monetary remuneration from the Office Director, which is approved by the general meeting of shareholders.

## 7.2 Management Structure

### 7.2.1 The NN2PC's Management Structure

NN2PC's management structure is as follows:

Name	Position
Mr. Vorapote U.Choepaiboonvong	- Managing Director - Deputy Managing Director: Administration and Finance Department
Mr. Dhotsaporn Thipvoratham	- Deputy Managing Director: Operation and Maintenance Department

Scope of powers, duties and responsibilities of the Managing Director:

1. To supervise and ensure proper operations in compliance with the Company's work rules, and to give final decision on any issues in question, and to seek the Board of Directors' approval for amendment of the work rules;
2. To have power to issue orders, set out criteria, procedures and work practices as appropriate;
3. To authorize other staff as substitute to perform works on his/her behalf, provided that the Managing Director shall remain responsible for all actions taken by such substitute;
4. To jointly set out policies, strategies and goals with the Board of Directors for compliance and management to ensure that the operational results achieve such goals;
5. To manage and administer works in all respects in accordance with the vision, missions, policies and strategies;
6. To take care of personnel in various divisions to ensure they can efficiently and effectively perform in line with plans, strategies and goals of each division, and to regularly facilitate personnel development;
7. To develop the organization to ensure its satisfactory operational results and performance, and to regularly and continuously improve its operations to ensure the organization's sustainable growth;
8. To follow up, inspect, supervise and report the Company's overall operational results to the Board of Directors quarterly;
9. To follow up, inspect, and supervise the operational results of the Company to ensure the good operational results in accordance with goals and report on such

results to the Board of Directors quarterly as well as seeking opportunities to improve performance;

10. To conduct studies on investment opportunities in new projects taking into account technical and financial feasibility in support of decision-making;
11. To supervise and monitor the business operations and/or day-to-day administration of the Company;
12. To proceed with or manage works in compliance with policies, action plans and budget as approved by the Board of Directors and/or the Executive Committee;
13. To determine policies, business plans, including business strategies, and annual budget of the Company for submission to the Executive Committee and seek approval thereof from the Board of Directors.

### **7.2.2 Personnel Management of the Company**

The Management of the Company recognizes the importance of people development. It is also aware that the sustainable development and growth of the Company are driven by the competency, knowledge, capabilities and experiences of its personnel. Concurrently with the development of people, the development of ethics and sense of accountability towards the employee's own duties, colleagues and society is also emphasized. The Company sets out the personnel development policy in various key aspects as follows:

#### **(1) Development of Competency**

The Company encourages its staff to attend valuable training courses from external experts both locally and overseas, which will enhance staff's knowledge and skills in their work. For local training courses, the human resource departments will select and propose training courses to the Company's executives and welcome staff to propose any interesting training courses to the Company for consideration and support. The Company also allocates annual budget for staff's training courses according to their work positions. For overseas training courses, the respective departments can propose overseas courses as appropriate and necessary for their staff.

The Company considers attendances to the trainings for development of staff competency as one of the key performance indicators for each staff's annual performance evaluation. The Company is certain that it will be able to encourage staff to continuously participate in training and develop their capabilities and competency required to improve their work performance.

#### **(2) Career Advancement Opportunity**

The Company employs a performance evaluation system based on Key Performance Indicators (KPIs), which is used for staff performance evaluation of the Company with concrete results, including evaluation of staff's ability and work behavior. Such system is instrumental to the development of staff competency.

Moreover, the Company is a subsidiary of CK Power Public Company Limited (“CKP”), a listed company with multiple power plants in operation. The Company’s employees are encouraged to seek opportunities to advance their knowledge and capability through training courses and knowledge-sharing sessions organized within the CKP group as another channel to enhance their capability, confidence and career development.

(3) Succession Planning

The Company realizes the significance of continued operations for sustainable growth of the Company and for development of competent personnel to promptly succeed any resigned or retired staff. The Company has a policy to promote quality personnel within the organization for appointment as successor before external recruitment. The Company uses the performance evaluation mechanism based on KPIs to consider staff’s abilities and work behavior, as one of the factors for selection and promotion of personnel to executive positions, which will be incorporated in the succession plan.

(4) Work Safety

The Company develops its management system in accordance with the quality management system standard (ISO) so that its power plant meets international standards, and maintain a safe working environment as well as staff safety. The Nam Ngum 2 Hydroelectric Power Project has received the quality management system certifications, the ISO 9001:2008 standard certification, from AJA Registrars Ltd. The certificate has been granted to the operation and maintenance of the Nam Ngum 2 Hydroelectric Power Project under the scope of Electricity Generating and Distribute by Hydro Power Plant. The Nam Ngum 2 Hydroelectric Power Project is regarded as the Electricity Generating Authority of Thailand’s first overseas project that received the ISO 9001:2008 certification.

(5) Anti-corruption

The Company gives priority to anti-corruption in every step of its operating procedures by setting out its anti-corruption policy in the Corporate Governance Policy and the Control Policy and Governance Mechanisms, which consistent with the anti-corruption policy governing CK Power Public Company Limited, the listed company in the Stock Exchange of Thailand, who is a major shareholder of SouthEast Asia Energy Limited, which holds 75 percent of the Company. The example of the policy guidelines are guidelines for handling inside information and insider trading control, policy on execution of transactions with major shareholders, directors, executives and their connected persons, together with guidelines for consideration of execution of connected transactions, including requirements relating to business ethics and code of ethics, and a whistleblower guide when any corruption is found.

(6) Staff Benefits

The Company provides both permanent staff and employees with benefits as required by law and additional benefits as appropriate, monitors to ensure effective and fair consideration of criteria on staff benefits, and reviews to update staff benefits



according to changes in economic and social conditions as appropriate. The Company has no material labor dispute over the past years.



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## 8 FINANCIAL DATA

The following tables set forth our selected financial information. The selected financial information as of, and for the years ended, December 31, 2016 and 2015 set forth below has been derived from our audited financial statements as of, and for the years ended, December 31, 2016 and 2015 and related notes included elsewhere in this prospectus. Our financial statements as of, and for the years ended, December 31, 2016 and 2015 have been audited by EY Office Limited., Public Accountants and Chartered Accountants, as stated in their reports included in this prospectus.

The selected financial information set forth below should be read in conjunction with the financial statements and related notes and historical financial information included elsewhere in this prospectus. Our audited financial statements as of, and for the years ended, December 31, 2016 and 2015 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

## Statement of Comprehensive Income

(Unit: Baht)

	For the Year ended December 31	
	2016	2015
<b>Profit or Loss:</b>		
<b>Operating income</b>		
Revenue from sales of electricity	3,814,924,797	3,883,153,489
Gain on exchange	-	41,975,027
Other income	18,216,353	19,422,165
<b>Total operating income</b>	<b>3,833,141,150</b>	<b>3,944,550,681</b>
<b>Operating expenses</b>		
Cost of sales of electricity	(1,659,871,381)	(1,790,516,136)
Administrative expenses	(642,831,930)	(245,257,861)
Loss on exchange	(45,373,571)	-
<b>Total operating expenses</b>	<b>(2,348,076,882)</b>	<b>(2,035,773,997)</b>
<b>Profit before finance costs</b>	<b>1,485,064,268</b>	<b>1,908,776,684</b>
Finance costs	(853,963,246)	(894,960,881)
<b>Profit before income tax expense</b>	<b>631,101,022</b>	<b>1,013,815,803</b>
Income tax expenses	(13,456,360)	-
<b>Profit for the year</b>	<b>617,644,662</b>	<b>1,013,815,803</b>
<b>Other comprehensive income:</b>		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
<b>Cash flow hedges</b>		
Reclassification during the year to profit or loss	48,811,700	42,223,860
Unrealized gain (loss) from cash flow hedges	25,125,356	(457,081,740)
Add: Income tax effect	23,052,325	-
<b>Other comprehensive income for the year</b>	<b>96,989,451</b>	<b>(414,857,880)</b>
<b>Total comprehensive income for the year</b>	<b>714,634,113</b>	<b>598,957,923</b>

# Statement of Financial Position

(Unit: Baht)

	<b>For the Year ended December 31</b>	
	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Plant and equipment, net	23,293,851,589	24,365,963,064
Project costs during construction phase	1,038,312,624	376,703,422
Advance for project costs	100,268,889	-
Long-term restricted bank deposits	734,944,551	1,220,677,307
Deferred tax assets	23,052,325	-
Other non-current assets	3,000,450	13,230,857
<b>Total non-current assets</b>	<b>25,193,430,428</b>	<b>25,976,574,650</b>
<b>Current assets</b>		
Spare parts and supplies	37,791,878	36,879,676
Trade and other receivables	487,365,955	929,871,233
Other current assets	40,075,191	25,894,161
Cash at bank and on hand	1,165,970,217	1,378,458,524
Short-term restricted bank deposits	213,556,232	528,774,885
<b>Total current assets</b>	<b>1,944,759,473</b>	<b>2,899,878,479</b>
<b>Total assets</b>	<b>27,138,189,901</b>	<b>28,876,453,129</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Issued capital	8,809,000,000	8,809,000,000
Retained earnings	2,002,252,455	3,939,217,793
Statutory reserve	88,090,000	88,090,000
Cash flow hedge reserve	(598,599,399)	(695,588,850)
<b>Total equity</b>	<b>10,300,743,056</b>	<b>12,140,718,943</b>
<b>Non-current liabilities</b>		
Long-term loans from financial institutions, net of current portion	15,754,750,273	14,701,897,954
Provision for long-term employee benefits	3,205,367	2,486,267
Other long-term liabilities- related party	169,687,699	157,687,658
<b>Total non-current liabilities</b>	<b>15,927,643,339</b>	<b>14,862,071,879</b>
<b>Current liabilities</b>		
Trade and other payables	309,942,533	365,364,521
Current portion of long-term loans from financial institutions	592,692,073	1,507,007,880
Retention payable	718,455	7,200
Income tax payable	4,798,292	-
Other current liabilities	1,652,153	1,282,706
<b>Total current liabilities</b>	<b>909,803,506</b>	<b>1,873,662,307</b>
<b>Total liabilities</b>	<b>16,837,446,845</b>	<b>16,735,734,186</b>
<b>Total equity and liabilities</b>	<b>27,138,189,901</b>	<b>28,876,453,129</b>

**Statement of Cash Flows**

(Unit: Baht)

	<b>For the Year ended December 31</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>		
Profit from operating activities	631,101,022	1,013,815,803
Adjustment to reconcile profit to net cash flows:		
Depreciation	1,081,331,505	1,086,541,746
Amortization of interest rate reduction fee	7,750,138	8,883,963
Unrealized (gain) loss on exchange	19,909,961	(25,656,490)
Write-off project costs during construction phase	377,609,936	-
Loss on equipment write-off	10,865	12,544
Provision for long-term employee benefits	719,100	765,347
Interest expenses	837,008,804	879,303,774
Operating profit before working capital changes	2,955,441,331	2,963,666,687
(Increase)/decrease in:		
Trade and other receivables	442,402,802	55,964,851
Spare parts and supplies	(912,202)	(2,898,461)
Other current assets	11,145,818	752,509
Other non-current assets	10,230,407	(10,161,850)
Increase/(decrease) in:		
Trade and other payables	(211,590,916)	166,072,567
Retention payable	711,255	(2,266,289)
Other current liabilities	369,447	(92,270)
Cash flows from operating activities	3,207,797,942	3,171,037,744
Cash paid for income tax expense	(8,658,068)	-
<b>Net cash flows from operating activities</b>	<b>3,199,139,874</b>	<b>3,171,037,744</b>
<b>Cash flows from investing activities</b>		
Decrease (increase) in short-term restricted bank deposits	313,924,905	(12,828,015)
Decrease (increase) in long-term restricted bank deposits	466,396,871	(2,661,083)
Increase in project costs during construction phase	(905,293,755)	(12,452,364)
Increase in advance for project costs	(100,268,889)	-
Increase in plant and equipment	(9,885,311)	(11,761,762)
<b>Net cash flow from (used in) investing activities</b>	<b>(235,126,179)</b>	<b>(39,703,224)</b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in long-term loans from financial institutions	547,824,930	(1,700,180,500)
Cash paid for loan arrangement fee	(383,579,254)	-
Cash paid for interest expenses	(786,557,949)	(868,657,270)
Dividend payment	(2,554,610,000)	(352,360,000)
<b>Net cash flows used in financing activities</b>	<b>(3,176,922,273)</b>	<b>(2,921,197,770)</b>

**Net increase (decrease) in cash and cash equivalents**

Effect of exchange rate changes on cash and cash equivalents

Cash and cash equivalents at beginning of year

**Cash and cash equivalents at end of year**

<b>For the Year ended December 31</b>	
<b>2016</b>	<b>2015</b>
<b>(212,908,578)</b>	<b>210,136,750</b>
420,271	2,333,003
1,378,458,524	1,165,988,771
<b>1,165,970,217</b>	<b>1,378,458,524</b>

**Supplemental cash flow information**

Non-cash transactions

Increase in project costs during construction phase from project payables

133,925,394

## 9 MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL DATA

### 9.1 Business Overview

Nam Ngum 2 Power Company Limited was incorporated under the laws of Lao PDR. The major shareholder of the Company is SouthEast Asia Energy Limited, which is incorporated in Thailand and holds 75 percent of the Company. The Company principally engages in generating and selling of electricity from its Nam Ngum 2 Hydroelectric Power Project, located in Lao PDR. As specified in the PPA, the Initial Operation Date (“IOD”) and Commercial Operation Date (“COD”) of Nam Ngum 2 Hydroelectric Power Project were 26 March 2011 and 1 January 2013, respectively.

### 9.2 Analysis of Operating Results for the Year-Ended December 31, 2016

*Unit: Million Baht*

Description	Period		Changes	
	2016	2015	Increase / (Decrease)	%
Revenue from Sales of Electricity	3,814.9	3,883.2	(68.3)	(1.8)
Other Incomes	18.2	19.4	(1.2)	(6.2)
Gain on Exchange	-	42.0	(42.0)	(100.0)
<b>Total Revenues</b>	<b>3,833.1</b>	<b>3,944.6</b>	<b>(111.5)</b>	<b>(2.8)</b>
<b>Cost of Sales of Electricity</b>				
Operation and Maintenance Cost	415.5	536.1	(120.6)	(22.5)
Depreciation	1,074.7	1,074.9	(0.2)	(0.0)
Royalty Fee	130.3	132.6	(2.3)	(1.7)
Others	39.4	46.9	(7.5)	(16.0)
<b>Total Cost of Sales of Electricity</b>	<b>1,659.9</b>	<b>1,790.5</b>	<b>(130.6)</b>	<b>(7.3)</b>
<b>Gross Profits</b>	<b>2,173.2</b>	<b>2,154.1</b>	<b>19.1</b>	<b>0.9</b>
Administrative Expenses	642.8	245.3	397.5	162.0
Loss on Exchange	45.4	-	45.4	-
<b>Earnings Before Interest and Tax</b>	<b>1,485.1</b>	<b>1,908.8</b>	<b>(423.7)</b>	<b>(22.2)</b>
<u>Less:</u> Financial Cost	854.0	895.0	(41.0)	(4.6)
<u>Less:</u> Income Tax Expenses	13.5	-	13.5	-
<b>Net Profit</b>	<b>617.6</b>	<b>1,013.8</b>	<b>(396.2)</b>	<b>(39.1)</b>

In 2016, the Company reported Total Revenues of Baht 3,833.1 million, a decrease of Baht 111.5 million or 2.8% compared to the previous year and Net Profit of Baht 617.6 million, a decrease of Baht 396.2 million or 39.1% compared to the previous year, the details of which are as follows:

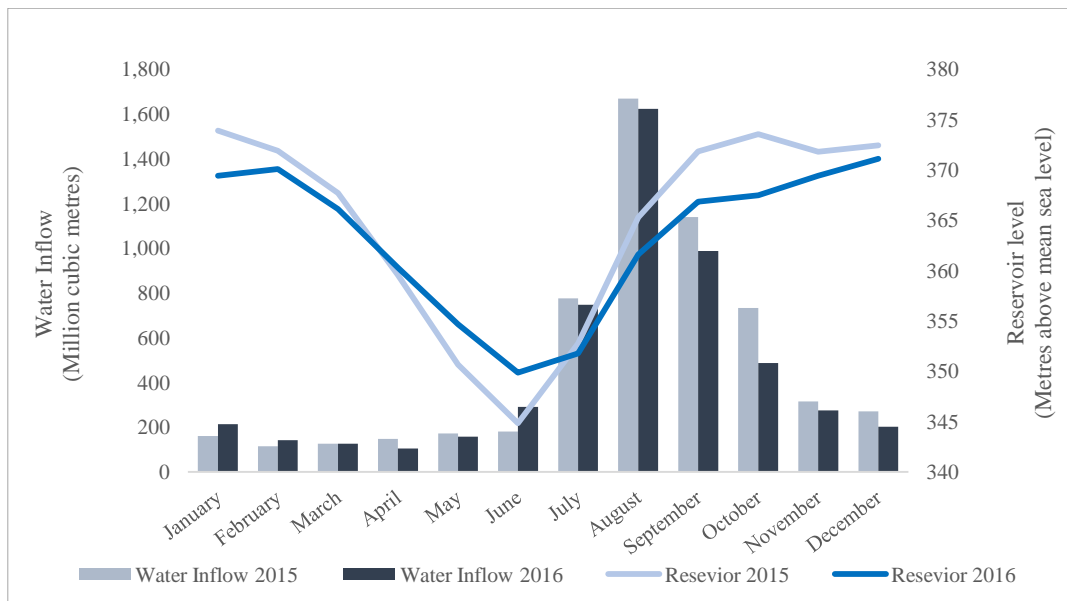
### a) Revenue from Sales of Electricity

Description	Electricity Sales Volume (GWh)		Changes		Revenue (Million Baht)		Changes	
	2016	2015	Increase / (Decrease)	%	2016	2015	Increase / (Decrease)	%
Electricity Sales	2,108.9	2,198.9	(90.0)	(4.1)	3,814.9	3,883.2	(68.3)	(1.8)

**Remark:** Electricity Sales Volume comprises Primary Energy (PE)<sup>(1)</sup>, Secondary Energy (SE)<sup>(3)</sup>, Test Energy (TE)<sup>(6)</sup> and Primary Energy Account (PE Account)<sup>(2)</sup>

In 2016, the Company reported Electricity Sales Volume of 2,108.9 GWh, decreased by 90.0 GWh or 4.1% compared to the previous year. The year-on-year decline in sales volume in 2016 was mainly due to the Company's recognition of the remaining balance of the Primary Energy Account (PE Account)<sup>(2)</sup> of 94.1 GWh, which the Company accumulated prior to 2015, as sales of electricity during 2015 on top of the Company's declaration of plant's availability of 2,104.8 GWh during 2015, while no PE Account was used during 2016. As a result of the decline in volume of electricity sold, the Company reported Revenue from Sales of Electricity of Baht 3,814.9 million, decreased by Baht 68.3 million or 1.8% compared to the previous year.

### Water Inflow and Reservoir Level



**Remark:**

- (1) Primary Energy or PE is the electricity volume under Power Purchase Agreement (PPA) with a defined Annual Supply Target of 2,218 GWh. The declaration of plant's availability for PE should not exceed 16 hours per day. Failure by NN2PC to meet the Annual Supply Target in each calendar year will not constitute an Event of Default pursuant to the PPA.
- (2) Primary Energy Account or PE Account is an account used to record the amount of PE generated in each calendar year, which is in excess of the Annual Supply Target of such year. The balance in PE Account can be withdrawn and recognized as revenue from sales of PE in any year when the amount of PE declared in such year does not meet the Annual Supply Target. The PE account can be utilized until the balance of PE

Account equals to zero or until the Annual Supply Target is fulfilled, whichever comes first. As of December 31, 2016, there was no PE Account balance remaining.

- (3) Secondary Energy or SE is the electrical energy declared during August, September and October of each year. The PPA defined the Annual Supply Target for SE at 92 GWh. Failure by NN2PC to meet the Annual Supply Target in each calendar year will not constitute an Event of Default pursuant to the PPA.
- (4) Secondary Energy Account or SE Account is an account used to record the amount of SE generated in each calendar year, which is in excess of the Annual Supply Target of such year. The balance in SE Account can be withdrawn and recognized as revenue from sales of SE in any year when the amount of SE declared in such year does not meet the Annual Supply Target. The SE account can be utilized until the balance of SE Account equals to zero or until the Annual Supply Target is fulfilled, whichever comes first. As of December 31, 2016, there was no SE Account balance remaining.
- (5) Excess Energy or EE is the excess electricity generated in any month of a year when the actual volume of water inflow exceeds the monthly declaration that the Company made to EGAT a month in advance.
- (6) Test Energy or TE is the electricity energy generated and sold during the testing period.

## **b) Cost of Sales of Electricity**

Total Cost of Sales of Electricity decreased by Baht 130.6 million or 7.3% compared to the previous year mainly due to the decline in Operation and Maintenance Costs as a result of the Company's effective operation cost management and the decline in repair and maintenance expenses compared to 2015.

## **c) Administrative Expenses**

Administrative Expenses increased by Baht 397.5 million or 162.0% in 2016 compared to 2015 primarily due to the one-time write-off of Baht 377.6 million from the termination of Nam Bak Hydroelectric Power Project development in the fourth quarter of 2016.

## **d) Foreign Exchange Gain / (Loss)**

In 2016, the Company reported a foreign exchange loss of Baht 45.4 million, mainly coming from the recognition of loss on foreign exchange on the repayment amount of the Company's US Dollar loan under Hedge Accounting method amidst the weakened Thai Baht against US Dollar during the period from the start of the hedge accounting to the end of 2016.

## **e) Finance Cost**

Finance Cost of the Company in 2016 was Baht 854.0 million, decreased by Baht 41.0 million or 4.6% compared to the previous year primarily as a result of the improvement in interest rate on the Company's long-term loan following its loan refinancing in September 2016.

## **f) Income Tax Expenses**

The Company has been granted exemption from the corporate income tax for a period of 5 years from its Initial Operation Date. With the exemption period ended on



26 March 2016, the Company reported an income tax expenses of Baht 13.5 million in 2016.

### **9.3 Analysis of Financial Position**

#### **a) Assets**

As at December 31, 2016, Total Assets of the Company was Baht 27,138.2 million, decreased by Baht 1,738.3 million or 6.0% from the end of 2015. Key reasons are highlighted below:

- Trade and Other Receivables decreased by Baht 442.5 million or 47.6% mainly from the decline in electricity sales receivable.
- Plant and Equipment decreased by Baht 1,072.1 million or 4.4% mainly from depreciation cost.

#### **b) Liabilities**

As at December 31, 2016, Total Liabilities of the Company was Baht 16,837.4 million, increased slightly by Baht 101.7 million or 0.6% from the end of 2015 mainly driven by the increase in Long-term Loans from Financial Institutions from the on-going Nabong Substation Upgrade project.

#### **c) Shareholders' Equity**

As at December 31, 2016, Total Shareholders' Equity of the Company was Baht 10,300.7 million, decreased by Baht 1,840.0 million or 0.2% from the end of 2015 mainly due to the dividend paid for the 2015 financial results.

## 9.4 Significant Financial Ratio

Profitability Ratio	Period		Changes
	2016	2015	
Gross Profit Margin (%)	56.7	54.6	2.1
EBITDA Margin (%) <sup>(1)</sup>	76.8	75.9	0.9
Net Profit Margin (%) <sup>(1)</sup>	26.0	25.7	0.3
Leverage Ratio	As at Dec 31, 2016	As at Dec 31, 2015	Changes
Debt to Equity Ratio (Times)	1.6	1.4	0.2
Debt to Equity Ratio (Times) in accordance with Terms & Conditions <sup>(2)</sup>	1.5	1.2	0.3
Interest Coverage Ratio (time)	3.4	3.3	0.1
Liquidity Ratio	As at Dec 31, 2016	As at Dec 31, 2015	Changes
Current Ratio (Times)	2.1	1.5	0.6
Quick Ratio (Time)	1.8	1.2	0.6
Average Collection Period (Day)	66.9	88.8	-21.9

**Remark** <sup>(1)</sup> Excluded one-time write-off of Nam Bak Hydroelectric Power Project development cost

<sup>(2)</sup> The Terms and Conditions of the debentures provide that the Issuer shall ensure that the ratio of Debt to Equity, in accordance with its Financial Statement, shall not exceed 3:1 as at the last day of the fourth quarter of each year, whereby "Debt" and "Equity" are defined in the Condition.

In 2016, excluding the one-time write-off of Nam Bak Hydroelectric Power Project development cost, the Company reported Gross Profit Margin of 56.7%, a 2.1% improvement from last year, EBITDA Margin of 76.8%, a 0.9% improvement from last year and Net Profit Margin of 26.0%, a 0.3% improvement from last year.

As at December 31, 2016, Debt to Equity ratio was at 1.6 times, an increase of 0.2 times from the end of 2015. Net Interest-bearing Debt to Equity Ratio was 1.5 times, an increase of 0.3 times from the end of 2015. Interest Coverage Ratio was 3.4 times, an increase of 0.1 times from the end of 2015. Current Ratio was 2.1 times, an increase of 0.6 times from the end of 2015, while Quick Ratio was 1.8 times, an increase of 0.6 times from the end of 2015. The improvements in Current Ratio and Quick Ratio came primarily from decline in Current portion of Long-term Loans at the end of 2016, mainly as a result of the Company's successful refinancing of long-term loan from financial institutions. Average Collection Period was 66.9 days, an improvement of 21.9 days from the end of 2015 following the decline in Accounts Receivable balance in 2016 compared with 2015.

Overall, the Company continued to maintain strong debt service capability and healthy level of financial liquidity.



## 10. GENERAL INFORMATION AND OTHER RELATED INFORMATION

<b>The Issuer</b>	<b>Nam Ngum 2 Power Company Limited</b> 215 Lanexaog Avenue, Ban Xieng Yuen, Chanthabouly District, Vientiane, Lao PDR
<b>The Issuer's Representative in Thailand:</b>	<b>The Legists Group</b> Offices of N&K Ltd. 990 Abdulrahim Place, 9th Floor, Room No. 901-1, Rama IV Road, Silom, Bangrak, Bangkok 10500
<b>Financial Institutions in Thailand:</b>	<b>Bangkok Bank Public Company Limited</b> 333 Silom Road, Bangkok 10500  <b>Krung Thai Bank Public Company Limited</b> 35 Sukhumvit Road, Klong Toey Nua, Wattana, Bangkok 10110 Thailand  <b>Siam Commercial Bank Public Company Limited</b> 9 Ratchadapisek Rd., Jatujak, Bangkok 10900 Thailand
<b>Lead Underwriters:</b>	<b>Bangkok Bank Public Company Limited</b> 333 Silom Road, Bangkok 10500  <b>Krung Thai Bank Public Company Limited</b> 35 Sukhumvit Road, Klong Toey Nua, Wattana, Bangkok 10110 Thailand  <b>Siam Commercial Bank Public Company Limited</b> 9 Ratchadapisek Rd., Jatujak, Bangkok 10900 Thailand
<b>Registrar of Debentures:</b>	<b>Thailand Securities Depository Co., Ltd.</b> 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand Tel: (66 2) 009 9000 Fax: (66 2) 009 9991
<b>Debentureholders' Representative:</b>	<b>Bangkok Bank Public Company Limited</b> 333 Silom Road, Bangkok 10500
<b>Legal Advisors:</b>	Legal Advisors in connection with the Bond transaction:



*As to laws of Thailand*

**Baker & McKenzie Ltd.**

25th Floor, Abdulrahim Place  
990 Rama IV Road  
Bangkok 10500, Thailand

*As to laws of Lao PDR*

**South East Asia Law Office Co., Ltd**

179 Phayasi Road, Sithan Neau,  
Sikhottabong District,  
Vientiane Capital, Lao PDR.

**Auditor:**

**EY Office Limited**

33<sup>rd</sup> Floor, Lake Radjada Office Complex  
193/136-137 Rahadapisek Road  
Klongtoey, Bangkok 10100

**Financial Advisor:**

None

**Language**

The documents of the Issuer including but not limited to  
Registration Statement, Prospectus and Financial  
Statements will be in English.

## PART 4

### INFORMATION ON THE OFFERING OF THE DEBENTURES

Nam Ngum 2 Power Company Limited (the "**Issuer**"), a limited company incorporated under the law of the Lao People's Democratic Republic, having the registered office at 218 Lanexang Avenue, Vientiane, Lao PDR Tel. +856 21 251 718, wishes to offer for sale of the Debentures having material details as set forth below.

The Issuer has complied with the laws and regulations of the Lao PDR in connection with the issuance and offering of the Debentures applicable to it.

#### 1. General Description of the Debentures and the Offering

The Debentures are subject to the terms and conditions governing the rights and duties of the Issuer and the Debentureholders in respect of the Debentures (the "**Terms and Conditions**") which are attached as Appendix 1 hereto. Below are the terms of the Debenture offering, the material terms under the Terms and Conditions and the material terms of the Debentureholders' Representative Appointment Agreement. Unless otherwise defined in this Section, capitalized terms used herein have the same meanings given to them in the Terms and Conditions.

##### 1.1 Terms of Debenture Offering

<b>Issuer</b>	:	Nam Ngum 2 Power Company Limited
<b>Debenture Name</b>	:	<ol style="list-style-type: none"> <li>1. "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 1 Due 2020" ("<b>Tranche 1 Debentures</b>")</li> <li>2. "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 2 Due 2024" ("<b>Tranche 2 Debentures</b>")</li> <li>3. "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 3 Due 2027" ("<b>Tranche 3 Debentures</b>")</li> </ol>
<b>Debenture Type</b>	:	<ol style="list-style-type: none"> <li>1. Tranche 1 Debentures and Tranche 2 Debentures: Name-Registered, Unsubordinated and Unsecured Debentures with a Debentureholders' Representative</li> <li>2. Tranche 3 Debentures: Name-Registered, Unsubordinated, Unsecured and Amortized Debentures with a Debentureholders' Representative</li> </ol>
<b>Joint Lead Arrangers</b>	:	Bangkok Bank Public Company Limited Krungthai Bank Public Company Limited The Siam Commercial Bank Public Company Limited
<b>Debentureholders' Representative</b>	:	Bangkok Bank Public Company Limited
<b>Registrar</b>	:	Thailand Securities Depository Company Limited
<b>Paying Agent</b>	:	Bank of Ayudhya Public Company Limited
<b>The Issuer's Contact Person in Thailand</b>	:	The Legists Group Offices of N&K Ltd.



<b>Legal Advisor (as to Thai law)</b>	:	Baker & McKenzie Ltd.
<b>Legal Advisor (as to Lao PDR law)</b>	:	South East Asia Law Office Co., Ltd.
<b>Number of Debentures offered</b>	:	The total aggregate number of the Debentures offered is 6,000,000 units, divided into: <ol style="list-style-type: none"><li>1. Tranche 1 Debentures: totaling 1,000,000 units</li><li>2. Tranche 2 Debentures: totaling 1,400,000 units</li><li>3. Tranche 3 Debentures: totaling 3,600,000 units</li></ol>
<b>Value of Debentures offered</b>	:	The total aggregate value of the Debentures offered is Baht 6,000,000,000, divided into: <ol style="list-style-type: none"><li>1. Tranche 1 Debentures: totaling Baht 1,000,000,000</li><li>2. Tranche 2 Debentures: totaling Baht 1,400,000,000</li><li>3. Tranche 3 Debentures: totaling Baht 3,600,000,000</li></ol>
<b>Offering Price</b>	:	Baht 1,000 per unit
<b>Currency</b>	:	The Debentures are denominated in Baht.
<b>Nominal Amount</b>	:	Baht 1,000 per unit
<b>Offering Price</b>	:	Baht 1,000 per unit
<b>Subscription Period</b>	:	3 – 4 October 2017
<b>Tenor</b>	:	<ol style="list-style-type: none"><li>1. Tranche 1 Debentures : 3 years from the Issue Date</li><li>2. Tranche 2 Debentures : 7 years from the Issue Date</li><li>3. Tranche 3 Debentures : 10 years from the Issue Date</li></ol>
<b>Issue Date</b>	:	5 October 2017
<b>Maturity Date</b>	:	<ol style="list-style-type: none"><li>1. Tranche 1 Debentures: 5 October 2020</li><li>2. Tranche 2 Debentures: 5 October 2024</li><li>3. Tranche 3 Debentures: 5 October 2027</li></ol>

**Redemption Dates** : In respect of Tranche 3 Debentures, the Issuer shall redeem each unit of Tranche 3 Debentures in instalments on the Redemption Dates as follows.

Installment	Redemption Date	Outstanding Principal Amount Per Unit (Baht)	Paid Principal Amount Per Unit (Baht)	Total Payment Per Unit (Baht)
1	5 October 2025	1,000.00	333.33	333.33
2	5 October 2026	667.67	333.33	666.66
3	5 October 2027	333.34	333.34	1,000.00

**Interest Rate** :

1. Tranche 1 Debentures: 2.59 percent per annum
2. Tranche 2 Debentures: 3.48 percent per annum
3. Tranche 3 Debentures: 3.69 percent per annum

**Default Interest Rate** : Interest Rate plus 2 per cent per annum

**Credit Rating** : The Debentures were assigned credit ratings of 'A-' (with Stable outlook) according to reports published by TRIS Rating Co., Ltd. on 31 August 2017.

The Issuer will arrange for the credit rating agency as approved by the Offering of the Securities and Exchange Commission (the "**Office of the SEC**") to provide a credit rating for the Debentures throughout the tenors of the Debentures.

A credit rating is not a recommendation to buy, sell or hold the Debentures and may be subject to revision, suspension or withdrawal at any time by the credit rating agency.

**Early Redemption** : The Debentures may be redeemable at the option of the Issuer prior to maturity only for tax reasons as set out in the Terms and Conditions. Please see Appendix 1, "Terms and Conditions of the Debentures – Condition 10.4: Redemption for Taxation Reasons."

**Governing Law** : The Debentures are governed by and construed in accordance with the laws of Thailand.

**Registration with the ThaiBMA** : The Debentures will be traded over-the-counter and will not be listed for trading on any exchange. On or before the Issue Date, the Issuer intends to register the Debentures with Thai Debenture Market Association ("**ThaiBMA**"), an authorized source of Thai debenture market data. ThaiBMA, as "**Debenture Pricing Agency**," also provides model yield and pricing data for mark-to-market purpose of investors.

## 1.2 Procedure, Date and Place for Payments under the Debentures

### (a) Interest Payment

**Interest Calculation** : The amount of interest payable in respect of any Debenture for any Interest Period shall be calculated by multiplying (a) the product of the principal amount outstanding on each unit of the Debentures as at the first day of such Interest Period (after deducting any repayment of principal amount of that unit of Debenture made on that day, in the case of Tranche 3 Debentures) and the relevant Interest Rate applicable thereto by (b) the number of days in respect of that Interest Period and dividing by 365 (three hundred and sixty-five), and rounding the resulting figure to 6 (six) decimal places (in case the seventh decimal place is equivalent to or more than 5 (five), the 6th (sixth) decimal place shall be rounded up one decimal).

If respect of the final Interest Payment Date, the calculation of interest shall be subject to Condition 9.2 of the Terms and

Conditions.

**Interest Payment** : Interest on the Debentures at the interest rate stated under Condition 2 shall be payable in arrears to each Debentureholder on the Interest Payment Date.

**Interest Payment Date** : Interest on the Debentures shall be payable semi-annually on every 5 April and 5 October of each year throughout the term of the Debentures, with the first Interest Payment Date being 5 April 2018 and the last Interest Payment Date being the Maturity Date.

**Interest Period** : 1. With respect to the first Interest Period, the period commencing on, and including, the Issue Date and ending on, but excluding, the first Interest Payment Date.

2. With respect to any subsequent Interest Period, the period commencing on, and including, the Interest Payment Date of the preceding Interest Period and ending on, but excluding, the next Interest Payment Date of such Interest Period or the Maturity Date, as the case may be.

**Methods of Interest Payment** : Interest Payment: Interest due on any Interest Payment Date will be payable by the Issuer through the Registrar to the Debentureholders whose names appear in the Register Book on the relevant Record Date or, with respect to persons whose Debentures are deposited with TSD, the persons whose names appear on the list of the owners of the Debentures maintained by TSD. Payments of interest on each Debenture will be made to the Debentureholder by means of: (i) a Baht crossed cheque marked "A/C Payee Only" drawn on a bank in Thailand in the name of the Debentureholder mailed to the address of the relevant Debentureholder appearing on the Register Book; or (ii) transferring funds into the bank account of the relevant Debentureholder opened with a commercial bank in Thailand as informed in the subscription form or in writing by the



Debentureholders to the Registrar at least 15 (fifteen) Business Days prior to the relevant payment date, or such other method as may be agreed from time to time by the Issuer, the Debentureholders' Representative and the Registrar; provided that payment of interest with respect to the final Interest Payment Date may only be made upon the surrender of the Debenture Certificates (except for the Debentures deposited with TSD) at the principal office of the Registrar.

For the final interest payment, a Debentureholder whose Debentures are not deposited with TSD is not required to surrender its Debenture Certificate to the Registrar, except where there is any doubt or objection relating thereto, the Registrar or the Issuer may request any Debentureholder for his Debenture Certificate to be inspected and surrendered.

**(b) Redemption and Principal Payment**

- Redemption** :
1. In respect of Tranche 1 Debentures and Tranche 2 Debentures, unless previously redeemed, purchased or cancelled, the relevant Debentures will be redeemed at their outstanding principal amount on the Maturity Date, together with interest accrued thereon up to (but excluding) the Maturity Date.
  2. In respect of Tranche 3 Debentures, unless previously redeemed, purchased or cancelled, Tranche 3 Debentures shall be partially redeemed on each Redemption Date by payment of the amount of principal specified against such Redemption Date.

- Methods of principal Payment** :
- Principal Payment: Principal due on the Maturity Date will be payable by the Issuer through the Registrar to the Debentureholders whose names appear in the Register Book on the relevant Record Date or, with respect to persons whose Debentures are deposited with TSD, the persons whose names appear on the list of owners of the Debentures maintained by TSD. Payments of principal on each Debenture will be made to the Debentureholder by means of: (i) a Baht crossed cheque marked "A/C Payee Only" drawn on a bank in Thailand in the name of the Debentureholder mailed to the address of the relevant Debentureholder appearing on the Register Book; or (ii) transferring funds into the bank account of the relevant Debentureholder opened with a commercial bank in Thailand as informed in the subscription form or in writing by the Debentureholders to the Registrar at least 15 (fifteen) Business Days prior to the relevant payment date, or such other method as may be agreed from time to time by the Issuer, the Debentureholders' Representative and the Registrar; provided that such principal payment on the Maturity Date may only be made upon surrender of the Debenture Certificates (except for the Debentures deposited with TSD) at the principal office of the Registrar.

For the Principal payment, a Debentureholder whose

Debentures are not deposited with TSD is not required to surrender its Debenture Certificate to the Registrar, except where there is any doubt or objection relating thereto, the Registrar or the Issuer may request the Debentureholder for his Debenture Certificate to be inspected and surrendered.

**Early Redemption –  
Redemption for Taxation  
Reasons**

- : 1. Subject to Condition 10.4(b) of the Terms and Conditions, the Debentures may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Debentureholders in accordance with Condition 19 of the Terms and Conditions (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Debentures, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11.2 of the Terms and Conditions as a result of any change in, or amendment to, the laws or regulations of Lao PDR, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including the cessation of tax exemptions presently applicable), which change or amendment becomes effective on or after the Issue Date; and
- (a) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Debentures then due. Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Debentureholders' Representative a certificate signed by two duly authorized officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognized standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Debentures redeemed pursuant to Condition 10.4(a) of the Terms and Conditions will be redeemed at their outstanding principal amount together with interest accrued to (but excluding) the date of redemption.

2. Prior to the lapse of 3 (three) years from the Issue Date,

the Issuer will not be entitled to exercise the redemption option as specified in Condition 10.4(a) of the Terms and Conditions in accordance with the MOF Notification unless the MOF Notification is amended to permit such early redemption or a specific waiver or approval to redeem the Debentures early is granted to the Issuer by the Ministry of Finance of Thailand.

### 1.3 Material Terms under the Terms and Conditions

Covenants : The Issuer undertakes to comply with all the covenants set out in Condition 7 of the Terms and Conditions for so long as any debt under the Debentures remains outstanding:

1. The Issuer shall, at all times throughout the term of the Debentures or until all Debentures are redeemed, (i) use its best effort to carry on and conduct its business in an appropriate and efficient manner, (ii) comply with securities and exchange law and other related law, as well as regulations, rules and order issued under the law, and (iii) comply with all terms and conditions stated under the Terms and Conditions.
2. The Issuer shall ensure that the ratio of "Debt to Equity Ratio", in accordance with its Financial Statement, shall not exceed 3:1 (three to one) as at the last day of the fourth quarter of each year.

For the purpose of calculation of the Debt to Equity Ratio:

"Debt" means liabilities that bear interest or are subject to discount, including guarantee and aval liabilities that bear interest or are subject to discount, less cash and cash equivalents, short-term restricted bank deposits, current investments and long-term restricted bank deposits. However, "Debt" shall not include deposits received from customers as set out in the relevant Financial Statement and bank guarantees.

"Equity" means shareholders' equity as set out in the relevant Financial Statement.

"Financial Statement" means audited financial statements of the Issuer prepared in accordance with International Accounting Standard.

3. The Issuer shall arrange for a report setting out the Debt to Equity Ratio in accordance with Condition 7.2 of the Terms and Conditions, reviewed by the auditor of the Issuer, to be delivered to the Debentureholders' Representative and the Registrar within 15 (fifteen) days from the date the relevant Financial Statement is sent to the Tax Department, Ministry of Finance of the Lao PDR, to be kept and made available for the Debentureholders' inspection by the Debentureholders'

Representative and the Registrar.

4. In the event that a default is made on the payment of any amount of principal or any interest or any other sum in respect of any Debentures, the Issuer shall not make or pay any dividend so long as such default has not been remedied, unless approval is obtained from the Debentureholders' Meeting.
5. The Issuer shall not sell or dispose of any property or asset whether in whole or in part which is material to the business operation of the Issuer, except for such sales or disposals that do not have material adverse effect on the ability of the Issuer to repay its debt under the Debentures to the Debentureholders or are in the normal course of business of the Issuer.
6. The Issuer shall apply for the registration of the Debentures with ThaiBMA and shall maintain the Debentures as securities registered with ThaiBMA until all the Debentures are fully redeemed.
7. Upon the occurrence of any event of default (as provided in Condition 13.1 of the Terms and Conditions) or any event which may constitute an event of default (i.e. an event which shall constitute an event of default if the Issuer cannot take a remedial action within the required period of time) or upon becoming aware of any litigation or arbitration proceedings against the Issuer which, if adversely determined, might have a material adverse effect on the ability of the Issuer to perform its payment obligations under the Terms and Conditions, the Issuer shall notify the Debentureholders' Representative of such event without delay from the date on which the Issuer has knowledge of such event, including any actions taken by the Issuer or proposed to be taken by the Issuer to remedy such event.
8. At any time upon request of the Debentureholder's Representative, the Issuer shall promptly supply to the Debentureholders' Representative a certificate signed by the Issuer's authorized director(s) certifying that neither an Event of Default (or if an Event of Default is continuing, specifying the Event of Default and the steps, if any, being taken to remedy it) nor any litigation or arbitration proceedings against the Issuer is outstanding or pending (apart from any such events which the Issuer has previously informed the Debentureholders' Representative (if any)).
9. If it becomes necessary to replace the Debentureholders' Representative or the Registrar, the Issuer shall use its best endeavors to appoint a replacement Debentureholders' Representative or a replacement Registrar (as the case may be) as soon as practicable, but in any case no later than 30 (thirty) days from the

date on which the Issuer is aware of the necessity for such replacement.

10. The Issuer shall, in accordance with applicable Thai laws and regulations, deliver to the SEC and the Debentureholders' Representative, and make available by way of posting on the website [www.ckpower.co.th](http://www.ckpower.co.th) (or a replacement website to be designated by the Issuer), copies of English translations of its audited annual consolidated financial statements within, if applicable, the same period as that required under applicable laws or regulations, but in any case, shall be no later than 180 (one hundred and eighty) days from the end of the financial year of the Issuer. If, after the Issue Date, such submission period to the SEC or method for the submission is changed under the applicable laws or regulations, the Issuer shall comply with the new submission period, method for the submission or requirements according to such amended applicable laws or regulations, as the case may be.

Event of Default

: If any of the following events occurs and is continuing (each, an "**Event of Default**"), the Debentureholders' Representative shall deliver a default notice to the Issuer in compliance with, and subject to, Condition 13.2 of the Terms and Conditions:

1. a default is made on the payment of any amount of principal or any interest due in respect of any of the Debentures when and as the same ought to be paid in accordance with the Terms and Conditions, however, such payment default shall not constitute an Event of Default if it arises from a delay and/or mistake in funds transfer system beyond the control of the Issuer and the Issuer has sufficient funds to make payment of such principal or interest as they fall due, and the Issuer has made payment of such principal or interest within 3 (three) days from the relevant due date;
2. a default is made on the performance or observance by the Issuer of any obligation, condition or provision under the Debentures (other than any obligation for the payment of any amount due in respect of any of the Debentures) and (but only in a case where the Debentureholders' Representative considers such default to be capable of being remedied) such default shall not be remedied to the Debentureholders' Representative's satisfaction within 30 (thirty) days (or such longer period as the Debentureholders' Representative may permit) of first written notification from the Debentureholders' Representative to the Issuer requiring the same to be remedied;
3. the Issuer shall cease to carry on the whole or substantially the whole of its business, which might have a material adverse effect on the ability of the

Issuer to perform its payment obligations under the Terms and Conditions;

4. the shareholders meeting of the Issuer has resolved that the Issuer shall dispose of the whole or a substantial part of its business or that the Issuer shall merge or amalgamate with another entity (except in the ordinary course of business of the Issuer) which, in accordance with a resolution of the Debentureholders' meeting, might have a material adverse effect on the ability of the Issuer to perform its payment obligations under the Terms and Conditions;
5. the Issuer fails to pay any indebtedness, having an aggregate nominal amount of more than Baht 500,000,000 (five hundred million baht) (or the equivalent in any other currency or currencies) when it becomes due and payable (following the giving of such notice, if any, as is required under the document governing such indebtedness and as extended by any applicable grace period) or such indebtedness was declared to be prematurely due and payable due to a default by the Issuer, however, such failure to pay which the Issuer is disputing in good faith and is under consideration of a court of competent jurisdiction (for so long as there is no final judgement in relation to the dispute) shall not constitute an Event of Default;
6. the Issuer is subject to any final judgments of a court of law or arbitration awards ordering it, in an aggregate amount, to pay a sum of more than Baht 500,000,000 (five hundred million baht) (or the equivalent in any other currency or currencies), unless the Issuer is capable of paying such amount in accordance with such final judgments or arbitration awards and such payment does not have a material adverse effect on the ability of the Issuer to perform its payment obligations under the Terms and Conditions;
7. there is a change, restraint or cancellation of license, certificate, letter of consent or any rights and benefits that the Issuer has received from the relevant governmental authorities, officials or persons which are necessary and required to be possessed or used by the Issuer for the operation of its main business and such change, restraint, or cancellation might have a material adverse effect on the ability of the Issuer to perform its payment obligations under the Terms and Conditions;
8. the Issuer is subject to legal proceedings or order of a government authority that might have a material adverse effect on the ability of the Issuer to perform its payment obligations under the Terms and Conditions, or there is a change in or revocation of the Issuer's power to operate its business, or any revenue or asset of the

Issuer, whether in whole or in part, has been seized, compulsorily acquired, expropriated or nationalized, and such event might have a material adverse effect on the ability of the Issuer to perform its payment obligations under the Terms and Conditions;

9. the Issuer is insolvent or there is any seizure or attachment of the assets of the Issuer issued under a bankruptcy proceeding or the Issuer has undertaken any action that may cause a bankruptcy proceeding to be initiated against it or institutes proceedings to be adjudicated a voluntary bankrupt, which might have a material adverse effect on the ability of the Issuer to perform its payment obligations under the Terms and Conditions, or there is an order or resolution, duly issued or passed in accordance with applicable law for the winding-up or dissolution of the Issuer; or
10. any reorganization proceeding is initiated against the Issuer under any applicable laws or there is any appointment of a receiver, planner, plan administrator, trustee, assignee or similar officers with respect to the Issuer or any revenue or asset of the Issuer (except where such proceeding is discharged within 30 (thirty) days from its commencement date).

Consequences of Events of :  
Default

1. If any Event of Default occurs and is continuing, and if:
  - (a) the Debentureholders' Representative deems appropriate; or
  - (b) the Debentureholders' Representative has received a written demand from any one or more of the Debentureholders together holding at least 50 (fifty) per cent of the total outstanding principal amount of the Debentures; or
  - (c) the Debentureholders' Representative has received a resolution of the Debentureholders' meeting; or
  - (d) any of the Events of Default under Conditions 13.1(a), 13.1(i) or 13.1(j) of the Terms and Conditions has occurred,

the Debentureholders' Representative shall deliver a default notice to the Issuer informing the Issuer of the occurrence of such Event of Default, declaring the Debentures to be immediately due and payable and demanding payment of all outstanding principal amounts under the Debentures together with interest accrued thereon until (but excluding) the date of repayment. If the Issuer defaults in making a payment under any Debenture to any Debentureholder, if otherwise not apparent or clearly proven to the contrary,



it shall be presumed that such defaults on payment have occurred to all the Debentures.

2. After the Debentureholders' Representative has delivered the default notice pursuant to Condition 13.2 of the Terms and Conditions,
  - (a) the Debentureholders' Representative shall take any actions to cause the Issuer to repay all the debts under the Debentures without further notice. Such actions include filing a lawsuit against the Issuer in so far as legally possible; and
  - (b) no Debentureholder shall be entitled to take any legal action directly against the Issuer for enforcement of its rights unless the Debentureholders' Representative fails to institute proceedings against the Issuer and such failure shall have continued for a period of 14 (fourteen) days and at the time the Debentureholder files a lawsuit against the Issuer, the Debentureholders' Representative has not yet filed a lawsuit against the Issuer to repay its debts.

- Amendment to the Terms and Conditions :
1. Except as specified in Conditions 15.2(b)(i) and 15.2(b)(ii) of the Terms and Conditions, any amendment to these Conditions requires the approval of the Issuer and the Debentureholders' meeting in accordance with Annex B to the Terms and Conditions.
  2. The Debentureholders' Representative may amend any Conditions as specified in Conditions 15.2 (b)(i) and 15.2(b)(ii) of the Terms and Conditions. The Debentureholders' Representative shall promptly inform the Issuer in writing of the amendment to these Conditions made by the Debentureholders' Representative pursuant to Condition 19 of the Terms and Conditions.
  3. The Issuer shall deliver the amended Conditions to the Registrar and the Debentureholders' Representative and shall cause the Registrar or the Debentureholders' Representative to deliver copies of such amended Conditions and other relating document(s) (if any) to the SEC and ThaiBMA within 15 (fifteen) days from the effective date of such amendment and to the Debentureholders upon written request.

Governing Law : The laws of Thailand



#### 1.4 Material terms of Debentureholders' Representative Appointment Agreement

Name of the Agreement	:	Debentureholders' Representative Appointment Agreement (the " <b>DHR Agreement</b> ")
Parties to the Agreement	:	Nam Ngum 2 Power Company Limited as the Issuer; and Bangkok Bank Public Company Limited as the Debentureholders' Representative
Effective Date	:	The Issue Date of the Debentures
Objectives	:	The Issuer agrees to appoint the Debentureholders' Representative to act as the representative of the Debentureholders in relation to the Debentures and the Debentureholders' Representative agrees to accept such appointment in accordance with the Terms and Conditions, the terms and conditions of the DHR Agreement and all applicable laws and regulations.
Remuneration	:	The Issuer shall pay to the Debentureholders' Representative an annual fee for acting as the Debentureholders' Representative in the amount specified in the DHR Agreement. The Debentureholders' Representative Fee shall be payable in advance on a yearly basis at the beginning of each relevant year to the Debentureholders' Representative by transfer to Bangkok Bank current account no.101-3-37151-1, account name Securities Services Department and provide a copy of credit advice by email to dhr.grp@bbl.co.th. The first payment shall be made within fifteen (15) business days after receipt of a written invoice from the Debentureholders' Representative. The following payments shall be invoiced on the date falling on each anniversary of the Issue Date thereafter, and in all cases shall be payable within fifteen (15) business days after receipt of such written invoice from the Debentureholders' Representative. For the avoidance of doubt, no payment by the Issuer to the Debentureholders' Representative shall be due on the Maturity Date. In the event that the DHR Agreement is terminated before one year period from the Issue Date or any anniversary date thereof, the Debentureholders' Representative shall proportionately refund the Debentureholders' Representative Fee to the Issuer within fifteen (15) business days after the termination and the Issuer shall pay to the Debentureholders' Representative all outstanding reasonable expenses incurred in accordance with and subject to the DHR Agreement.
Termination events	:	<ol style="list-style-type: none"><li>1. The DHR Agreement shall be terminated upon the Debentureholders having received payment for both principal and interest in full and the Debentureholders' Representative has fully performed its duties as specified in the Terms and Conditions.</li><li>2. Subject to Clause 10.1 of the DHR Agreement, both parties agree to terminate the DHR Agreement if and when any of the following events occurs:</li></ol>

- (a) the Debentureholders' Representative gives written notice of its resignation as the Debentureholders' Representative sixty (60) days in advance to the Issuer;
  - (b) the Issuer gives written notice of termination of this Agreement sixty (60) days in advance to the Debentureholders' Representative; or
  - (c) the Debentureholders vote in the Debentureholders' meeting for a revocation or replacement of the Debentureholders' Representative in accordance with the Terms and Conditions.
- 3. Subject to Clause 10.1 of the DHR Agreement, the DHR Agreement shall be terminated upon the exercise of the termination right pursuant to Clause 8 of the DHR Agreement.
- 4. Subject to further agreement between the parties, the DHR Agreement shall be terminated if the Debentures are not issued on the Issue Date. In such event the Issuer shall not be liable to pay any remuneration and/or any damages to the Debentureholders' Representative.
- 5. If at any time the Debentureholders' Representative:
  - (a) becomes incapable of acting or becomes disqualified to serve as the Debentureholders' Representative and fails to rectify such incapability or disqualification within sixty (60) days from the date the incapability or disqualification takes place;
  - (b) files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or any substantial part of its property;
  - (c) admits in writing its inability to pay or meet its debts as they become due or suspends payment thereof; or
  - (d) has a receiver appointed over all or a substantial part of its property or any officer takes charge or control of the Debentureholders' Representative or of its property or affairs for the purpose of rehabilitation or liquidation,

then the Issuer may without notice terminate the DHR Agreement, in which event notice thereof shall be given by the Issuer to the Debentureholders' Representative as soon as practicable thereafter.

Governing Law : The laws of Thailand

## 2. Selling Restriction and Transfer Restriction

### 2.1 Selling Restriction

Each of the Lead Arranger and the Issuer has represented and agreed that: (i) it has not offered or sold and will not offer or sell the Debentures to any person in any jurisdiction other than in Thailand to Qualified Investors (as defined in Clause 2.2), whether directly or indirectly, or to others for re-offering or resale, directly or indirectly, in any jurisdiction other than in Thailand to Qualified Investors; and (ii) it has not circulated or distributed and will not circulate or distribute, whether directly or indirectly, to any person in any jurisdiction other than in Thailand to Qualified Investors, the draft or final Prospectus or any other documents or material in connection with the offer or sale, or invitation for subscription or purchase of the Debentures.

### 2.2 Transfer Restriction

The Issuer has registered a transfer restriction of the Debentures with the Office of the Securities and Exchange Commission and the Issuer is bound by such transfer restriction to procure that no Debenture will be transferred to any person other than the "**Institutional Investors**" or "**High Net Worth Investors**," respectively as defined in the Notification of the Securities and Exchange Commission No. KorChor. 5/2552 Re: *Determination of Definitions Used in the Notifications on the Issue and Sale of All Types of Debt Instruments*, dated 15 March 2009, as may from time to time be amended, modified, supplemented or replaced (the "**Notification No. KorChor. 5/2552**"). As a result, the Issuer and/or the Registrar will not accept or register any transfer of the Debentures to any person who is not qualified as such Institutional Investor or High Net Worth Investor referred to above (collectively, the "**Qualified Investors**").

The transfer restriction of the Debentures has also been: (i) acknowledged by the Bank of The Lao People's Democratic Republic; and (ii) endorsed and acknowledged by the Lao Securities Commission Office that no Debenture will be transferred to any person other than the Qualified Investors.

## 3. Subscription and Allocation

### 3.1 Offering Method

The offering of the Debentures is made through the Joint Lead Arrangers in accordance with the Notification of the Capital Market Supervisory Board No. TorChor. 58/2559 Re: *Rules on approval for foreign businesses to offer for sale of newly-issued, Baht-denominated debt instruments* dated 22 December 2016, as may from time to time be amended, modified, supplemented or replaced.

The Debentures will only be offered and allocated in Thailand to "**Institutional Investors**" and "**High Net Worth Investors**," as respectively defined in the Notification No. KorChor. 5/2552.

(a) The types of the Institutional Investors referred to above are as follows:

- (1) Bank of Thailand;
- (2) commercial banks;
- (3) banks established under specific law;
- (4) finance companies;
- (5) credit foncier companies;
- (6) securities companies;

- (7) non-life insurance companies;
  - (8) life insurance companies;
  - (9) mutual funds;
  - (10) private funds managed by securities companies for investment of investors under (1) to (9) or (11) to (25), Ultra High Net Worth Investors (as defined under the Notification of the Securities and Exchange Commission No. KorChor. 4/2560 Re: *Determination of Definitions "Institutional Investors", "High Net Worth Investors" and "Ultra High Net Worth Investors"*, dated 8 February 2017, as may from time to time be amended, modified, supplemented or replaced) or High Net Worth Investors;
  - (11) provident funds;
  - (12) Government Pension Fund;
  - (13) Social Security Fund;
  - (14) National Savings Fund;
  - (15) Financial Institutions Development Fund;
  - (16) derivatives business operators under the law on derivatives;
  - (17) future business operators under the law on agricultural futures trading;
  - (18) international financial institutions;
  - (19) Deposit Protection Agency;
  - (20) Stock Exchange of Thailand;
  - (21) juristic persons in the category of statutory corporation;
  - (22) juristic persons whose shares are held by persons under (1) to (21) in an aggregate amount exceeding seventy five per cent of the total number of shares with voting rights;
  - (23) foreign investors having similar characteristics to investors under (1) to (22);
  - (24) fund managers whose names are registered as qualified fund manager under the Notification of the Office of the SEC concerning rules, conditions and procedures for appointing and performing of duties of fund manager; and
  - (25) derivatives fund managers whose names are registered as qualified derivatives fund manager under the Notification of the Office of the SEC concerning rules, conditions and procedures for appointing and performing of duties of derivatives fund manager.
- (b) The types of the High Net Worth Investors referred to above are as follows:
- (1) a juristic person having any of the following characteristics:
    - (A) having shareholder equity as appeared in its latest audited financial statements of Baht 100 million or more; or
    - (B) having direct investment in securities or derivatives of Baht 20 million or more, or if including its cash deposit, having aggregate of such amount of Baht 40 million or more as appeared in its latest audited financial statements;

- (2) an individual when combining with spouse having any of the following characteristics:
- (A) having net asset value of Baht 50 million or more, excluding value of property which is a permanent residence of such individual;
  - (B) having annual income of Baht 4 million or more; or
  - (C) having direct investment in securities or derivatives of Baht 10 million or more, or if including his or her cash deposit, having aggregate of such amount of Baht 20 million or more.

### 3.2 Joint Lead Arrangers

#### **BANGKOK BANK PUBLIC COMPANY LIMITED**

333 Silom Road

Bangrak

Bangkok 10500

Telephone: +66 2230 2295, +66 2626 3646

Fax: +66 2236 0501

#### **KRUNGTHAI BANK PUBLIC COMPANY LIMITED**

35 Sukhumvit Road

Klongtoey Nua

Wattana, Bangkok 10110

Telephone: +66 2208 4631-39

Fax: +66 2208 8619

#### **THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED**

9 Rutchadapisek Road

Jatujak, Jatujak

Bangkok 10900

Telephone: +66 2544 5740

### 3.3 Conditions with respect to the Arrangement of the Debentures Offering

The Issuer has appointed the Joint Lead Arrangers whose names and addresses are as specified in Clause 3.2 above as joint lead arrangers to the Debenture transaction. In respect of the arrangement for the offering and sale of the Debentures, each of the Joint Lead Arrangers agrees to manage, arrange and procure subscriptions by Institutional Investors and High Net Worth Investors in accordance with and subject to the terms and conditions specified in a placement agreement entered into between the Issuer and the Joint Lead Arrangers.

### 3.4 Estimate Amount of Debenture Proceeds to be Received by the Issuer and Expenses Incurred in connection with the Debenture Offering

#### (a) Estimate amount of the Debenture proceeds to be received by the Issuer

- The estimate amount of net proceeds to be received by the Issuer from the sale of the Debentures will be THB 5,982,050,000.

#### (b) Estimate amounts of fees and expenses incurred in connection with the Debenture offering:

- Registration statement filing fee THB 150,000

- Other expenses\* THB 17,800,000

\* Other expenses include the approximate fees payable to the relevant third parties, e.g. the Debentureholders' Representative, the Registrar, legal advisors and credit rating agencies, costs of printing the prospectuses, subscription forms and other documents and publication costs, roadshow expenses and application fee for registering of the Debentures with the ThaiBMA.

### 3.5 Obtaining of the Prospectuses, Subscription Forms and Subscription Period

- (a) Any prospective subscriber may obtain the prospectuses and subscription forms at the office of a Joint Lead Arranger (as specified in Clause 3.2) during business hours and days of the Joint Lead Arranger from 3 – 4 October 2017.
- (b) The subscription period of the Debentures is 3 – 4 October 2017 (the "**Subscription Period**"), during business hours/days of the office of a Joint Lead Arranger as specified in Clause 3.2 above. During the Subscription Period, subscribers may subscribe for the Debentures in accordance with procedures, details and conditions specified in Clause 3.6.

### 3.6 Date and Method for Subscription and Settlement

- (a) Each subscriber shall duly, completely and clearly fill in and sign the subscription form and affix the company seal (if any) thereto.
- (b) Each subscriber may submit the completed subscription form to a Joint Lead Arranger at its office specified in Clause 3.2 during the business hours/days of the Joint Lead Arranger during the Subscription Period.
- (c) In subscribing for the Debentures, (i) a subscriber who is qualified as an Institutional Investor is required to subscribe for a minimum of 100 units of Debentures or THB 100,000 in value and, if more, in a multiple of 10 units of Debentures or THB 10,000 in value; and (ii) a subscriber who is qualified as a High Net Worth Investor is required to subscribe for a minimum of 100 units of Debentures or THB 100,000 in value and, if more, in a multiple of 100 units of Debentures or THB 100,000 in value.
- (d) Subscription payments for the Debentures shall be made by subscribers on the date of subscription in full in a single payment in the form of:
  - (1) cheque, cashier's cheque or bank draft which can be settled at any clearing house in Bangkok Metropolis, and payment shall be made simultaneously with the submission of the subscription form. Such cheque, cashier's cheque or bank draft must be dated no later than: (i) in the case of payment by an Institutional Investor, the Issue Date of the Debentures; and (ii) in the case of payment by a High Net Worth Investor, 3 October 2017 (before the end of the cheque clearing period of each place of subscription), crossed "A/C Payee Only" and made payable to the following accounts namely:

In case subscription application is made through the Joint Lead Arrangers other than The Siam Commercial Bank Public Company Limited

- (i) with respect to Tranche 1 Debentures, "Subscription Account for Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 1"
- (ii) with respect to Tranche 2 Debentures, "Subscription Account for Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 2"

- (iii) with respect to Tranche 3 Debentures, "Subscription Account for Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 3"

In case subscription application is made through The Siam Commercial Bank Public Company Limited

"Subscription Account for Debentures of Nam Ngum 2 Power Company Limited No. 1/2017"

- (2) cash payment or wire transfer or payment through BAHTNET SYSTEM, (aa) in the case of payment by an Institutional Investor, by no later than 10.00 a.m. on the Issue Date of the Debentures; and (bb) in the case of payment by a High Net Worth Investor, by no later than 3 October 2017, provided that only the Institutional Investors (and not the High Net Worth Investors) can make the payment via BAHTNET SYSTEM; and the payment by way of wire transfer must be made from and to accounts opened with the same bank. The payment by wire transfer or via BAHTNET SYSTEM must be transferred to the following accounts namely:

In case subscription application is made through the Joint Lead Arrangers other than The Siam Commercial Bank Public Company Limited

- (i) with respect to Tranche 1 Debentures, "Subscription Account for Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 1"
- (ii) with respect to Tranche 2 Debentures, "Subscription Account for Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 2"
- (iii) with respect to Tranche 3 Debentures, "Subscription Account for Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 3"

In case subscription application is made through The Siam Commercial Bank Public Company Limited

"Subscription Account for Debentures of Nam Ngum 2 Power Company Limited No. 1/2017"

- (e) Subscribers for the Debentures are required to submit the following documents together with their subscription forms and payments:

- (1) For subscribers who are entities incorporated in Thailand:
  - (i) a copy of the most recent affidavit issued by the Ministry of Commerce which is not more than 6 (six) month old, certified as a true and correct copy by authorized signatories of such entity, with its common seal (if any) affixed thereto; and
  - (ii) a certified copy of the citizenship identity card, alien certificate or passport, as the case may be, of the authorized signatory of such entity.
- (2) For subscribers who are entities incorporated in foreign countries:
  - (i) copies of the certificate of incorporation, Memorandum of Association, Articles of Association, and the most recent affidavit which are not more than 1 year old, certified as true and correct by the authorized signatory of such entity, with its common seal (if any) affixed thereto; and
  - (ii) a certified copy of the passport of authorized signatory of such juristic person.
- (3) For subscribers who are individuals residing in Thailand, a certified copy of the citizenship identity card or (if the subscriber does not have an identification card)



certified copies of the card issued by the governmental entity and house registration document containing the identification card number of the subscriber).

- (4) For subscribers who are individuals residing outside of Thailand, a certified copy of the foreign certificate or passport.
- (f) Subscriptions for the Debentures shall be made at the office of a Joint Lead Arranger (as specified in Clause 3.2 above) in accordance with the procedures, rules and conditions (other than those specified above) as prescribed by a Joint Lead Arranger at its place of subscription.
- (g) Subscribers who have submitted their subscription forms and made payments for their subscriptions may not cancel their subscriptions or request a refund of their subscription payments, except as specified in Clause 3.7(c)(2).
- (h) Subscribers will not be entitled to receive any interest or compensation during the period from (and including) the subscription date to the Issue Date of the Debentures.
- (i) Prior to the subscription of the Debentures, a Joint Lead Arranger shall arrange for each High Net Worth Investor to complete the investors' risk-taking capability assessment test or the "**Suitability Test**" in order to assess the suitable risk level for the investor. If any High Net Worth Investor refuses to complete such Suitability Test, the Joint Lead Arranger may refuse the Debentures subscription by the High Net Worth Investor.
- (j) If a High Net Worth Investor has completed the Suitability Test and the result shows that the Debentures are assigned a higher risk level than the investor's risk level obtained through the Suitability Test and if the High Net Worth Investor decides to pursue with the investment in the Debentures, the High Net Worth Investor must sign the subscription form binding itself as a subscriber agreeing to bear the risks arising from the Debentures subscribed, which is assigned a higher risk level than the investment risk level obtained through the Suitability Test. Each of the Joint Lead Arrangers reserves the right to refuse any subscription of the Debentures by any High Net Worth Investor who refuses to sign the subscription form with such risk acceptance clause.

### **3.7 Allocation of Debentures**

#### **(a) Restrictions on Allocation**

The offering of the Debentures is an offering of which the full amount of the Debentures is offered only to the Institutional Investors and the High Net Worth Investors. The allotment of the Debentures will be performed by the Joint Lead Arrangers in compliance with the notification of the Capital Markets Supervisory Board governing standard conduct of business, management arrangement, operating systems, and providing services to clients of securities companies and derivatives intermediaries and the notification of the Capital Markets Supervisory Board governing rules, conditions and procedures for securities underwriting as well as guidelines on conduct of business issued by virtue of the notifications as prescribed by the Office of the SEC.

#### **(b) Allocation of the Debentures**

The allocation of the Debentures to subscribers shall be at the absolute discretion of the Joint Lead Arrangers. Each of the Joint Lead Arrangers may allocate any amount of the Debentures to any Qualified Investors or may refuse to allocate the Debentures subscribed by any subscribers as they deem appropriate.



(c) **Cancellation of Subscription**

- (1) Each Joint Lead Arranger is entitled to revoke or cancel any subscription for the Debentures by any subscriber who fails to comply with the procedures indicated in Clause 3.6 above or whose payment of subscription price by a crossed cheque or cashier cheque is not honored upon presentation thereof.
- (2) A subscriber is entitled to revoke the subscription for the Debentures in the event that the Issuer suspends or ceases the offering of the Debentures or is unable to deliver the offered Debentures, from the announcement date of the suspension or cessation of the offering or the Issuer's inability to deliver the Debentures to (and including) the last day of Subscription Period.

**3.8 Procedure for Refunding Subscription Payments in the Case of Excess Subscriptions**

In the event that the subscriptions exceed the total amount of the Debentures offered and the Debentures could not be allotted or allotted in an amount less than that subscribed by subscribers by the Issue Date, the relevant Joint Lead Arranger shall refund such amounts without any interest thereon and/or compensation to the relevant subscribers by issuing crossed cheques payable and sent by registered mail to the relevant subscribers at the address specified in the subscribers' respective subscription forms, as soon as possible, but in any event no later than the period prescribed by the Association of Thai Securities Companies ("ASCO") with the approval of the Office of the SEC, which shall be no longer than 10 (ten) business days following the last day of the Subscription Period (the "**Refunding Period for Excess Subscription**"). However, if the relevant Joint Lead Arranger cannot return the payment to the subscriber within such time period, the subscriber shall be entitled to receive interest at a rate of 7.5 percent per annum on such unpaid amount calculated from (and including) the day following the last day of the Refunding Period for Excess Subscription to (but excluding) the actual payment date. Mailing of a cheque to the subscriber within the period of time specified above by registered mail at the address shown in the subscription form shall be deemed to constitute valid refund of such moneys and upon such mailing the subscriber shall have no right to claim for any interest or compensation.

**3.9 Reimbursement of Subscription Amount in case of repression or cessation**

If the failure to allot the Debentures occurs as a result of the Issuer being repressed or ceased to offer the Debentures or unable to deliver the Debentures to the subscribers, and the subscribers cancel the subscription of the Debentures within the next Business Day after the day the Issuer declares its repression or cessation of the offering of the Debentures or its inability to deliver the Debentures to the subscribers or, if such events occurred on the last day of the Subscription Period, within such date, the Issuer shall arrange with the Joint Lead Arrangers to return the subscription payments without interest thereon and/or compensation to the subscribers by issuing crossed cheques payable and sent by registered mail to the relevant subscribers at the address specified in the subscribers' respective subscription forms, as soon as possible, but in any event no later than the period prescribed by ASCO with the approval of the Office of the SEC, which shall be no longer than 10 (ten) Business Days following the date the offering ceases or the date of occurrence of an event that causes the offering to cease (as the case may be) (the "**Refunding Period for Cessation**"). However, if the relevant Joint Lead Arranger cannot return the payment to the subscriber within such time period, the subscriber shall be entitled to receive interest at a rate of 7.5 percent per annum on such unpaid amount calculated from (and including) the day following the last day of the Refunding Period for Cessation to (but excluding) the actual payment date. Mailing of a cheque to the subscriber within the period of time specified above by registered mail at the address shown in the subscription form shall be deemed to constitute valid refund of such moneys and upon such mailing the subscriber shall have no right to claim for any interest or compensation.

### 3.10 Delivery of Debentures

#### (a) Delivery of Debenture Certificates

If a subscriber has requested in its subscription form that a Debenture certificate in respect of the Debentures subscribed be issued under the name of such subscriber, the Issuer will cause the Registrar to issue such Debenture certificate in the name of the subscriber and deliver it to such subscriber within 15 (fifteen) business days from the closing of the Subscription Period by registered mail at the address of the subscriber specified in his subscription form.

#### (b) For Debentures in Scripless System

If a subscriber has requested in his subscription form that the Debentures be credited to the account maintained with the participants of Thailand Securities Depository Company Limited ("TSD") under the "Scripless System," the Issuer will procure that the Registrar credits the allocated Debentures to the account maintained with the participants of TSD as specified in the subscription form within 7 (seven) business days from the closing of the Subscription Period. In such case, the Registrar will not issue a Debenture certificate to the subscriber and will record in the register of the Debentures that TSD is holding the Debentures on behalf of the subscriber(s).

### 3.11 TAXATION

This section contains information on certain tax provisions in connection with the Debentures and is not an advice on taxation. Accordingly, prospective investors should consult their own tax advisors concerning the consequences of their investment in the Debentures. The summary provided below is based upon applicable law, practice and relevant double tax treaty in force on the date of this Prospectus and is therefore subject to any subsequent changes in law and the interpretation and application thereof, which changes could be made with retroactive effect.

The summary contained in this Section does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in or dispose of the Debentures, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

The tax liability of a holder of the Debentures (a "**Debentureholder**") and the applicable tax rates will depend on various factors such as whether or not the Debentureholder is an individual or juristic person, or whether it is a juristic person that is not subject to income tax, whether the holder is considered as a resident of Thailand or is considered carrying on business in Thailand, or whether the Debentureholder is a resident of a country that has a double taxation agreement with Thailand.

#### (a) Thai Taxation

##### (1) Income Tax

##### (i) Debentureholder who is a resident of Thailand

##### (A) Individual

In considering a residency of an individual, Thai tax law disregards the nationality of such individual. The individual Debentureholder is deemed to be a tax resident of Thailand if he/she has resided in Thailand for a period or periods aggregating 180 (one hundred and eighty) days or more in the same calendar year (the "**Resident Individual Debentureholder**").

(i) Interest

Interest received by the Resident Individual Debentureholder is subject to 15 percent withholding tax.

(ii) Capital Gains

A capital gain, which is the amount in excess of the cost of acquisition, derived from the transfer of the Debentures is subject to 15 percent withholding tax.

A Resident Individual Debentureholder, however, has the right to elect to pay tax at the withholding tax rate prescribed in (i) or (ii) above, without having to include such interest or capital gain with his other income for the purpose of calculating personal income tax. If the Resident Individual Debentureholder elects to include the interest or capital gain with his other income for the purpose of calculating personal income tax, he will be entitled to treat the tax so withheld as a credit.

(B) Company or Juristic Partnership

A Debentureholder, which is a company or a juristic partnership established pursuant to the laws of Thailand, or established pursuant to a foreign law but doing business in Thailand, a foundation or an association, excluding one which is specified by a ministerial notification to be a public charity organization or institution pursuant to section 47(7) (b) of the Revenue Code, (the "**Resident Corporate Debentureholder**") will have the following tax liabilities:

(i) Interest

Interest received by a Resident Corporate Debentureholder which is a company or a juristic partnership, which includes a commercial bank, a finance company, a securities company or a credit foncier company, is subject to 1 percent withholding tax. The Resident Corporate Debentureholder must include interest in their revenue for the purpose of calculating corporate income tax and will be entitled to treat the tax so withheld as a credit.

Interest received by the Resident Corporate Debentureholder which is a foundation or an association that is not a public charity organization or institution is subject to 10 percent withholding tax.

(ii) Capital Gains

Capital gains are not subject to withholding tax. The portion in excess of the original investment must be included in the revenue of the Resident Corporate Debentureholder for the purpose of calculating corporate income tax.

(ii) Debentureholder who is not a resident of Thailand

(A) Individual

(i) Interest

Except where the terms and conditions of a double taxation agreement entered into between Thailand and the resident country of the Debentureholder provide otherwise, interest received by the Debentureholder who is not the Resident Individual Debentureholder (the "**Non-Resident Individual Debentureholder**") from or within Thailand, is subject to 15 percent withholding tax.

(ii) Capital Gains

Except where the terms and conditions of a double taxation agreement entered into between Thailand and the resident country of the Non-Resident Individual Debentureholder provide otherwise, a capital gain, which is the amount in excess of the cost of acquisition of the Debentures, paid from or within Thailand, is subject to 15 percent withholding tax.

(B) Company or Juristic Partnership

A Debentureholder, which is a company or a juristic partnership established pursuant to a foreign law and not doing (or not being deemed to be doing) business in Thailand or not having a permanent establishment in Thailand (the "**Non-Resident Corporate Debentureholder**") will have the following tax liabilities:

(i) Interest

Unless the terms and conditions of double taxation agreement entered into between Thailand and the resident country of the Non-Resident Corporate Debentureholder provide otherwise, interest received by the Non-Resident Corporate Debentureholder which is paid from or within Thailand is subject to 15 percent withholding tax.

(ii) Capital Gains

Unless the terms and conditions of a double taxation agreement entered into between Thailand and the resident country of the Non-Resident Corporate Debentureholder provide otherwise, a capital gain received from the transfer of the Debentures, which is paid from or within Thailand, is subject to 15 percent withholding tax.

(2) Specific Business Tax

A Debentureholder who carries on business in Thailand may be subject to a 0.01 percent specific business tax (SBT) plus 10 percent municipal tax which is levied on such SBT for interest of the Debentures received by the Debentureholders or gains before deduction of any expenses from the sale or other transfer of the Debentures, if such interest or gains are considered to be income derived from a business of banking under the law governing commercial banking or any other specific law, an

undertaking of finance business, securities business and credit foncier business under the laws governing finance business, securities business and credit foncier business or a business similar to that of commercial banking.

(3) Stamp Duty

A sale or other transfer of the Debentures is exempt from stamp duty.

**(b) Lao Taxation**

(1) Income Tax

(i) Individual

Based on Lao tax law, all individuals earning income in Lao PDR, regardless of the nationality and time spent in Lao PDR, are subject to income tax except for certain specific activities stipulated in Lao tax law.

(A) Interest

Payment of interest from the Debentures by the Issuer is exempted from income tax based on the assumption and interpretation of the Concession Agreement which waived all forms of taxation. The Concession Agreement means the Hydroelectric Power Project Concession Agreement between the Government of the Lao PDR and SouthEast Asia Energy Limited, Vientiane Branch, Lao PDR dated 14 March 2006 as novated to the Issuer on 9 January 2008 (the "Concession Agreement").

(B) Capital Gains

Lao tax law is silent on whether a capital gain from the transfer of the Debentures is subject to tax. As such, there may be risk that the Government of Lao PDR may assess gain from transfer of the Debentures by any Debentureholder and impose tax on such gain.

(ii) Company or Juristic Partnership

Based on Lao tax law, all juristic persons earning income in the Lao PDR regardless of nationality and time spent in Lao PDR are subject to income tax except for certain specific activities stipulated in Lao tax law.

(A) Interest

Payment of interest from the Debentures by the Issuer is exempted from income tax based on the assumption and interpretation of the Concession Agreement which waived all forms of taxation.

(B) Capital Gains

Lao tax law is silent on whether a capital gain from the transfer of the Debentures is subject to tax. As such there may be risk that the Government of Lao PDR may assess gain from transfer of the Debentures by any Debentureholder and impose a tax on such gain.

(2) Stamp Duty

Any sale or transfer of the Debentures is subject to stamp duty or so called registration fee which is based on the type and value of the documents being registered.

(3) Notarization

Any sale or transfer of the Debentures is subject to notarization and notarization fee is based on the number of pages of the documents being registered.



**PART 5**  
**CERTIFICATION OF THE ACCURACY OF INFORMATION**

I, as an authorized signatory of the Issuer, have carefully examined the information contained in this Draft Prospectus and hereby certify that the information contained herein is correct and complete, and that such information is neither false nor misleading, in all material respects, nor are there any material factual omissions.

As evidence that all the documents I certified are included herein, I authorize Mr. Vorapote U.Choepaiboonvong, Mrs. Muntana Auekitkarjorn and Mr. Thitipat Nananukool to initial every page of each document. If any document does not contain the signature of Mr. Vorapote U.Choepaiboonvong, Mrs. Muntana Auekitkarjorn or Mr. Thitipat Nananukool, I will deem that such document not to be the document I certified.

<u>Name</u>	<u>Position</u>	<u>Signature</u>
Mr. Thanawat Trivisvavet	Director	_____
Mr. Vorapote U.Choepaiboonvong	Director	_____

Assignee:

<u>Name</u>	<u>Position</u>	<u>Signature</u>
Mr. Vorapote U.Choepaiboonvong	Director	_____
Mrs. Muntana Auekitkarjorn	Deputy Managing Director	_____
Mr. Thitipat Nananukool	Assistant Managing Director	_____

**(DRAFT) TERMS AND CONDITIONS**  
**OF**  
**"THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2017**  
**TRANCHE 1 DUE 2020"**  
**"THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2017**  
**TRANCHE 2 DUE 2024"**  
**AND**  
**"THE AMORTIZED DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED**  
**NO. 1/2017 TRANCHE 3 DUE 2027"**

The following is the text of the terms and conditions (these "**Conditions**") of (a) "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 1 Due 2020" ("**Tranche 1 Debentures**"), (b) "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 2 Due 2024" ("**Tranche 2 Debentures**"), (c) "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 3 Due 2027" ("**Tranche 3 Debentures**," and together with Tranche 1 Debentures and Tranche 2 Debentures, the "**Debentures**") setting out the rights and obligations of Nam Ngum 2 Power Company Limited (the "**Issuer**") and the Debentureholders (as defined below) with respect to the Debentures, as may be supplemented, amended or modified by any subsequent amendment thereto, with Bangkok Bank Public Company Limited acting as the Debentureholders' Representative. The Issuer has been granted approval by the Ministry of Finance of Thailand to offer for sale the Debentures in Thailand by virtue of the MOF Notification (as defined below). The offer for sale of the Debentures in Thailand has been: (i) acknowledged by the Bank of The Lao People's Democratic Republic (the "**BOL**") under the Letter No. [•] dated [•] issued by the BOL to the Issuer; and (ii) endorsed and acknowledged by the Lao Securities Commission Office (the "**LSCO**") under the Certificate No. [•] dated [•] issued by the LSCO, by virtue of and in compliance with the Decision No. 0022/LSC (as defined below).

The Debentureholders' rights in respect of the Debentures shall be as prescribed in these Conditions in relation to which the Debentureholders and the Issuer shall be bound in all respects. The Issuer has appointed the Debentureholders' Representative, the Registrar and the Paying Agent pursuant to the Debentureholders' Representative Appointment Agreement, the Registrar Appointment Agreement and the Paying Agent Appointment Agreement, respectively. The Debentureholders are deemed to accept the appointment of the Debentureholders' Representative and are entitled to the benefits of, are bound by, and are deemed to have notice of and understand, all provisions of these Conditions and the Debentureholders' Representative Appointment Agreement.

Execution copies of these Conditions, the Debentureholders' Representative Appointment Agreement, the Registrar Appointment Agreement and the Paying Agent Appointment Agreement are available for inspection during normal business hours at the principal office of the Debentureholders' Representative.

## **1. DEFINITIONS**

In these Conditions:

"**Baht**" means Thai Baht, the lawful currency of the Kingdom of Thailand.

"**BOL**" means the Bank of The Lao People's Democratic Republic.

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business in Bangkok, Thailand.

"**Closing Date**" has the meaning given to it in Condition 4.4.



**"Concession Agreement"** means the Hydroelectric Power Project Concession Agreement between the Government of the Lao PDR and SouthEast Asia Energy Limited, Vientiane Branch, Lao PDR dated 14 March 2006 as novated to the Issuer on 9 January 2008.

**"Conditions"** means these terms and conditions setting out the rights and obligations of the Issuer and the Debentureholders in respect of the Debentures.

**"Credit Rating Agency(ies)"** means a credit rating agency(ies) approved by the SEC.

**"Debenture Certificate(s)"** means the certificate(s) issued in accordance with Condition 3.1, representing such Debenture(s) in the respective form(s) specified in Annex A.

**"Debentureholder(s)"** means the person(s) who owns the Debenture(s) in accordance with Condition 3.3.

**"Debentureholders' Representative"** means Bangkok Bank Public Company Limited or any successor as the Debentureholders' Representative in respect of the Debentures.

**"Debentureholders' Representative Appointment Agreement"** means the Debentureholders' Representative appointment agreement entered into between the Debentureholders' Representative and the Issuer dated on or around 5 October 2017 or the agreement appointing a new Debentureholders' Representative to replace the existing Debentureholders' Representative (if any).

**"Debenture Rights"** means all rights relating to the Debentures including, without limitation, the right to receive principal and interest on the Debentures and the right to attend and vote at meetings of the Debentureholders.

**"Debentures"** means Tranche 1 Debentures, Tranche 2 Debentures and/or Tranche 3 Debentures, as the context may require.

**"Decision No. 0022/LSC"** means the Decision on Offering of Debenture for Sale in Foreign Country issued by the Lao Securities Commission, dated 26 October 2016, as may from time to time be amended, modified, supplemented or replaced.

**"Default Interest Rate"** means the default rate of interest for the Debentures, being the Interest Rate plus 2 (two) per cent per annum.

**"Event of Default"** means any of the events specified in Condition 13.1.

**"Interest Payment Date"** means every 5 April and 5 October of each year throughout the term of the Debentures, with the first Interest Payment Date being 5 April 2018 and the last Interest Payment Date being the Maturity Date.

**"Interest Period"** means:

- (a) with respect to the first Interest Period, the period commencing on, and including, the Issue Date and ending on, but excluding, the first Interest Payment Date; and
- (b) with respect to any subsequent Interest Period, the period commencing on, and including, the Interest Payment Date of the preceding Interest Period and ending on, but excluding, the next Interest Payment Date of such Interest Period or the Maturity Date, as the case may be.

**"Issue Date"** means the issue date of the Debentures which is 5 October 2017.

**"Issuer"** means Nam Ngum 2 Power Company Limited.

**"Issuer's Representative"** means The Legists Group or any successor as the Issuer's representative in Thailand for the purposes specified in Condition 20.

**"Lao PDR"** means The Lao People's Democratic Republic.

**"LSCO"** means the Lao Securities Commission Office.

**"Maturity Date"** means,

- (a) in relation to Tranche 1 Debentures, 5 October 2020;
- (b) in relation to Tranche 2 Debentures, 5 October 2024; and
- (c) in relation to Tranche 3 Debentures, 5 October 2027.

**"MOF Notification"** means the Ministry of Finance's Notification Re: Approval for Issue of Debentures or Debentures Denominated in Baht in Thailand, dated 11 April 2006, as may from time to time be amended, modified, supplemented or replaced.

**"Notification No. KorChor. 5/2552"** means the Notification of the Securities and Exchange Commission No. KorChor. 5/2552 Re: Determination of Definitions Used in the Notifications on the Issue and Sale of All Types of Debt Instruments, dated 15 March 2009, as may from time to time be amended, modified, supplemented or replaced.

**"Paying Agent"** means Bank of Ayudhya Public Company Limited acting in its capacity as paying agent or any successor as the paying agent in respect of the Debentures as permitted by relevant laws and regulations.

**"Paying Agent Appointment Agreement"** means the paying agent appointment agreement entered into between the Paying Agent and the Issuer dated on or around 5 October 2017 or the agreement appointing a new Paying Agent to replace the existing Paying Agent (if any).

**"Record Date"** has the meaning given to it in Condition 4.4.

**"Redemption Date"** means, in respect of Tranche 3 Debentures, each redemption date, as specified in Condition 10.1(b), on which a payment of principal is due.

**"Register Book"** means the register book of the Debentures recording particulars of the Debentureholders or other sources of registration information relating to the transfer, pledge, attachment, issue of new Debenture Certificates and other matters related to the Debentures according to the relevant rules and procedures prescribed pursuant to the laws governing securities and notifications of the SEC.

**"Registrar"** means TSD acting in its capacity as registrar or any successor as the registrar in respect of the Debentures as permitted by relevant laws and regulations.

**"Registrar Appointment Agreement"** means the registrar appointment agreement entered into between the Registrar and the Issuer dated on or around 5 October 2017 or the agreement appointing a new Registrar to replace the existing Registrar (if any).

**"SEC"** means the Office of the Securities and Exchange Commission of Thailand.

**"Subscription Closing Date"** means the day on which the subscription of the Debentures is completed, in this case, 5 October 2017.

**"Tranche 1 Debentures"** means "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 1 Due 2020".

**"Tranche 2 Debentures"** means "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 2 Due 2024".

**"Tranche 3 Debentures"** means "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 3 Due 2027".

**"ThaiBMA"** means the Thai Bond Market Association or such other securities business related associated or exchange as may be licensed by and registered with the SEC.

**"Thailand"** means the Kingdom of Thailand.

**"TSD"** means Thailand Securities Depository Company Limited, or any other successor organization legally entitled to operate a securities depository business in Thailand.

## **2. FORM, DENOMINATION, INTEREST AND TERM**

2.1 Form, type, interest rate and tenor of each tranche of Debentures are as follows;

- (a) Tranche 1 Debentures are issued in registered form, unsubordinated and unsecured, with a debentureholders' representative and carry interest at the rate of 2.59 (two point five nine) per cent per annum with a tenor of 3 (three) years from the Issue Date;
- (b) Tranche 2 Debentures are issued in registered form, unsubordinated and unsecured, with a debentureholders' representative and carry interest at the rate of 3.48 (three point four eight) per cent per annum with a tenor of 7 (seven) years from the Issue Date; and
- (c) Tranche 3 Debentures are issued in registered form, unsubordinated, unsecured and amortized, with a debentureholders' representative and carry interest at the rate of 3.69 (three point six nine) per cent per annum with a tenor of 10 (ten) years from the Issue Date.

2.2 On the Issue Date, there are in aggregate 6,000,000 (six million) units of Debentures, with a nominal amount of Baht 1,000 (one thousand baht) each, and an aggregate total principal amount of Baht 6,000,000,000 (six billion baht), comprising of;

- (a) 1,000,000 (one million) units of Tranche 1 Debentures, with a nominal amount of Baht 1,000 (one thousand baht) each, and total principal amount of Baht 1,000,000,000 (one billion baht);
- (b) 1,400,000 (one million four hundred thousand) units of Tranche 2 Debentures, with a nominal amount of Baht 1,000 (one thousand baht) each, and total principal amount of Baht 1,400,000,000 (one billion four hundred million baht); and
- (c) 3,600,000 (three million six hundred thousand) units of Tranche 3 Debentures, with a nominal amount of Baht 1,000 (one thousand baht) each, and total principal amount of Baht 3,600,000,000 (three billion six hundred million baht).

## **3. DEBENTURE CERTIFICATES, REGISTER BOOK AND OWNERSHIP OF THE DEBENTURES**

The Issuer has appointed TSD to act as a registrar in respect of the Debentures in accordance with the Registrar Appointment Agreement made between the Issuer and TSD.

- 3.1 The Issuer shall ensure that the Registrar, by the entering into the Registrar Appointment Agreement, issues and delivers Debenture Certificates, in the form attached as Annex A to these Conditions, to all Debentureholders whose Debentures are not deposited with TSD within 15 (fifteen) Business Days from the Subscription Closing Date via registered mail at the name and address appearing in the subscription form of such Debentures. The Issuer shall cause the Registrar, by the entering into the Registrar Appointment Agreement, to deposit with TSD the Debentures of a Debentureholder who has expressed its desire for such deposit in the subscription form of the Debentures within 7 (seven) Business Days from the Subscription Closing Date. For the Debentures deposited with TSD, the Registrar shall enter the name of TSD, as the holder of the Debentures on behalf of the Debentureholder, in the Register Book.
- 3.2 The Issuer shall cause the Registrar, by the entering into the Registrar Appointment Agreement, to prepare and keep the Register Book until the date that all Debentures are fully redeemed in accordance with these Conditions.
- 3.3 (a) Ownership of Debentures that are not deposited with TSD. Title to the Debentures is vested in persons whose names are registered in the Register Book from time to time. For the purpose of determining the Debenture Rights, the Debenture Rights are vested in the persons whose names are registered in the Register Book as the owners of such Debentures at the end of business hours of the Registrar on the Record Date, unless a transfer of the Debentures has occurred prior to the relevant Record Date and such transfer is effective against the Issuer in accordance with Conditions 4.1(a). In case of such transfer, the Debenture Rights will be vested in the transferee of the Debentures.
- (b) Ownership of Debentures that are deposited with TSD. Title to the Debentures is vested in persons whose names are listed with TSD as the owners of such Debentures from time to time. For the purpose of determining the Debenture Rights, the Debenture Rights are vested in persons whose names are listed with TSD as the owners of such Debentures at the end of business hours of the Registrar on the Record Date, as notified in writing by TSD to the Registrar.
- 3.4 If a person holding Debentures through TSD (scripless system) wishes to obtain a Debenture Certificate with respect to those Debentures, that person must inform TSD. The Issuer shall cause the Registrar, by the entering into the Registrar Appointment Agreement, to issue a Debenture Certificate to that person within 45 (forty-five) days from the date it has been notified by TSD of the name of that person and the number of Debentures deposited with TSD in the name of that person. Following the issue of such Debenture Certificate, the number of Debentures registered in the name of TSD will then be reduced by the number of Debentures held by the person to whom the Debenture Certificate has been issued.

#### **4. TRANSFERS OF DEBENTURES**

##### **4.1 *Transfers of Debentures not deposited with TSD***

Unless otherwise determined in accordance with the law governing securities and exchange, transfers of Debentures not deposited with TSD shall be in accordance with the following terms:

- (a) Transfers between the transferor and the transferee. A transfer of Debentures is complete, as between the transferor and the transferee, when the transferor whose name is registered in the Register Book as the owner of such Debentures, or the last person to whom such Debentures have been previously transferred in accordance with these Conditions, delivers to the transferee a duly endorsed Debenture Certificate representing such Debentures.

Transfers between the transferee and the Issuer. A transfer of Debentures is only effective against the Issuer if the Registrar accepts the application to register the transfer together with the Debenture Certificate duly endorsed by the transferor and the transferee.

Transfers between the transferor and the third parties. A transfer of Debentures is only effective against third parties if the transfer is actually registered in the Register Book.

- (b) An application to register the transfer of Debentures must be made at the principal office of the Registrar during its normal business hours in accordance with the form and procedures prescribed by the Registrar. In connection with the application to register a transfer of Debentures, the applicant must deliver the following documents to the Registrar:
  - (i) an application for registration of the transfer, together with the Debenture Certificate duly endorsed pursuant to Condition 4.1(a); and
  - (ii) any other evidence confirming the correctness and completeness of the transfer as may be specified by the Registrar.
- (c) The Registrar will register the transfer of Debentures in the Register Book within 7 (seven) Business Days after it receives the documents specified in Condition 4.1(b).
- (d) The Registrar shall decline to register a transfer of Debentures in a case where such transfer is in breach of these Conditions, the provisions of applicable law, or a court order.

#### 4.2 *Transfers of Debentures deposited with TSD*

Debentures deposited with TSD must be transferred in accordance with the Debenture transfer restrictions, the applicable regulations of the Stock Exchange of Thailand, ThaiBMA, TSD and any other relevant regulatory authority and agency, including the relevant over-the-counter centers, that have issued regulations applicable to such transfer of the Debentures.

#### 4.3 *Debenture Transfer Restrictions*

- (a) Thai transfer restriction

The Issuer has registered a transfer restriction of the Debentures with the SEC that no Debenture will be transferred to any person other than those qualified as "Institutional Investors" and "High Net Worth Investors" in accordance with the Notification No. KorChor. 5/2552. As a result, the Issuer and/or the Registrar will not accept or register any transfer of Debentures to any person who is not qualified as such Institutional Investor or High Net Worth Investors referred to above (collectively, the "**Qualified Investors**"), unless by way of inheritance.

- (b) Lao transfer restriction

The transfer restriction of the Debentures has been: (i) acknowledged by the BOL; and (ii) endorsed and acknowledged by the LSCO, in accordance with the Decision No. 0022/LSC, that no Debenture will be transferred to any person other than the Qualified Investors.

- (c) Transfer of Debentures in violation of the Debenture transfer restrictions

If any transfer of the Debentures is made in violation of the transfer restrictions specified in Conditions 4.3(a) and 4.3(b) above, a transferee in respect of such transfer, (collectively the "**Non-Qualified Person**") shall not be recorded or registered in the Register Book as a Debentureholder and shall not be entitled to any Debenture Rights. In this regard, the Debenture Rights shall remain vested in a Debentureholder(s) who has transferred the Debentures to the Non-Qualified Person and who is qualified as a Qualified Investor (the "**Qualified Debentureholder**"). If such transferor Debentureholder(s) is not a Qualified Debentureholder, the Debenture Rights shall remain vested in the previous transferor Debentureholder(s) who is a Qualified Debentureholder.

Each Debentureholder hereby acknowledges and agrees that: (i) it shall not transfer any Debentures held by it to any Non-Qualified Person; and (ii) the Issuer and the Registrar shall not be obliged to indemnify or liable to any Debentureholder or Non-Qualified Person from and against any and all loss, liability, cost, claim, action, demand or expense (including, but not limited to, all costs, charges, legal fees and expenses paid or incurred in disputing or defending any of the foregoing and any value added tax thereon) which such Debentureholder and/or Non-Qualified Person may incur or which may be made against any of them arising out of or in relation to or in connection with any transfer of the Debentures in violation of the transfer restrictions specified in Conditions 4.3(a) and 4.3(b) above.

- 4.4 The Register Book will be closed on the 14th (fourteenth) day prior to any Interest Payment Date, the Maturity Date, any date fixed for any meeting of the Debentureholders or any other date for any other purpose as specified in these Conditions and as notified by the Issuer to the Registrar and the Debentureholders' Representative (the "**Closing Date**"). If the Closing Date falls on a day that is not a Business Day, the Register Book shall be closed on the next Business Day, and in such case, the period between the Closing Date to each relevant Interest Payment Date, the Maturity Date, any date fixed for any meeting of the Debentureholders or any other date for any other purpose as specified above shall be less than 14 (fourteen) days. The Registrar shall not register any transfer of the Debentures on the Closing Date. A Business Day immediately preceding the Closing Date is hereinafter referred to as a "**Record Date**".

The Issuer and the Registrar hereby reserve the right to change the date and time for the closure of the Register Book without the need to obtain consent from the Debentureholders, provided that such change: (i) must be in compliance with the rules and regulations of TSD or any other relevant authorities, and (ii) shall not adversely affect materially the rights and benefits of the Debentureholders. In such case, the Record Date shall be changed accordingly.

## **5. STATUS OF DEBENTURES**

The Debentures constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer which rank *pari passu* among themselves and will rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such as may be preferred by mandatory provisions of applicable law.

## **6. CREDIT RATING**

As of the Issue Date, the Issuer has arranged for the assignment of a credit rating to itself and/or the Debentures by the Credit Rating Agency and the Issuer will procure that a credit rating by the Credit Rating Agency is assigned to itself and/or the Debentures throughout the term of the Debentures. For the avoidance of doubt, the credit rating result for the Issuer and/or the Debentures is subject to revision during the term of the Debentures.

## 7. COVENANTS OF THE ISSUER

The Issuer undertakes to comply with all the covenants set out in this Condition 7 for so long as any debt under the Debentures remains outstanding.

- 7.1 The Issuer shall, at all times throughout the term of the Debentures or until all Debentures are redeemed, (i) use its best effort to carry on and conduct its business in an appropriate and efficient manner, (ii) comply with securities and exchange law and other related law, as well as regulations, rules and order issued under the law, and (iii) comply with all terms and conditions stated under these Conditions.
- 7.2 The Issuer shall ensure that the ratio of Debt to Equity (the "**Debt to Equity Ratio**"), in accordance with its Financial Statement, shall not exceed 3:1 (three to one) as at the last day of the fourth quarter of each year.

For the purpose of this Condition 7.2;

"**Debt**" means liabilities that bear interest or are subject to discount, including guarantee and aval liabilities that bear interest or are subject to discount, *less* cash and cash equivalents, short-term restricted bank deposits, current investments and long-term restricted bank deposits. However, "Debt" shall not include deposits received from customers as set out in the relevant Financial Statement and bank guarantees.

"**Equity**" means shareholders' equity as set out in the relevant Financial Statement.

"**Financial Statement**" means audited financial statements of the Issuer prepared in accordance with International Accounting Standard.

- 7.3 The Issuer shall arrange for a report setting out the Debt to Equity Ratio in accordance with Condition 7.2, reviewed by the auditor of the Issuer, to be delivered to the Debentureholders' Representative and the Registrar within 15 (fifteen) days from the date the relevant Financial Statement is sent to the Tax Department, Ministry of Finance of the Lao PDR, to be kept and made available for the Debentureholders' inspection by the Debentureholders' Representative and the Registrar.
- 7.4 In the event that a default is made on the payment of any amount of principal or any interest or any other sum in respect of any Debentures, the Issuer shall not make or pay any dividend so long as such default has not been remedied, unless approval is obtained from the Debentureholders' Meeting.
- 7.5 The Issuer shall not sell or dispose of any property or asset whether in whole or in part which is material to the business operation of the Issuer, except for such sales or disposals that do not have material adverse effect on the ability of the Issuer to repay its debt under the Debentures to the Debentureholders or are in the normal course of business of the Issuer.
- 7.6 The Issuer shall apply for the registration of the Debentures with ThaiBMA and shall maintain the Debentures as securities registered with ThaiBMA until all the Debentures are fully redeemed.
- 7.7 Upon the occurrence of any event of default (as provided in Condition 13.1) or any event which may constitute an event of default (i.e. an event which shall constitute an event of default if the Issuer cannot take a remedial action within the required period of time) or upon becoming aware of any litigation or arbitration proceedings against the Issuer which, if adversely determined, might have a material adverse effect on the ability of the Issuer to perform its payment obligations under these Conditions, the Issuer shall notify the

Debentureholders' Representative of such event without delay from the date on which the Issuer has knowledge of such event, including any actions taken by the Issuer or proposed to be taken by the Issuer to remedy such event.

- 7.8 At any time upon request of the Debentureholder's Representative, the Issuer shall promptly supply to the Debentureholders' Representative a certificate signed by the Issuer's authorized director(s) certifying that neither an Event of Default (or if an Event of Default is continuing, specifying the Event of Default and the steps, if any, being taken to remedy it) nor any litigation or arbitration proceedings against the Issuer is outstanding or pending (apart from any such events which the Issuer has previously informed the Debentureholders' Representative (if any)).
- 7.9 If it becomes necessary to replace the Debentureholders' Representative or the Registrar, the Issuer shall use its best endeavors to appoint a replacement Debentureholders' Representative or a replacement Registrar (as the case may be) as soon as practicable, but in any case no later than 30 (thirty) days from the date on which the Issuer is aware of the necessity for such replacement.
- 7.10 The Issuer shall, in accordance with applicable Thai laws and regulations, deliver to the SEC and the Debentureholders' Representative, and make available by way of posting on the website [www.ckpower.co.th](http://www.ckpower.co.th) (or a replacement website to be designated by the Issuer), copies of English translations of its audited annual consolidated financial statements within, if applicable, the same period as that required under applicable laws or regulations, but in any case, shall be no later than 180 (one hundred and eighty) days from the end of the financial year of the Issuer. If, after the Issue Date, such submission period to the SEC or method for the submission is changed under the applicable laws or regulations, the Issuer shall comply with the new submission period, method for the submission or requirements according to such amended applicable laws or regulations, as the case may be.

## **8. INTEREST**

### **8.1 *Interest Rate and Interest Payment***

Interest on the Debentures at the interest rate stated under Condition 2 shall be payable in arrears to each Debentureholder on the Interest Payment Date.

### **8.2 *Interest Calculation***

The amount of interest payable in respect of any Debenture for any Interest Period shall be calculated by multiplying (a) the product of the principal amount outstanding on each unit of the Debentures as at the first day of such Interest Period (after deducting any repayment of principal amount of that unit of Debenture made on that day, in the case of Tranche 3 Debentures) and the relevant Interest Rate applicable thereto by (b) the number of days in respect of that Interest Period and dividing by 365 (three hundred and sixty-five), and rounding the resulting figure to 6 (six) decimal places (in case the seventh decimal place is equivalent to or more than 5 (five), the 6th (sixth) decimal place shall be rounded up one decimal).

If respect of the final Interest Payment Date, the calculation of interest shall be subject to Condition 9.2.

### **8.3 *Default Interest***

- (a) Upon a default on any payment by the Issuer under these Conditions and, in respect of Tranche 3 Debentures, if any payment of any principal amount due is improperly withheld or refused on the relevant Redemption Date, the Default Interest Rate shall



be charged on any unpaid amount of principal from the due date until the date on which the Issuer makes a full payment, irrespective of whether or not the Debentureholders' Representative has notified the Issuer or declared default as specified in Condition 13.2.

- (b) In such event, Condition 8.2 shall apply *mutatis mutandis* and the Interest Rate used in Condition 8.2 shall be replaced by the Default Interest Rate.

## **9. PAYMENTS OF PRINCIPAL AND INTEREST**

### **9.1 *Payment Methods***

- (a) **Principal Payment:** Principal due on the Maturity Date will be payable by the Issuer through the Registrar to the Debentureholders whose names appear in the Register Book on the relevant Record Date or, with respect to persons whose Debentures are deposited with TSD, the persons whose names appear on the list of owners of the Debentures maintained by TSD. Payments of principal on each Debenture will be made to the Debentureholder by means of: (i) a Baht crossed cheque marked "A/C Payee Only" drawn on a bank in Thailand in the name of the Debentureholder mailed to the address of the relevant Debentureholder appearing on the Register Book; or (ii) transferring funds into the bank account of the relevant Debentureholder opened with a commercial bank in Thailand as informed in the subscription form or in writing by the Debentureholders to the Registrar at least 15 (fifteen) Business Days prior to the relevant payment date, or such other method as may be agreed from time to time by the Issuer, the Debentureholders' Representative and the Registrar; provided that such principal payment on the Maturity Date may only be made upon surrender of the Debenture Certificates (except for the Debentures deposited with TSD) at the principal office of the Registrar.

For the Principal payment, a Debentureholder whose Debentures are not deposited with TSD is not required to surrender its Debenture Certificate to the Registrar, except where there is any doubt or objection relating thereto, the Registrar or the Issuer may request the Debentureholder for his Debenture Certificate to be inspected and surrendered.

- (b) **Interest Payment:** Interest due on any Interest Payment Date will be payable by the Issuer through the Registrar to the Debentureholders whose names appear in the Register Book on the relevant Record Date or, with respect to persons whose Debentures are deposited with TSD, the persons whose names appear on the list of the owners of the Debentures maintained by TSD. Payments of interest on each Debenture will be made to the Debentureholder by means of: (i) a Baht crossed cheque marked "A/C Payee Only" drawn on a bank in Thailand in the name of the Debentureholder mailed to the address of the relevant Debentureholder appearing on the Register Book; or (ii) transferring funds into the bank account of the relevant Debentureholder opened with a commercial bank in Thailand as informed in the subscription form or in writing by the Debentureholders to the Registrar at least 15 (fifteen) Business Days prior to the relevant payment date, or such other method as may be agreed from time to time by the Issuer, the Debentureholders' Representative and the Registrar; provided that payment of interest with respect to the final Interest Payment Date may only be made upon the surrender of the Debenture Certificates (except for the Debentures deposited with TSD) at the principal office of the Registrar.

For the final interest payment, a Debentureholder whose Debentures are not deposited with TSD is not required to surrender its Debenture Certificate to the Registrar, except

where there is any doubt or objection relating thereto, the Registrar or the Issuer may request any Debentureholder for his Debenture Certificate to be inspected and surrendered.

## 9.2 ***Non-Business Days***

If any payment date under these Conditions (including, but not limited to the Maturity Date and the Interest Payment Date) falls on a day that is not a Business Day, the relevant amount due and payable shall be paid on the next Business Day (and no interest shall be calculated with respect to any such postponement except for the final Interest Payment Date), with the same force and effect as if made on the original payment date. In respect of the final Interest Payment Date, interest shall accrue in accordance with these Conditions until, but excluding, the actual date of payment.

# 10. **REDEMPTION AND REPURCHASE OF DEBENTURES**

## 10.1 ***Redemption***

- (a) In respect of Tranche 1 Debentures and Tranche 2 Debentures, unless previously redeemed, purchased or cancelled, the relevant Debentures will be redeemed at their outstanding principal amount on the Maturity Date, together with interest accrued thereon up to (but excluding) the Maturity Date.
- (b) In respect of Tranche 3 Debentures, unless previously redeemed, purchased or cancelled, each unit of Tranche 3 Debentures shall be partially redeemed on each Redemption Date by payment of the amount of principal specified against such Redemption Date as follows.

Installment	Redemption Date	Outstanding Principal Amount Per Unit (Baht)	Paid Principal Amount Per Unit (Baht)	Total Payment Per Unit (Baht)
1	5 October 2025	1,000.00	333.33	333.33
2	5 October 2026	667.67	333.33	666.66
3	5 October 2027	333.34	333.34	1,000.00

## 10.2 ***Purchase by the Issuer***

The Issuer may at any time purchase the Debentures in any open market or otherwise and at any price. If the Issuer makes a general tender offer to buy back the Debentures, the Issuer must buy back the Debentures from all the Debentureholders who have tendered their intention to sell the Debentures, on a pro rata basis.

## 10.3 ***Cancellation***

Debentures that are redeemed or purchased by the Issuer must be cancelled and may not be re-issued or resold. The Issuer must inform the Registrar of the Debentures purchased by it so that the Registrar shall cancel such Debentures. The Issuer will also file a report on the buy-back of the Debentures by it to ThaiBMA and the SEC as required by applicable laws and regulations.

## 10.4 ***Redemption for Taxation Reasons***

- (a) Subject to Condition 10.4(b) below, the Debentures may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 (thirty) nor

more than 60 (sixty) days' notice to the Debentureholders in accordance with Condition 19 (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Debentures, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11.2 as a result of any change in, or amendment to, the laws or regulations of the Lao PDR, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including the cessation of tax exemptions presently applicable), which change or amendment becomes effective on or after the Issue Date; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts where a payment in respect of the Debentures then due. Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Debentureholders' Representative a certificate signed by two duly authorized officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognized standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Debentures redeemed pursuant to this Condition 10.4(a) will be redeemed at their outstanding principal amount together with interest accrued to (but excluding) the date of redemption.

- (b) Prior to the lapse of 3 (three) years from the Issue Date, the Issuer will not be entitled to exercise the redemption option as specified in Condition 10.4(a) above in accordance with the MOF Notification unless the MOF Notification is amended to permit such early redemption or a specific waiver or approval to redeem the Debentures early is granted to the Issuer by the Ministry of Finance of Thailand.

## **11. TAXATION**

- 11.1 Notwithstanding Condition 11.2 below, payment under the Debentures will be subject to withholding tax in Thailand according to the Thai tax laws and the Issuer will not be required to gross-up such Thai withholding tax.
- 11.2 Payment by the Issuer under the Debentures issued hereunder shall be exempted from any and all taxes in the Lao PDR by virtue of the Concession Agreement.

## **12. PRESCRIPTION**

Claims in respect of the principal and interest of the Debentures shall become unenforceable unless the Debentures are presented for payment within a period of 10 (ten) years from the relevant payment date in the case of principal and 5 (five) years from the relevant payment date in the case of interest.

### 13. EVENTS OF DEFAULT

13.1 If any of the following events occurs and is continuing (each, an "**Event of Default**"), the Debentureholders' Representative shall deliver a default notice to the Issuer in compliance with, and subject to, Condition 13.2 below:

- (a) a default is made on the payment of any amount of principal or any interest due in respect of any of the Debentures when and as the same ought to be paid in accordance with these Conditions, however, such payment default shall not constitute an Event of Default if it arises from a delay and/or mistake in funds transfer system beyond the control of the Issuer and the Issuer has sufficient funds to make payment of such principal or interest as they fall due, and the Issuer has made payment of such principal or interest within 3 (three) days from the relevant due date;
- (b) a default is made on the performance or observance by the Issuer of any obligation, condition or provision under the Debentures (other than any obligation for the payment of any amount due in respect of any of the Debentures) and (but only in a case where the Debentureholders' Representative considers such default to be capable of being remedied) such default shall not be remedied to the Debentureholders' Representative's satisfaction within 30 (thirty) days (or such longer period as the Debentureholders' Representative may permit) of first written notification from the Debentureholders' Representative to the Issuer requiring the same to be remedied;
- (c) the Issuer shall cease to carry on the whole or substantially the whole of its business, which might have a material adverse effect on the ability of the Issuer to perform its payment obligations under these Conditions;
- (d) the shareholders meeting of the Issuer has resolved that the Issuer shall dispose of the whole or a substantial part of its business or that the Issuer shall merge or amalgamate with another entity (except in the ordinary course of business of the Issuer) which, in accordance with a resolution of the Debentureholders' meeting, might have a material adverse effect on the ability of the Issuer to perform its payment obligations under these Conditions;
- (e) the Issuer fails to pay any indebtedness, having an aggregate nominal amount of more than Baht 500,000,000 (five hundred million baht) (or the equivalent in any other currency or currencies) when it becomes due and payable (following the giving of such notice, if any, as is required under the document governing such indebtedness and as extended by any applicable grace period) or such indebtedness was declared to be prematurely due and payable due to a default by the Issuer, however, such failure to pay which the Issuer is disputing in good faith and is under consideration of a court of competent jurisdiction (for so long as there is no final judgement in relation to the dispute) shall not constitute an Event of Default;
- (f) the Issuer is subject to any final judgments of a court of law or arbitration awards ordering it, in an aggregate amount, to pay a sum of more than Baht 500,000,000 (five hundred million baht) (or the equivalent in any other currency or currencies), unless the Issuer is capable of paying such amount in accordance with such final judgments or arbitration awards and such payment does not have a material adverse effect on the ability of the Issuer to perform its payment obligations under these Conditions;
- (g) there is a change, restraint or cancellation of licence, certificate, letter of consent or any rights and benefits that the Issuer has received from the relevant governmental authorities, officials or persons which are necessary and required to be possessed or used by the Issuer for the operation of its main business and such change, restraint, or

cancellation might have a material adverse effect on the ability of the Issuer to perform its payment obligations under these Conditions;

- (h) the Issuer is subject to legal proceedings or order of a government authority that might have a material adverse effect on the ability of the Issuer to perform its payment obligations under these Conditions, or there is a change in or revocation of the Issuer's power to operate its business, or any revenue or asset of the Issuer, whether in whole or in part, has been seized, compulsorily acquired, expropriated or nationalized, and such event might have a material adverse effect on the ability of the Issuer to perform its payment obligations under these Conditions;
- (i) the Issuer is insolvent or there is any seizure or attachment of the assets of the Issuer issued under a bankruptcy proceeding or the Issuer has undertaken any action that may cause a bankruptcy proceeding to be initiated against it or institutes proceedings to be adjudicated a voluntary bankrupt, which might have a material adverse effect on the ability of the Issuer to perform its payment obligations under these Conditions, or there is an order or resolution, duly issued or passed in accordance with applicable law for the winding-up or dissolution of the Issuer; or
- (j) any reorganization proceeding is initiated against the Issuer under any applicable laws or there is any appointment of a receiver, planner, plan administrator, trustee, assignee or similar officers with respect to the Issuer or any revenue or asset of the Issuer (except where such proceeding is discharged within 30 (thirty) days from its commencement date).

13.2 If any Event of Default occurs and is continuing, and if

- (a) the Debentureholders' Representative deems appropriate; or
- (b) the Debentureholders' Representative has received a written demand from any one or more of the Debentureholders together holding at least 50 (fifty) per cent of the total outstanding principal amount of the Debentures; or
- (c) the Debentureholders' Representative has received a resolution of the Debentureholders' meeting; or
- (d) any of the Events of Default under Conditions 13.1(a), 13.1(i) or 13.1(j) has occurred,

the Debentureholders' Representative shall deliver a default notice to the Issuer informing the Issuer of the occurrence of such Event of Default, declaring the Debentures to be immediately due and payable and demanding payment of all outstanding principal amounts under the Debentures together with interest accrued thereon until (but excluding) the date of repayment. If the Issuer defaults in making a payment under any Debenture to any Debentureholder, if otherwise not apparent or clearly proven to the contrary, it shall be presumed that such defaults on payment have occurred to all the Debentures.

13.3 After the Debentureholders' Representative has delivered the default notice pursuant to Condition 13.2,

- (a) the Debentureholders' Representative shall take any actions to cause the Issuer to repay all the debts under the Debentures without further notice. Such actions include filing a lawsuit against the Issuer in so far as legally possible; and
- (b) no Debentureholder shall be entitled to take any legal action directly against the Issuer for enforcement of its rights unless the Debentureholders' Representative fails to

institute proceedings against the Issuer and such failure shall have continued for a period of 14 (fourteen) days and at the time the Debentureholder files a lawsuit against the Issuer, the Debentureholders' Representative has not yet filed a lawsuit against the Issuer to repay its debts.

#### **14. MEETINGS OF DEBENTUREHOLDERS**

- 14.1 The Issuer or the Debentureholders' Representative shall be entitled to call a Debentureholders' meeting at any time. The Debentureholders' Representative shall promptly convene a Debentureholders' meeting:
- (a) within 30 (thirty) days from its receipt of a written request from one or more Debentureholder(s) together holding not less than 25 (twenty-five) per cent of the total outstanding principal amount of the Debentures; or
  - (b) as soon as possible after the Debentureholders' Representative has become aware of an occurrence of any of the following events:
    - (i) an Event of Default has occurred and no default notice has been sent to the Issuer as specified in Condition 13.2;
    - (ii) a proposal to amend material terms of these Conditions has been made pursuant to Condition 17.1; or
    - (iii) an appointment of a new Debentureholders' Representative is required except in the case where the Issuer has sent a notice to the Debentureholders requesting their approval for the appointment of the new Debentureholders' Representative pursuant to Condition 16.3(b).
- 14.2 A resolution duly passed at a duly convened meeting of the Debentureholders shall be binding upon all Debentureholders, whether or not present at the meeting. The rules and procedures for convening and conducting a meeting of the Debentureholders are as set out in Annex B to these Conditions.
- 14.3 The Debentureholders' Representative may adopt a resolution without holding a Debentureholders' meeting if Debentureholders approve the action by placing their signatures on a copy of the text of the resolution. Any such resolution shall be effective and duly bind all the Debentureholders (regardless of whether or not a Debentureholder has executed or accepted such resolution) when it has been signed by the Debentureholders holding the aggregate number of votes required to pass such resolution in accordance with Clause 6 of Annex B to these Conditions, provided that the counting of the number of votes is based on the total outstanding amount of the Debentures. The duly signed copy or copies of the resolution shall be delivered to the Debentureholders' Representative within a reasonable period of time as determined by the Debentureholders' Representative and placed in the minutes of the Debentureholders' meeting with a copy to the Registrar and the Issuer.
- 14.4 If there is only one Debentureholder, a written resolution, duly signed by such Debentureholder, shall be treated as a resolution of a Debentureholders' meeting without having to hold a Debentureholders' meeting.
- 14.5 Any meeting of the Debentureholders under these Conditions shall be a joint meeting between the Debentureholders of Tranche 1 Debentures, the Debentureholders of Tranche 2 Debentures and the Debentureholders of Tranche 3 Debentures using a joint quorum and resolution, unless the subject matter for which the resolution is required affects the holders of

a particular tranche of Debentures, in which case a quorum and resolution of the relevant Debentureholders shall be required.

- 14.6 The Issuer shall be responsible for all reasonable costs and expenses incurred in connection with the convening and holding of any meeting of the Debentureholders.

**15. POWERS, DUTIES AND RESPONSIBILITIES OF THE DEBENTUREHOLDERS' REPRESENTATIVE**

- 15.1 The Debentureholders' Representative shall act in good faith and shall be bound to exercise the degree of care usually required from a person performing the business of the Debentureholders' Representative. The Debentureholders' Representative shall not be responsible to the Debentureholders for any damages arising from the performance or non-performance of its obligations, except those arising from willful misconduct, gross negligence and/or bad faith in the performance of its obligations as provided in these Conditions, in the Debentureholders' Representative Appointment Agreement or in any applicable law.

- 15.2 The Debentureholders' Representative shall duly perform and comply with its powers and duties which are prescribed by the relevant laws and the SEC regulations as powers and duties of a representative of Debentureholders appointed by virtue of the SEC's notification and as specified in the Debentureholders' Representative Appointment Agreement, including those powers and duties under these Conditions. The Debentureholders' Representative's powers, duties and responsibilities include (but are not limited to) the following:

- (a) to act in accordance with these Conditions and the Debentureholders' Representative Appointment Agreement and in the case where the Debentureholders' Representative has the right to exercise its discretion to act under these Conditions, the Debentureholders' Representative may at liberty use its discretion by upholding the interest of the Debentureholders as the main objective;
- (b) to enter into an agreement with the Issuer in respect of the following matters without having to first obtain consent from a meeting of the Debentureholders:
  - (i) amending or modifying these Conditions and/or any agreement relating to the Debentures in any respect that the Debentureholders' Representative deems to be beneficial to the Debentureholders or in a manner that would not prejudice the Debentureholder's rights;
  - (ii) amending or modifying these Conditions and/or any agreement relating to the Debentures in order to correct any manifest errors or to ensure they are in line with the relevant law and regulations; and
  - (iii) providing a waiver or exemption in respect of any event specified in Condition 13.1 at any time, the occurrence of which would otherwise require the Debentureholders' Representative to proceed in accordance with Condition 13.2, if the Debentureholders' Representative considers that such waiver or exemption is appropriate, taking into account the interest of the Debentureholders as its main concern;
- (c) to monitor the Issuer's and compliance with, and performance of, its obligations under these Conditions;
- (d) to receive and keep in custody the original documents and assets including security (if any) which the Debentureholders' Representative must receive or hold for the benefit

of all Debentureholders in connection with the performance of its duties under these Conditions and the Debentures;

- (e) to convene meetings of Debentureholders as required under these Conditions and to attend all meetings of the Debentureholders and to give its opinions to the meetings on suitable courses of action in cases where the Issuer fails to comply with these Conditions or in other cases which are or might be prejudicial to the interests of the Debentureholders;
- (f) to promptly make a report to the Debentureholders on important matters which have been carried out pursuant to the powers and duties of the Debentureholders' Representative;
- (g) to facilitate the inspection by the Debentureholders, at the principal office of the Debentureholders' Representative during its normal office hours, of copies of the financial statements, these Conditions, the Debentureholders' Representative Appointment Agreement, the Registrar Appointment Agreement and the Paying Agent Appointment Agreement and other reports provided by the Issuer to the Debentureholders' Representative; and
- (h) in the event that the Debentureholders' Representative is for any reason disqualified from acting in its capacity as Debentureholders' Representative, to immediately inform the Issuer in writing of such disqualification.

15.3 The Debentureholders' Representative shall perform its duties and obligations in good faith for the interest and benefit of the Debentureholders in accordance with these Conditions, the Debentureholders' Representative Appointment Agreement and all applicable laws. The Debentureholders' Representative shall not be liable to any person for damages arising from its acts in reliance upon affidavits issued by authorized directors of the Issuer, or opinions, recommendations or information supplied by experts given specifically to the Debentureholders' Representative, if the Debentureholders' Representative acts in good faith with such level of duty and care as can be expected from a professional entity acting as a debentureholders' representative.

15.4 Any material amendment or modification of the Debentureholders' Representative Appointment Agreement which may adversely affect any interest and benefit of the Debentureholders must be approved in advance by a meeting of the Debentureholders.

## **16. APPOINTMENT AND REMOVAL OF THE DEBENTUREHOLDERS' REPRESENTATIVE**

16.1 The Issuer has appointed the Debentureholders' Representative to act as a representative of the Debentureholders, in full compliance with all applicable laws as well as the Notification of the Capital Market Supervisory Board No. TorChor. 37/2552 Re: Qualifications Required for the Debentureholders' Representative and Performance of the Debentureholders' Representative according to its Powers and Duties dated 3 August 2009 (as amended) and any other relevant laws and regulations concerning qualifications of a debentureholders' representative. The Debentureholders' Representative has been approved by the SEC and other relevant authorities to perform its duties and functions as a representative of the Debentureholders, as required by applicable laws and regulations. The Debentureholders are deemed to have accepted and consented to the Issuer's appointment of the Debentureholders' Representative as the Debentureholders' Representative pursuant to the terms of the Debentureholders' Representative Appointment Agreement and to ratify any action the Debentureholders' Representative may have done for or on behalf of the Debentureholders prior to and after the subscription or accepting the transfer of the Debentures.



- 16.2 Removal of the Debentureholders' Representative is required under the following circumstances:
- (a) the Debentureholders' Representative becomes disqualified to act as a representative of Debentureholders and fails to rectify the event of such disqualification within 60 (sixty) days from the date of the disqualification;
  - (b) a Debentureholders' meeting passes a resolution to terminate the appointment of the Debentureholders' Representative due to its negligent performance or failure to perform its duties;
  - (c) the Debentureholders' Representative is in breach of any provision of the Debentureholders' Representative Appointment Agreement or these Conditions and such breach has not been remedied within 30 (thirty) days from the date the Issuer or any one or more of the Debentureholders holding together at least 25 (twenty-five) per cent of the total outstanding principal amount of the Debentures sends a written notice to the Debentureholders' Representative demanding such remedy; and
  - (d) the appointment of the Debentureholders' Representative is terminated in accordance with the Debentureholders' Representative Appointment Agreement.
- 16.3 In case of a removal of the Debentureholders' Representative, the Debentureholders' Representative or the Issuer shall proceed in accordance with either of the following:
- (a) call a meeting of the Debentureholders to approve the appointment of a new Debentureholders' Representative; or
  - (b) issue a notice to all Debentureholders requesting approval for the appointment of the new Debentureholders' Representative, and if such request is not rejected in writing by Debentureholders holding more than 10 (ten) per cent of the total outstanding principal amount of the Debentures within 30 (thirty) days from the date of such notice, it shall be deemed that all Debentureholders approve the appointment of the new Debentureholders' Representative.
- 16.4 The existing Debentureholders' Representative shall in any event continue to perform its duties and functions in order to protect the Debentureholders' interests under these Conditions until the new Debentureholders' Representative is legally appointed in accordance with these Conditions, applicable laws and regulations.
- 16.5 If the Debentureholders' Representative is replaced, the Issuer and/or the new Debentureholders' Representative, as the case may be, shall, if required by applicable laws and regulations, apply for approval from the SEC. After the Issuer has appointed the new Debentureholders' Representative, the Issuer shall notify each Debentureholder in writing of such appointment within 30 (thirty) days from the date thereof and the Debentureholders' Representative who has been terminated shall promptly hand over all assets, information and documents currently held by it to the new Debentureholders' Representative and shall fully co-operate with the new Debentureholders' Representative so as to ensure an orderly transition and the proper performance and assumption of duties by the new Debentureholders' Representative.

## **17. AMENDMENT TO THESE CONDITIONS**

- 17.1 Except as specified in Conditions 15.2(b)(i) and 15.2(b)(ii), any amendment to these Conditions requires the approval of the Issuer and the Debentureholders' meeting in accordance with Annex B to these Conditions.

- 17.2 The Debentureholders' Representative may amend any Conditions as specified in Conditions 15.2 (b)(i) and 15.2(b)(ii). The Debentureholders' Representative shall promptly inform the Issuer in writing of the amendment to these Conditions made by the Debentureholders' Representative pursuant to Condition 19.
- 17.3 The Issuer shall deliver the amended Conditions to the Registrar and the Debentureholders' Representative and shall cause the Registrar or the Debentureholders' Representative to deliver copies of such amended Conditions and other relating document(s) (if any) to the SEC and ThaiBMA within 15 (fifteen) days from the effective date of such amendment and to the Debentureholders upon written request.

## **18. REPLACEMENT OF DEBENTURE CERTIFICATES**

If a Debenture Certificate is lost, stolen, mutilated, defaced, destroyed or damaged in any manner, the relevant Debentureholder whose name appears in the Register Book shall be entitled to request that the Registrar issue a replacement certificate, subject to the payment of reasonable fees and expenses to the Registrar for the replacement certificate and the delivery of relevant documents reasonably required by the Registrar. Mutilated or defaced Debenture Certificates must be surrendered before replacements will be issued. The Registrar shall issue a replacement Debenture Certificate to the Debentureholder within 14 (fourteen) Business Days from the date of the Registrar's receipt of the request and other documents required by it and the Registrar shall record in the Register Book the cancelled Debenture Certificates.

## **19. NOTICES**

- 19.1 Notices to Debentureholders and the Debentureholders' Representative
- (a) Notices to Debentureholders will be deemed to be validly given if sent by registered mail (or the equivalent) or (if posted to an overseas address) by courier to the address of the Debentureholder specified in the Register Book or, with respect to persons whose Debentures are deposited with TSD, to the address specified by TSD for such Debentureholder; and
  - (b) Notices to the Debentureholders' Representative shall be validly given if sent to the address or fax number of the Debentureholders' Representative specified in the Debentureholders' Representative Appointment Agreement.
- 19.2 Neither the failure to give notice nor any defect in any notice given to any particular Debentureholder shall affect the sufficiency of any notice with respect to other Debentureholders.
- 19.3 Notices to the Issuer and the Registrar
- (a) Notices to the Registrar shall be validly given if sent to the address or fax number of the Registrar specified in the Registrar Appointment Agreement;
  - (b) Notices to the Issuer shall be validly given if sent to the address or fax number of the Issuer as specified below (or as otherwise notified from time to time to the Debentureholders' Representative and the Registrar):

### **THE ISSUER**

#### **Nam Ngum 2 Power Company Limited**

Address: 215 Lanexang Avenue  
Vientiane  
Lao PDR

Telephone: +856 21 251 718  
Fax: +856 21 252 060  
Attention: Managing Director

## **THE ISSUER'S REPRESENTATIVE IN THAILAND**

### **The Legists Group**

Address: Offices of N&K Ltd.  
990 Abdulrahim Place, 9th Floor, Room No. 901-1  
Rama IV Road, Silom, Bangrak, Bangkok 10500  
Thailand  
Telephone: +662 636 1111  
Fax: +662 636 0000  
Attention: Managing Director

- (c) Any communication made or delivered by one person to another under these Conditions will only be effective:
- (i) if sent by fax, when a transmission report showing the successful transmission of the facsimile is received by the sender;
  - (ii) if sent by registered mail, 7 (seven) days after the dispatch; or
  - (iii) if sent by courier, 48 (forty-eight) hours from the date of delivery to the courier service.

- 19.4 All notices and communications to be made to the Issuer in relation to the Debentures and these Conditions shall be made in the English language, unless as otherwise required under the applicable laws or any other agreement, in which case an English translation thereof shall be provided to the Issuer.

## **20. THE ISSUER'S REPRESENTATIVE IN THAILAND**

The Issuer has appointed The Legists Group, whose address is specified in Condition 19.3(b) as its representative in Thailand for the purposes of (i) receiving writs, summons, letters, orders or any other documents relating to the Debentures in Thailand on behalf of the Issuer; and (ii) contacting relevant government authorities relating the issue and offer of the Debentures in Thailand on behalf of the Issuer. If, for any reason, the existing Issuer's Representative ceases to act as the Issuer's representative in Thailand or ceases to be registered in Thailand, the Issuer must forthwith appoint a new Issuer's Representative and inform the Debentureholders' Representative and the Registrar of the appointment of such new Issuer's Representative together with its contact details as soon as practicable. In such case, the Issuer agrees to procure that the existing Issuer's Representative shall continue to perform its duties as specified above until a new Issuer's Representative is appointed. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## **21. CURRENCY INDEMNITY**

- 21.1 The Issuer shall make payment in respect of any sum payable under these Conditions in Baht. If any sum is due from the Issuer under these Conditions (a "**Sum**"), or any order, judgment or award given or made in any jurisdiction in relation to a Sum, has to be converted from Baht (the "**First Currency**") in which that Sum is payable into another currency for the purpose of:
- (a) making or filing a claim or proof against the Issuer, including the winding-up of the Issuer; or

- (b) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Issuer shall as an independent obligation, within 7 (seven) Business Days of demand, indemnify the Debentureholder(s) to whom that Sum is payable against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (i) the rate of exchange used to convert that Sum from the First Currency into such another currency and (ii) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

- 21.2 The indemnity specified under this Condition 21 shall constitute separate and independent obligations from the other obligations contained herein, shall give rise to a separate and independent cause of action, and shall apply irrespective of any indulgence granted by any Debentureholder from time to time, and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum or sums in respect of amounts due hereunder or under any such judgment or order, to the fullest extent permitted by applicable laws.

## **22. GOVERNING LAW AND JURISDICTION**

- 22.1 These Conditions and the Debentures shall be governed by and construed in accordance with the laws of Thailand. To the extent of discrepancy or inconsistency between any provision of these Conditions and any laws or notifications applicable to the Debentures, the provisions of such laws or notifications applicable to the Debentures shall supersede only the parts of these Conditions which give rise to such discrepancy or inconsistency.
- 22.2 The Issuer agrees that any legal action arising out of or relating to these Conditions may be brought in the courts of Thailand and submits to the non-exclusive jurisdiction of such courts.
- 22.3 Nothing in these Conditions shall limit the right of the Debentureholders' Representative and/or the Debentureholders to commence any legal action against the Issuer and/or its assets in any other jurisdiction or to serve process in any manner permitted by law, and the taking of proceedings in any jurisdiction shall, to the full extent permitted by applicable laws of the relevant jurisdictions, not preclude the Debentureholders' Representative and/or the Debentureholders from taking proceedings in any other jurisdiction whether concurrently or not.
- 22.4 In the case where the Issuer has acquired or will subsequently acquire immunity from the proceedings in respect of itself or its property, the Issuer shall have waived such immunity, except immunity in respect of its property used for diplomatic or consular missions, property of a military nature, and property located in its territory and dedicated to a public or governmental use as distinguished from the property dedicated to commercial use.

These Conditions are made on 5 October 2017, and shall be effective from the Issue Date.

**NAM NGUM 2 POWER COMPANY LIMITED**

**as Issuer**

By: \_\_\_\_\_

([•])

Authorized Signatory

**ANNEX A**  
**DEBENTURE CERTIFICATE**

*(Form of Debenture Certificate in respect of Tranche 1 Debentures and Tranche 2 Debentures)*

Certificate of name registered, unsecured, unsubordinated debentures  
with a Debentureholders' Representative

Registration No. [●]  
Registered on [●]

**NAM NGUM 2 POWER COMPANY LIMITED**

*(incorporated under the law of the Lao People's Democratic Republic)*

**THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2017 TRANCHE [●] DUE [●]**

Issue Date: 5 October 2017      Maturity Date: 5 October [●]      Term: [●] years      Nominal Amount: Baht 1,000 each      Total Offering Amount: [●] units      Total Issue Size: Baht [●]

Interest Rate: [●] per cent per annum      Payable: semi-annually      Paid by (i) account-payee-only cheque sent by mail to the Debentureholder; or (ii) transferring funds into the bank account of the relevant Debentureholder opened with a commercial bank in Thailand, or such other way as may be agreed from time to time by the Issuer, the Debentureholders' Representative and the Registrar, according to the procedures and conditions set forth in paragraph 2.3 on the reverse side of this Debenture Certificate.

Nam Ngum 2 Power Company Limited (the "**Issuer**") will redeem the Debentures on the Maturity Date which is 5 October [●] by: (i) issuing account-payee-only cheque in the name of the Debentureholder; or (ii) transferring funds into the bank account of the relevant Debentureholder opened with a commercial bank in Thailand, or such other way as may be agreed from time to time by the Issuer, the Debentureholders' Representative and the Registrar.

Name of Debentureholder [●]

Debentureholder Registration No. [●]

Issue Date of the Debenture Certificate [●]

No. of Debentures (Units) [●]

Total Principal Amount (Baht) [●]

Debenture Certificate No. [●]

This Debenture Certificate is subject to the Terms and Conditions of the Debentures in relation to The Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 1 Due 2020, The Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 2 Due 2024 and The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 3 Due 2027 dated 5 October 2017 (as amended) (the "**Conditions**") submitted to the Office of the Securities and Exchange Commission.

The Debentures constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer which rank *pari passu* among themselves and will rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such as may be preferred by mandatory provisions of applicable law.

The Issuer has registered a transfer restriction of the Debentures with the Office of the Securities and Exchange Commission and is bound by such transfer restriction to procure that no Debenture will be transferred to any person other than those qualified as "Institutional Investors" and "High Net Worth Investors" in accordance with the Notification of the Securities and Exchange Commission No. KorChor. 5/2552 Re: Determination of Definitions Used in the Notifications on the Issue and Sale of All Types of Debt Instruments dated 15 March 2009, as may from time to time be amended, modified, supplemented or replaced. As a result, the Issuer and/or the Registrar will not accept or register any transfer of Debentures to any person who is not qualified as such Institutional Investor or High Net Worth Investors referred to above (collectively, the "**Qualified Investors**"), unless by way of inheritance.

In addition, according to applicable Lao laws and regulations, the offer for sale and the terms and conditions of the Debentures in Thailand has been: (i) acknowledged by the Bank of The Lao People's Democratic Republic (the "BOL") under the Letter No. [●] dated [●] issued by the BOL to the Issuer; and (ii) endorsed and acknowledged by the Lao Securities Commission Office (the "LSCO") under the Certificate No. [●] dated [●] issued by the LSCO, by virtue of and in compliance with the Decision on Offering of Debenture for Sale in Foreign Country issued by the Lao Securities Commission, dated 26 October 2016, as may from time to time be amended, modified, supplemented or replaced (the "**Decision No.0022/LSC**").

\_\_\_\_\_  
Authorized signatory / Registrar

Unless otherwise specified in this Debenture Certificate, the defined terms used in this Debenture Certificate shall have the meaning given to them in the Conditions.

Summary of key terms relating to the payments and redemption of the Debentures:

1. The Debentures are unsecured and unsubordinated debentures with a Debentureholders' Representative in the name-registered Debenture Certificate.  
 Debentureholders' Representative: Bangkok Bank Public Company Limited  
 Registrar: Thailand Securities Depository Company Limited ("TSD")  
 Paying Agent: Bank of Ayudhya Public Company Limited
2. Interest calculation period and procedures for interest payment and redemption of the Debentures:
  - 2.1 Interest shall be payable semi-annually and shall be paid on 5 April and on 5 October of each year throughout the term of the Debentures and the first payment of interest shall be made on 5 April 2018 and the last interest payment on the Maturity Date. If the Interest Payment Date is not a Business Day, such payment shall be made on the following Business Day.
  - 2.2 The Issuer shall redeem the Debentures on the Maturity Date by making payments of all outstanding principal under the Debentures and the final interest. If the Maturity Date is not a Business Day, such payment shall be made on the following Business Day.
  - 2.3 The Issuer shall pay interest in each installment (as specified in paragraph 2.1 above) and principal (as specified in paragraph 2.2 above) to the Debentureholders by: (i) a Baht crossed check marked "A/C Payee Only" drawn on a bank in Thailand in the name of the Debentureholder mailed to the address of the relevant Debentureholder; or (ii) transferring funds into the bank account of the relevant Debentureholder opened with a commercial bank in Thailand as informed in the subscription form or in writing by the Debentureholders to the Registrar at least 15 (fifteen) Business Days prior to the relevant payment date, or such other way as may be agreed from time to time by the Issuer, the Debentureholders' Representative and the Registrar. In this regard, for the principal repayment and the final interest payment, the Issuer shall not be required to make such payments until the Debentureholders whose Debentures are not deposited with TSD have surrendered the Debenture Certificate at the principal office of the Registrar. Such Debentureholders may surrender the Debenture Certificate prior to the payment date and the Registrar shall issue a written acknowledgement of receipt thereof as evidence.
3. The closure of the Register Book  
 The Issuer shall cause the Registrar to close the Register Book on the 14th day prior to the Interest Payment Date, the Maturity Date or the meeting date of the Debentureholders or any other date for any other purpose as specified in the Conditions in order to suspend the transfer of the Debentures for the purpose of determining the rights of the Debentureholders.  
 If the closure date of the Register Book is not a Business Day, the Register Book shall be closed on the following Business Day.
4. Other details and conditions are as specified in the Conditions.

Please read	<p>(1) An applicant for the registration of a Debenture transfer must complete the Debenture transfer registration form for each transfer, and deliver such form to the Registrar.</p> <p>(2) For the first transferee of the Debentures from the Debentureholder whose name appears on the front of this Debenture Certificate, a certified copy of the affidavit issued by the Ministry of Commerce which is not more than 1 (one) year old and (a) certified copy(ies) of the I.D. card of the authorized person(s) must be submitted together with this Debenture Certificate.</p> <p>(3) When a transferee wishes to transfer the Debentures, such transferee must affix exactly the same signature as when he acquires the transfer of such Debentures. Any change of authorized signatory(ies) must be substantiated by the documents referred to in item (2) above.</p>
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Signature of Transferor	Signature of Transferee (who wishes to have his name entered in the Register Book)	Authorized Signature of the Registrar with the seal of the Registrar/Issuer (if any)
	Full Name of Transferee in Block Letters	
1 Signature of Transferor	(Signature of Transferee) (Block Letters)	
2 Signature of Transferor	(Signature of Transferee) (Block Letters)	
3 Signature of Transferor	(Signature of Transferee) (Block Letters)	

*(Form of Debenture Certificate in respect of Tranche 3 Debentures)*

Certificate of name registered, unsecured, unsubordinated and amortized debentures  
with a Debentureholders' Representative

Registration No. [•]  
Registered on [•]

**NAM NGUM 2 POWER COMPANY LIMITED**

*(incorporated under the law of the Lao People's Democratic Republic)*

**THE AMORTIZED DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2017 TRANCHE 3 DUE 2027**

Issue Date: 5 October 2017	Maturity Date: 5 October 2027	Term: 10 years	Nominal Amount: Baht 1,000 each	Total Offering Amount: 3,600,000 units	Total Issue Size: Baht 3,600,000,000
Interest Rate: 3.69 per cent per annum	Payable: semi-annually	Paid by (i) account-payee-only cheque sent by mail to the Debentureholder; or (ii) transferring funds into the bank account of the relevant Debentureholder opened with a commercial bank in Thailand, or such other way as may be agreed from time to time by the Issuer, the Debentureholders' Representative and the Registrar, according to the procedures and conditions set forth in paragraph 2.3 on the reverse side of this Debenture Certificate.			

Nam Ngum 2 Power Company Limited (the "**Issuer**") will redeem each unit of the Debentures in installments on the Redemption Dates as specified in the Schedule of Amortizing Repayment of Principal appearing on the back of this Certificate by: (i) issuing account-payee-only cheque in the name of the Debentureholder; or (ii) transferring funds into the bank account of the relevant Debentureholder opened with a commercial bank in Thailand, or such other way as may be agreed from time to time by the Issuer, the Debentureholders' Representative and the Registrar.

Name of Debentureholder [•]	No. of Debentures (Units) [•]	Debenture Certificate No. [•]
Debentureholder Registration No. [•]		
Issue Date of the Debenture Certificate [•]	Total Principal Amount (Baht) [•]	

This Debenture Certificate is subject to the Terms and Conditions of the Debentures in relation to The Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 1 Due 2020, The Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 2 Due 2024 and The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 3 Due 2027 dated 5 October 2017 (as amended) (the "**Conditions**") submitted to the Office of the Securities and Exchange Commission.

The Debentures constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer which rank *pari passu* among themselves and will rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such as may be preferred by mandatory provisions of applicable law.

The Issuer has registered a transfer restriction of the Debentures with the Office of the Securities and Exchange Commission and is bound by such transfer restriction to procure that no Debenture will be transferred to any person other than those qualified as "Institutional Investors" and "High Net Worth Investors" in accordance with the Notification of the Securities and Exchange Commission No. KorChor. 5/2552 Re: Determination of Definitions Used in the Notifications on the Issue and Sale of All Types of Debt Instruments dated 15 March 2009, as may from time to time be amended, modified, supplemented or replaced. As a result, the Issuer and/or the Registrar will not accept or register any transfer of Debentures to any person who is not qualified as such Institutional Investor or High Net Worth Investors referred to above (collectively, the "**Qualified Investors**"), unless by way of inheritance.

In addition, according to applicable Lao laws and regulations, the offer for sale and the terms and conditions of the Debentures in Thailand has been: (i) acknowledged by the Bank of The Lao People's Democratic Republic (the "BOL") under the Letter No. [•] dated [•] issued by the BOL to the Issuer; and (ii) endorsed and acknowledged by the Lao Securities Commission Office (the "LSCO") under the Certificate No. [•] dated [•] issued by the LSCO, by virtue of and in compliance with the Decision on Offering of Debenture for Sale in Foreign Country issued by the Lao Securities Commission, dated 26 October 2016, as may from time to time be amended, modified, supplemented or replaced (the "**Decision No.0022/LSC**").

\_\_\_\_\_  
Authorized signatory / Registrar



Unless otherwise specified in this Debenture Certificate, the defined terms used in this Debenture Certificate shall have the meaning given to them in the Conditions.

Summary of key terms relating to the payments and redemption of the Debentures:

1. The Debentures are unsecured, unsubordinated and amortized debentures with a Debentureholders' Representative in the name-registered Debenture Certificate.  
 Debentureholders' Representative: Bangkok Bank Public Company Limited  
 Registrar: Thailand Securities Depository Company Limited ("TSD")  
 Paying Agent: Bank of Ayudhya Public Company Limited
2. Interest calculation period and procedures for interest payment and redemption of the Debentures:
- 2.1 Interest shall be payable semi-annually and shall be paid on 5 April and on 5 October of each year throughout the term of the Debentures and the first payment of interest shall be made on 5 April 2018 and the last interest payment on the Maturity Date. If the Interest Payment Date is not a Business Day, such payment shall be made on the following Business Day.
- 2.2 The Issuer shall redeem each unit of the Debentures in installments on the Redemption Dates as specified in the following Schedule of Amortizing Repayment of Principal. If the Redemption Date is not a Business Day, such payment shall be made on the following Business Day.

Installment	Redemption Date	Outstanding Principal Amount Per Unit (Baht)	Paid Principal Amount Per Unit (Baht)	Total Payment Per Unit (Baht)
1	5 October 2025	1,000.00	333.33	333.33
2	5 October 2026	667.67	333.33	666.66
3	5 October 2027	333.34	333.34	1,000.00

- 2.3 The Issuer shall pay interest in each installment (as specified in paragraph 2.1 above) and principal (as specified in paragraph 2.2 above) to the Debentureholders by: (i) a Baht crossed check marked "A/C Payee Only" drawn on a bank in Thailand in the name of the Debentureholder mailed to the address of the relevant Debentureholder; or (ii) transferring funds into the bank account of the relevant Debentureholder opened with a commercial bank in Thailand as informed in the subscription form or in writing by the Debentureholders to the Registrar at least 15 (fifteen) Business Days prior to the relevant payment date, or such other way as may be agreed from time to time by the Issuer, the Debentureholders' Representative and the Registrar. In this regard, for the principal repayment and the final interest payment, the Issuer shall not be required to make such payments until the Debentureholders whose Debentures are not deposited with TSD have surrendered the Debenture Certificate at the principal office of the Registrar. Such Debentureholders may surrender the Debenture Certificate prior to the payment date and the Registrar shall issue a written acknowledgement of receipt thereof as evidence.
3. The closure of the Register Book  
 The Issuer shall cause the Registrar to close the Register Book on the 14th day prior to the Interest Payment Date, the Redemption Date, the Maturity Date or the meeting date of the Debentureholders or any other date for any other purpose as specified in the Conditions in order to suspend the transfer of the Debentures for the purpose of determining the rights of the Debentureholders.  
 If the closure date of the Register Book is not a Business Day, the Register Book shall be closed on the following Business Day.
4. Other details and conditions are as specified in the Conditions.

Please read	<p>(1) An applicant for the registration of a Debenture transfer must complete the Debenture transfer registration form for each transfer, and deliver such form to the Registrar.</p> <p>(2) For the first transferee of the Debentures from the Debentureholder whose name appears on the front of this Debenture Certificate, a certified copy of the affidavit issued by the Ministry of Commerce which is not more than 1 (one) year old and (a) certified copy(ies) of the I.D. card of the authorized person(s) must be submitted together with this Debenture Certificate.</p> <p>(3) When a transferee wishes to transfer the Debentures, such transferee must affix exactly the same signature as when he acquires the transfer of such Debentures. Any change of authorized signatory(ies) must be substantiated by the documents referred to in item (2) above.</p>
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Signature of Transferor	Signature of Transferee (who wishes to have his name entered in the Register Book)	Authorized Signature of the Registrar with the seal of the Registrar/Issuer (if any)
	Full Name of Transferee in Block Letters	
1 Signature of Transferor	(Signature of Transferee)	
	(Block Letters)	
2 Signature of Transferor	(Signature of Transferee)	
	(Block Letters)	
3 Signature of Transferor	(Signature of Transferee)	
	(Block Letters)	

**ANNEX B**  
**REQUIREMENTS FOR THE MEETING OF DEBENTUREHOLDERS**

**1. Calling Meetings**

The Issuer or the Debentureholders' Representative may call a meeting of the Debentureholders by requesting the Registrar to send notice of the meeting by registered mail to the Debentureholders and the Issuer or the Debentureholders' Representative (who is not the person calling for the meeting) at least 7 (seven) days (excluding the date of delivery of such notice of the meeting and the meeting date) prior to the proposed meeting date. Such notice shall be in the English and Thai languages and shall specify the date, time and place for the meeting, the agenda of the meeting and the identity of the party calling the meeting. The Registrar shall deliver notice of the meeting to all Debentureholders whose names and addresses appear in the Register Book or in the record of TSD on the Record Date.

**2. Eligibility to Attend Meetings**

The following persons are eligible to attend each meeting of the Debentureholders:

- (a) the Debentureholders, the Issuer and the Debentureholders' Representative;
- (b) the Debentureholders may appoint another Debentureholder(s) or any person ("**Proxy**") to attend the meeting and vote on their behalf, by executing a written proxy appointment in the form as set out by the Registrar, available at the principal office of the Registrar, provided that the original proxy form and supporting documents required by the Registrar must be submitted to the Registrar prior to the time scheduled for the meeting;
- (c) on the request of the Issuer and/or the Debentureholders' Representative, financial advisors, legal advisors or other persons involved with the matters to be discussed at the meeting; and
- (d) any person permitted by the chairman of the meeting to attend the meeting for observation.

**3. Quorum Requirements**

- 3.1 Except with respect to meetings of Debentureholders convened to approve the matters set out in Clause 6.3 and Clause 6.4, a quorum of a meeting of Debentureholders shall be constituted by the presence of at least two Debentureholders holding in aggregate not less than 25 (twenty-five) per cent of the outstanding Debentures.
- 3.2 If a meeting is adjourned due to the lack of a quorum as required by Clause 3.1, the quorum for a subsequent meeting shall be constituted by the presence of two or more Debentureholders, regardless of the aggregate number of Debentures held by them.
- 3.3 A quorum of a meeting of the Debentureholders convened to consider the matters set out in Clause 6.3 shall be constituted by the presence of at least two Debentureholders holding in aggregate not less than 50 (fifty) per cent of the outstanding Debentures. If a meeting is adjourned due to the lack of a quorum as required by this Clause 3.3, the quorum for a subsequent meeting shall be constituted by the presence of at least two Debentureholders holding in aggregate not less than 25 (twenty-five) per cent of the outstanding Debentures.
- 3.4 A quorum of a meeting of the Debentureholders convened to consider the matters set out in Clause 6.4 shall be constituted by the presence of at least two Debentureholders holding in aggregate not less than 66 (sixty-six) per cent of the outstanding Debentures. If a meeting is

adjourned due to the lack of a quorum as required by this Clause 3.4, the quorum for a subsequent meeting shall be constituted by the presence of at least two Debentureholders holding in aggregate not less than 33 (thirty-three) per cent of the outstanding Debentures.

#### **4. Chairman of the Meeting**

The Debentureholders' Representative or such person authorized by the Debentureholders' Representative shall preside as chairman of the meeting. Should the chairman of the meeting be absent upon a lapse of 45 (forty-five) minutes from the time scheduled for the meeting, the meeting shall elect any Debentureholder to preside over such meeting.

#### **5. Adjournment of the Meeting**

5.1 At any meeting of the Debentureholders, upon a lapse of 45 (forty-five) minutes from the time scheduled for the meeting, should the number of the Debentureholders attending the meeting remain insufficient to constitute a quorum, the chairman of the meeting shall adjourn the meeting as follows:

- (a) If the meeting was called by the Issuer or the Debentureholders' Representative, the chairman of the meeting shall adjourn the meeting to the date, time and place as specified by the chairman. The date for the adjourned meeting shall not be less than 7 (seven) days but not more than 14 (fourteen) days from the previous meeting date, unless the Issuer and the Debentureholders' Representative agree not to call another meeting. In addition, the matters to be considered and resolved at the adjourned meeting must be only those pending from the previous meeting;
- (b) If the meeting was called by the Debentureholders, no adjourned meeting shall be called as provided by paragraph (a) above; and
- (c) If the meeting was called due to the absence of a quorum at the previous meeting, no adjourned meeting shall be called as provided by paragraph (a) above.

5.2 The Registrar shall deliver the notice of any adjourned meeting to the Issuer, the Debentureholders' Representative and the Debentureholders who were sent notices of the previous meeting, not less than 3 (three) days prior to the adjourned meeting (excluding the date of the notice of the meeting and the meeting date). Such notice of the meeting shall specify the date, time and place for the meeting, the agenda of the meeting and quorum required for the adjourned meeting.

#### **6. Resolutions of the Meeting**

6.1 Resolutions on any matters by the meeting of the Debentureholders shall be decided by a show of hands or casting of votes as selected by the chairman of the meeting. The votes held by each of the Debentureholders will be equal to the number of Debentures held by them and one unit of Debentures shall be entitled to one vote. In the case of an equal vote, the chairman of the meeting shall have a decisive (casting) vote (for both a show of hands and secret ballot) in addition to the votes that the chairman of the meeting may be entitled to cast in his or her capacity as a Debentureholder or a Proxy.

6.2 Resolutions of the meeting of the Debentureholders on any matters other than those specified in Clauses 6.3 and 6.4 shall be decided by a majority of votes of the Debentureholders attending the meeting and casting their votes.

- 6.3 Resolutions of the meeting of the Debentureholders on any of the following matters shall be decided by a majority of votes representing not less than 66 (sixty-six) per cent of all votes of the Debentureholders attending the meeting and casting their votes.
- (a) any amendment or waiver to the Conditions other than those matters specified in Clause 6.4;
  - (b) any matters in relation to Condition 7.4 or Condition 13.1(d) of the Conditions; and
  - (c) any replacement of the Debentureholders' Representative and the appointment of new Debentureholders' Representative.
- 6.4 Resolutions of the meeting of the Debentureholders on any of the following matters shall be decided by a majority of votes representing not less than 75 (seventy-five) per cent of all votes of the Debentureholders attending the meeting and casting their votes.
- (a) the repayment of Debentures by way of conversion of the Debentures into shares, other Debentures or other property of the Issuer or any person;
  - (b) any amendment to the Maturity Date or the due date for any payment in respect of the Debentures;
  - (c) any amendment to, reduction, cancellation, or change of the security, the amount of principal, interest and/or any other sum due or payable in respect of the Debentures;
  - (d) a change of the currency of any payment to be made in respect of the Debentures;
  - (e) any amendment to the requirements for the meeting of the Debentureholders in relation to quorum (Clause 3) and resolutions of the meeting (Clause 6); and
  - (f) any amendment to the Conditions to enable any actions relating to (a) to (e) above.
- 6.5 Any Debentureholder that has any conflict of interest with respect to any matter to be decided at a meeting of Debentureholders shall not be entitled to vote on such matter.

## **7. Minutes of the Meeting**

Within 14 (fourteen) days after the date of the meeting of the Debentureholders, the Debentureholders' Representative shall prepare the minutes of the meeting. The chairman of the meeting shall certify such minutes as accurate and the Debentureholders' Representative shall keep the original minutes and make copies available for inspection by the Debentureholders at its principal office during normal business hours.

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**DEBENTUREHOLDERS' REPRESENTATIVE APPOINTMENT  
AGREEMENT**

---

dated

**[DATE]**

by

**NAM NGUM 2 POWER COMPANY LIMITED**  
as Issuer

and

**BANGKOK BANK PUBLIC COMPANY LIMITED**  
as Debentureholders' Representative

**Baker  
McKenzie.**

Baker & McKenzie Ltd.  
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Bangkok 10500  
Thailand  
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## **ANNEX        TERMS AND CONDITIONS OF THE DEBENTURES**

**THIS AGREEMENT** is made on [Date]

**BETWEEN**

**NAM NGUM 2 POWER COMPANY LIMITED**, whose registered office is located at [Issuer information] (the "**Issuer**"); and

**BANGKOK BANK PUBLIC COMPANY LIMITED**, whose registered office is located at [DHR information] (the "**Debentureholders' Representative**").

**WHEREAS:**

- (A) The Issuer is approved by the Ministry of Finance to issue and sell the Debentures (as defined below) pursuant to the Ministry of Finance's Notification Re: *Permission to Issue Thai Baht Debentures or Debentures in Thailand* dated 11 April 2006 ("**MOF Notification**") and the Notification of the Capital Market Supervisory Board ("**CMSB**") No. TorChor. 58/2559 Re: *Rules on approval for foreign businesses to offer for sale of newly-issued, Baht-denominated debt instruments* dated 22 December 2016 (as may be amended and supplemented from time to time) ("**Notification No. TorChor. 58/2559**"), as detailed and specified in the Conditions (as defined below), to institutional investors and high-net worth investors, as respectively defined in the Notification of the Securities and Exchange Commission No. KorChor. 5/2552 Re: *Determination of Definitions Used in the Notifications on the Issue and Sale of All Types of Debt Instruments* dated 15 March 2009 (as may be amended and supplemented from time to time).
- (B) The Debentureholders' Representative has all the qualifications required by law to act as Debentureholders' Representative in relation to the Debentures and shall seek to obtain an approval from the SEC (as defined below) in respect thereof.
- (C) The Debentureholders' Representative wishes to set forth its agreement to perform its duties as Debentureholders' Representative for the Debentures in order to protect the interests of all Debentureholders (as defined below) as provided in the Securities and Exchange Act B.E. 2535 (as amended), the Conditions and this Agreement.
- (D) The Issuer wishes to appoint Bangkok Bank Public Company Limited to act as the Debentureholders' Representative in relation to the Debentures and Bangkok Bank Public Company Limited wishes to accept the appointment of Debentureholders' Representative in accordance with the Conditions and the terms of this Agreement.

**IT IS AGREED** as follows:

**1. DEFINITIONS**

Unless otherwise defined in this Agreement, capitalized wording and terms used herein shall have the same meanings as given to them in the Conditions:

"**Conditions**" means the terms and conditions governing rights and obligations of the Issuer and the Debentureholders in respect of the Debentures as submitted to the SEC substantially in the form set out in Annex hereto, as the same may from time to time be modified in accordance with the provisions of the Conditions;

"**Debentureholders**" means persons who own Debenture(s) in accordance with the Conditions, and the "**Debentureholder**" means any of them;

"**Debentures**" means (a) "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 1 Due 2020", (b) "The Debentures of Nam Ngum 2 Power Company Limited

No. 1/2017 Tranche 2 Due 2024" and (c) "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2017 Tranche 3 Due 2027" to be issued by the Issuer;

**"Event of Default"** means any of the events of default listed in condition 13.1 of the Conditions;

**"Expense"** means any reasonable and proven cost, out-of-pocket expense, disbursement, fees (including legal fees and other professional fees) other than the Debentureholders' Representative Fee (as defined in Clause 5.1) incurred or payable by the Debentureholders' Representative in connection with its performance under the Debentures, this Agreement and/or the Conditions, including transportation expenses, expenses incurred in relation to convening the Debentureholders' meetings, registration and enforcement of this Agreement and the Conditions;

**"Issue Date"** means the date on which the Issuer issues the Debentures under the Conditions; and

**"SEC"** means the Office of the Securities and Exchange Commission of Thailand.

## **2. APPOINTMENT OF DEBENTUREHOLDERS' REPRESENTATIVE, EFFECTIVENESS OF THIS AGREEMENT AND OBLIGATIONS UNDER CONDITIONS**

- 2.1 The Issuer hereby appoints the Debentureholders' Representative to act as the Debentureholders' Representative in respect of the Debentures and the Debentureholders' Representative hereby accepts such appointment subject to the terms and conditions of this Agreement, the Conditions and any applicable law.
- 2.2 The Debentureholders' Representative represents that it has all qualifications as required by all applicable laws and is capable of performing its duties under this Agreement and as required by applicable laws.
- 2.3 This Agreement shall become effective on the Issue Date.
- 2.4 The Issuer and the Debentureholders' Representative agree to be bound by and shall have all powers, duties, obligations and responsibilities as specified in the Conditions and this Agreement and the Debentureholders' Representative shall act at all times in accordance with the Conditions, this Agreement and any applicable laws at a professional level for the benefit of the Debentureholders. The Conditions and any written amendment thereto shall form an integral part of this Agreement.

## **3. POWERS AND DUTIES OF THE DEBENTUREHOLDERS' REPRESENTATIVE**

It is agreed that, in addition to the powers and duties of the Debentureholders' Representative as set forth in the Conditions:

### **3.1 Appointment of Advisors**

The Debentureholders' Representative may to the extent necessary for its performance of duties specified herein, consult with counsel, accountants and other skilled persons to be selected by the Debentureholders' Representative with such reasonable care as can be expected from a professional entity acting as a Debentureholders' representative. The Debentureholders' Representative may, and promptly advise the Issuer of such appointments, appoint advisors including legal counsel believed by it to be of good reputation, in respect of:

- 3.1.1 The enforcement of any provisions of this Agreement and/or the Conditions;



- 3.1.2 Any actual or proposed amendment, waiver or consent relating to this Agreement and/or the Conditions; or
- 3.1.3 Any Event of Default or any dispute that may arise in connection with the Debentures.

The Debentureholders' Representative may act on the opinion or advice of any lawyer, accountant and other experts appointed or selected by the Debentureholders' Representative or the Issuer in order to perform its duties and obligations under this Agreement and the Conditions and shall not have any liability when acting (or refraining from acting) upon any advice by such persons (other than for its gross negligence or willful misconduct or bad faith on the part of the Debentureholders' Representative, its directors, officers, employees or agents).

Reasonable and proven fees and charges owed to such advisors under this Clause 3.1 shall be for the account of the Issuer, provided that (i) such fees and charges shall be agreed upon by the Issuer, whose agreement shall not be unreasonably withheld or delayed, before the Debentureholders' Representative engages such advisor and (ii) such fees and expenses have not been incurred by the Debentureholders' Representative by reason of gross negligence, willful misconduct and/or bad faith of the Debentureholders' Representative and/or any breach by the Debentureholders' Representative of this Agreement, the Conditions and/or the applicable law.

### **3.2 Performance**

- 3.2.1 If the Issuer fails to comply with its payment obligations or any other term of the Conditions, the Debentureholders' Representative may institute a meeting of the Debentureholders to acquire the applicable resolutions or a claim for damages incurred therefrom for the benefit of all Debentureholders unless the Conditions specify otherwise.
- 3.2.2 At any time after an Event of Default shall have occurred, the Debentureholders' Representative may by notice in writing to the Issuer require it to make all subsequent payments in respect of the Debentures to or to the order of the Debentureholders' Representative and not to the Registrar with effect from the issue of any such notice to the Issuer.
- 3.2.3 The Debentureholders' Representative shall arrange a meeting of the Debentureholders and shall perform any other duties in accordance with the Conditions.
- 3.2.4 The Debentureholders' Representative shall act as liaison for all communications between the Issuer and the Debentureholders, which are necessary for the transactions contemplated to be carried out under this Agreement and the Conditions including preparing the proxy form and notice of the meeting of the Debentureholders.
- 3.2.5 Subject to Clause 4, the Debentureholders' Representative shall distribute to each Debentureholder pro rata according to its holding percentage of the Debentures, the proceeds derived from the result of claims made against the Issuer, the enforcement of the provisions of this Agreement and/or the Conditions ("**Proceeds**"). The Debentureholders' Representative shall also keep record of steps taken to collect and distribute the Proceeds including related expenses incurred.
- 3.2.6 The Debentureholders' Representative shall comply with all laws and regulations applicable to the Debentureholders' Representative in such capacity including but not limited to the MOF Notification, the Notification No. TorChor. 58/2559 and the Notification of the CMSB No. TorChor. 37/2552 Re: *Qualifications Required for the Debentureholders' Representative and*

*Actions Taken by the Debentureholders' Representative According to Its Power and Duties* dated 3 August 2009 (as may be amended and supplemented from time to time).

- 3.2.7 The Debentureholders' Representative shall assist the Issuer in notifying the Debentureholders on the occurrence of the event which allows the Issuer to effect the redemption of Debentures for tax reason according to Condition 10.4 of the Conditions once the Debentureholders' Representative has been notified by the Issuer of such event.

### **3.3 Reliance**

- 3.3.1 Except as otherwise expressly provided in the Conditions, the Debentureholders' Representative shall be and is hereby authorized to reasonably assume, in the absence of knowledge or express notice to the contrary, that the Issuer is duly performing and observing all the covenants and provisions contained in this Agreement and/or the Conditions and that no Event of Default has occurred.
- 3.3.2 The Debentureholders' Representative may, having carried out reasonable enquiries and investigation which the Debentureholders' Representative would normally make and acting in accordance with its professional judgment, rely upon any written communication or document reasonably believed by it to be genuine.

## **4. PAYMENT FROM THE ENFORCEMENT OF THE DEBENTURES**

Upon the enforcement of the Debentures, all principal, interest and any other amounts received from the Issuer by the Debentureholders' Representative under the Debentures shall be applied in the following order of priority:

- (a) firstly, the payment of all costs, expenses and liabilities incurred by the Debentureholders' Representative in performing its duties and obligations in respect of the Debentures, including (but not limited to) the enforcement of the Conditions, in accordance with this Agreement;
- (b) secondly, the remuneration of the Debentureholders' Representative pursuant to this Agreement;
- (c) thirdly, the interest of the Debentures accrued and unpaid up to the date of payment;
- (d) fourthly, the outstanding amount of the principal of the Debentures; and
- (e) finally, the balance (if any) to be paid to the Issuer without unreasonable delay.

## **5. REMUNERATION OF THE DEBENTUREHOLDERS' REPRESENTATIVE**

- 5.1 The Issuer shall pay to the Debentureholders' Representative a fee for acting as the Debentureholders' Representative (the "**Debentureholders' Representative Fee**") equal to [●] ([●]) per cent per annum on the remaining of outstanding principal amount of the Debentures, excluding value added tax. The Debentureholders' Representative Fee shall be payable in advance on a yearly basis at the beginning of each relevant year to the Debentureholders' Representative by transfer to the following account:

Account Name: Securities Services Department  
Account Bank: Bangkok Bank Public Company Limited  
Account Type: Current Account  
Account Number: 101-3-37151-1

and provide a copy of credit advice by email to [dlr.grp@bbl.co.th](mailto:dlr.grp@bbl.co.th).

The first payment shall be made within fifteen (15) business days after receipt of a written invoice from the Debentureholders' Representative. The following payments shall be invoiced on the date falling on each anniversary of the Issue Date thereafter, and in all cases shall be payable within fifteen (15) business days after receipt of such written invoice from the Debentureholders' Representative. For the avoidance of doubt, no payment by the Issuer to the Debentureholders' Representative shall be due on the Maturity Date. In the event that this Agreement is terminated before one year period from the Issue Date or any anniversary date thereof, the Debentureholders' Representative shall proportionately refund the Debentureholders' Representative Fee to the Issuer within fifteen (15) business days after the termination and the Issuer shall pay to the Debentureholders' Representative all outstanding reasonable expenses incurred in accordance with and subject to this Agreement.

- 5.2 If the Issuer requests the Debentureholders' Representative to perform or do any acts beyond the scope of the ordinary powers, duties and responsibilities of the Debentureholders' Representative as set forth in this Agreement and/or the Conditions and/or under the laws of Thailand, the Debentureholders' Representative shall not be obliged to perform or do such acts. However, if the Debentureholders' Representative shall determine to perform or do any such acts at the request of the Issuer, then the Issuer agrees to pay additional remuneration to the Debentureholders' Representative in the actual amount and under terms of payment as mutually agreed in writing.
- 5.3 The Debentureholders' Representative may incur Expense in order to perform its duties in accordance with this Agreement, the Conditions or applicable law, and the Issuer agrees to refund to the Debentureholders' Representative within fifteen (15) business days upon the receipt of notice thereof and relevant supporting documents (if any) relating to such Expenses. However, the Issuer shall have no obligations to reimburse the Debentureholders' Representative for those Expenses incurred by the Debentureholders' Representative by reason of gross negligence, willful misconduct and/or bad faith of the Debentureholders' Representative and/or any breach of this Agreement by the Debentureholders' Representative, the Conditions and/or the applicable law.
- 5.4 All sums payable by the Issuer under this Agreement shall carry interest at a rate equal to seven point five (7.5) per cent per annum, (i) in respect of the Debentureholders' Representative Fee, from the date of the sum being due and payable and the Issuer fails to pay such sum, and (ii) in respect of all other sum including the Expense, from the date on which such sum is due and payable by the Issuer in accordance with Clause 5.3 and the Issuer fails to pay such sum.
- The amount of interest payable shall be calculated by multiplying (a) the product of the outstanding sum and the interest rate by (b) the number of days in which that sum remains outstanding after it is due and payable and the Issuer fails to pay and dividing by 365 (three hundred and sixty-five) days, and rounding the result figure to 6 (six) decimal places (in case the seventh decimal place is equivalent to or more than 5 (five), the sixth (6th) decimal place shall be rounded up one decimal).
- 5.5 In the case that the Debentureholders' Representative is replaced during the term of the Debentures, the Issuer agrees to pay the remuneration to the replaced Debentureholders' Representative for actual period of service of such Debentureholders' Representative until the date that such appointment is terminated provided that the Debentureholders' Representative has delivered all assets, documents or evidences held by it in relation to its appointment to the new Debentureholders' Representative.
- 5.6 Except as provided in Clause 4 above, regardless of any other agreement between the Debentureholders' Representative and the Issuer, the Debentureholders' Representative shall not transfer or apply, whether by way of set off, counterclaim or otherwise, any funds,

received by it in relation to the Debentures towards the satisfaction of any liability the Issuer may have to the Debentureholders' Representative under any agreement or otherwise.

- 5.7 Notwithstanding any provision specified to the contrary, all relevant invoices and notices under this Clause 5 shall be sent by the Debentureholders' Representative to the Issuer by [●] to [●]. The Issuer shall not be deemed to receive any invoice or notice under this Clause 5 which is not sent to it by such method.

## **6. INDEMNIFICATION OF DEBENTUREHOLDERS' REPRESENTATIVE**

- 6.1 The Issuer shall indemnify and hold harmless the Debentureholders' Representative and its officers, directors, employees and agents in respect of all liabilities and expenses actually and reasonably incurred by it or by any such person in the execution of any duties, powers or authorities under this Agreement including the Expense and against all actions, proceedings, costs, claims and demands in respect of any matter conducted or omitted in any way relating to this Agreement except to the extent the liabilities, expenses, actions, proceedings, costs, claims or demands were due to gross negligence, willful misconduct and/or bad faith of the Debentureholders' Representative and/or any breach of this Agreement by the Debentureholders' Representative and its officers, directors, employees and agents. Notwithstanding the foregoing, the Issuer shall not be liable to the Debentureholders' Representative or any person for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), whether or not foreseeable.
- 6.2 The Debentureholders' Representative shall indemnify the Issuer and its officers, directors, employees and agents in respect of all liabilities and expenses actually and reasonably incurred, as a result of the negligence, willful misconduct, or breach of the terms and conditions of this Agreement, the Conditions and the applicable law by the Debentureholders' Representative or by any of its officers, directors, employees or agents, and will reimburse the Issuer, its officers, directors, employees and agents for all reasonable costs, charges and expenses which any of them actually and reasonably incurred in connection with investigating, disputing or defending any such action or claim, provided that such loss, claim, damage or liability has not resulted from gross negligence, willful misconduct, and/or bad faith of the Issuer and/or any breach of this Agreement by the Issuer, its officers, directors, employees or agents. Notwithstanding the foregoing, the Debentureholders' Representative shall not be liable to the Issuer or any person for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), whether or not foreseeable.

## **7. AMENDMENT OF THE AGREEMENT**

- 7.1 Should there be any amendment made to the Conditions, laws, rules, notifications, regulations, any documents in relation to the Debentures, order of the SEC or any other related government unit or authority which shall have an effect on any terms and conditions of this Agreement, the parties hereto shall mutually participate in amending such terms and conditions of this Agreement in order to be in compliance with the amended Conditions, laws, rules, notifications, regulations, any documents in relation to the Debentures or orders.
- 7.2 Subject to the Conditions and applicable laws, the parties hereto shall mutually participate in amending the terms and conditions of this Agreement without the approval of the Debentureholders to the extent that such amendment does not have any material adverse effect on the rights and benefits of the Debentureholders.
- 7.3 Any amendment of this Agreement shall be delivered to the SEC within fifteen (15) days from the date of amendment by the Issuer.

## **8. DEFAULT**

Subject to Clause 10, if any party fails to comply with any provision of this Agreement and/or the Conditions or is in breach of this Agreement and/or the Conditions, it shall be deemed that such party is in default of this Agreement if such default is not remedied within thirty (30) days from the date of the notice thereof being given by the non-defaulting party to the defaulting party, and the other party shall be entitled to terminate this Agreement without prejudice to its rights or remedies as specified in Clause 6 or at law (subject to Clause 6) to claim against the party in default for any losses or compensation resulting from its failure to comply with this Agreement and/or the Conditions.

## **9. TERMINATION**

9.1 This Agreement shall be terminated upon the Debentureholders having received payment for both principal and interest in full and the Debentureholders' Representative has fully performed its duties as specified in the Conditions;

9.2 Subject to Clause 10.1, both parties agree to terminate this Agreement if and when any of the following events occurs:

- (a) the Debentureholders' Representative gives written notice of its resignation as the Debentureholders' Representative sixty (60) days in advance to the Issuer;
- (b) the Issuer gives written notice of termination of this Agreement sixty (60) days in advance to the Debentureholders' Representative; or
- (c) the Debentureholders vote in the Debentureholders' meeting for a revocation or replacement of the Debentureholders' Representative in accordance with the Conditions.

9.3 Subject to Clause 10.1, this Agreement shall be terminated upon the exercise of the termination right pursuant to Clause 8.

9.4 Subject to further agreement between the parties, this Agreement shall be terminated if the Debentures are not issued on the Issue Date. In such event the Issuer shall not be liable to pay any remuneration and/or any damages to the Debentureholders' Representative.

9.5 If at any time the Debentureholders' Representative:

- (a) becomes incapable of acting or becomes disqualified to serve as the Debentureholders' Representative and fails to rectify such incapability or disqualification within sixty (60) days from the date the incapability or disqualification takes place;
- (b) files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or any substantial part of its property;
- (c) admits in writing its inability to pay or meet its debts as they become due or suspends payment thereof; or
- (d) has a receiver appointed over all or a substantial part of its property or any officer takes charge or control of the Debentureholders' Representative or of its property or affairs for the purpose of rehabilitation or liquidation,

then the Issuer may without notice terminate this Agreement, in which event notice thereof shall be given by the Issuer to the Debentureholders' Representative as soon as practicable thereafter.

## **10. CONSEQUENCE OF TERMINATION**

- 10.1 Any termination of the appointment of the Debentureholders' Representative under this Agreement will not be effective until a successor is appointed. The Debentureholders' Representative may assist the Issuer to nominate a successor Debentureholders' Representative. Subject to the Conditions, if a successor Debentureholders' Representative nominated by the Debentureholders' Representative has not been selected within two (2) months from the date of termination notice, it shall be deemed that the last Debentureholders' Representative nominated by the Debentureholders' Representative is appointed as the successor Debentureholders' Representative and this Agreement shall terminate, at the expiry of two (2) months' termination notice.
- 10.2 Upon termination of the Agreement or unless otherwise directed by the Issuer, the Debentureholders' Representative will cease using information and documents provided by the Issuer and/or the Debentureholders ("**Documents**") and return or destroy at the Issuer's direction all copies of the Documents. The Debentureholders' Representative will delete all copies of the Documents residing in memory on any computer at the Debentureholders' Representative's site. The Debentureholders' Representative will, within thirty (30) days from the effective date of the termination, certify in writing that all copies of the Documents have been returned, deleted or destroyed as directed by the Issuer. In addition, the Debentureholders' Representative shall make all efforts to cooperate with its successor to ensure an orderly assumption by its successor of the obligations of the Debentureholders' Representative.
- 10.3 The obligations of the Issuer under Clauses 5 and 6 shall survive the termination of this Agreement.

## **11. CLAIMS AND LIABILITIES**

- 11.1 The Debentureholders' Representative shall not be responsible for acting upon any resolution purporting to have been passed at any meeting of the Debentureholders in accordance with the Conditions even though it may subsequently be found that there was some defect in the constitution of such meeting or the passing of such resolution or that, for any reason, such resolution was not valid or binding upon the Debentureholders (except that such defect or invalidity was due to its gross negligence or willful misconduct).
- 11.2 The Debentureholders' Representative shall not be liable to the Issuer or any Debentureholder by reason of having accepted as valid or not having rejected any certificate of Debenture purporting to be such and subsequently found to be forged, stolen or not authentic (other than for its gross negligence or willful misconduct or bad faith).
- 11.3 The Debentureholders' Representative shall only be liable to the Issuer and/or Debentureholders in relation to the damages incurred from willful misconduct or negligence or bad faith in the performance of its obligations as provided in and/or any breach by the Debentureholders' Representative of the Conditions, applicable laws and this Agreement. Without prejudice to the immediately preceding sentence, the Debentureholders' Representative shall not be held responsible for any loss or damage arising out of action it has taken in accordance with a resolution of the Debentureholders' meeting.
- 11.4 The Debentureholders' Representative in performing its duties under the Conditions:

- (a) shall not have any responsibility or liability in respect of any failure or delay by the Issuer in performing its respective obligations hereunder or under the Conditions, or other agreements relating thereto and hereto; and
- (b) shall not have any responsibility or liability in respect of the execution, effectiveness, enforceability, sufficiency, legality, validity or genuineness of the Conditions, the agreements and documents referred to herein and therein, or of any certificate, report, document of title or other document delivered hereunder or thereunder, any statement of the Issuer herein or therein, provided that the Debentureholders' Representative has carried out reasonable enquiries and investigation which the Debentureholders' Representative would normally make and has acted in accordance with its professional judgment.

11.5 Notwithstanding any provision in this Agreement to the contrary, the Debentureholders' Representative shall not be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), except in the case of the Debentureholders' Representative's gross negligence or willful misconduct.

## **12. NOTICES**

12.1 All correspondence and notices between the Debentureholders' Representative and the Issuer shall be in the English language (except for the information concerning the Debentureholders that could be in any other languages as provided by the Debentureholders; provided that, the Debentureholders' Representative shall be required to provide the Issuer with the English translation of such information) and shall be made in writing and validly given by registered mail or by courier or by facsimile to the other party if sent to the addresses or fax number specified below or any address (in case of change of address) which is notified in writing to the other party from time to time.

### **THE ISSUER**

#### **NAM NGUM 2 POWER COMPANY LIMITED**

Address: 218 Lanexang Avenue  
Vientiane  
Lao PDR  
Telephone: +856 21 251 718  
Fax: +856 21 252 060  
Attention: **Managing Director**

### **THE ISSUER'S REPRESENTATIVE**

#### **The Legists Group**

Address: Offices of N&K Ltd.  
990 Abdulrahim Place, 9th Floor, Room No. 901-1  
Rama IV Road  
Silom, Bangrak  
Bangkok 10500  
Thailand  
Telephone: +662 636 1111  
Fax: +662 636 0000  
Attention: **Managing Director**

### **THE DEBENTUREHOLDERS' REPRESENTATIVE**

#### **BANGKOK BANK PUBLIC COMPANY LIMITED**

Address: Securities Services Department, Bangkok Bank PCL.  
333 Silom Road, Bangrak  
Bangkok 10500  
Thailand  
Telephone: +66 2230 1894, +66 2626 3568  
Fax: +66 2626 4545-6  
Attention: **Mr. Vichien Chuenchomsaeng**

12.2 Any communication made or delivered by one person to another under this Agreement will only be effective:

- (a) if sent by fax, when a transmission report showing the successful transmission of the facsimile is received by the sender;
- (b) if sent by registered mail, 7 (seven) days after the dispatch; or
- (c) if sent by courier, 48 (forty-eight) hours from the date of delivery to the courier service.

### **13. OTHERS**

- 13.1 The Issuer shall be responsible for reasonable expense incurred by the Debentureholders' Representative in relation to preparation and negotiation of this Agreement.
- 13.2 The Debentureholders' Representative Fees shall be paid to the Debentureholders' Representative after deduction of all applicable taxes.
- 13.3 If there is any inconsistency or conflict between the provisions of this Agreement and the Conditions, the terms of the Conditions shall prevail.
- 13.4 If any provision of this Agreement, the Conditions and/or documents in relation to the Debentures is void, voidable, illegal or unenforceable for whatever reason, such provision shall not affect the validity and enforceability of any other provisions and the parties agree that the other provisions shall be binding and enforceable between the parties.

### **14. GOVERNING LAW**

This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of Thailand.



**EXECUTION**

**IN WITNESS** whereof this Agreement has been executed on the date first above written.

**THE ISSUER**

SIGNED for and on behalf of  
**NAM NGUM 2 POWER COMPANY LIMITED**

By: \_\_\_\_\_  
Name: [●]  
Authorized Signatory

in the presence of

By: \_\_\_\_\_  
Name: [●] (witness)

**THE DEBENTUREHOLDERS' REPRESENTATIVE**

SIGNED for and on behalf of  
**BANGKOK BANK PUBLIC COMPANY LIMITED**

By: \_\_\_\_\_  
Name: Ms. Pornnit Dunnvatanachit  
Authorized Signatory

in the presence of

By: \_\_\_\_\_  
Name: Mr. Vichien Chuenchomsaeng (witness)

**ANNEX**  
**TERMS AND CONDITIONS OF THE DEBENTURES**

Nam Ngum 2 Power Company Limited  
Audit report and financial statements  
31 December 2016

## 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 2016, 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 2016, and of 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 Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* 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.

### **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.
- 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chatchai Kasemsrithanawat.

*Chatchai Kasemsrithanawat*

Chatchai Kasemsrithanawat

Certified Public Accountant (Thailand) No. 5813

EY Office Limited

Bangkok: 17 February 2017



**Nam Ngum 2 Power Company Limited**

**Statement of financial position**

**As at 31 December 2016**

(Unit: Baht)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment, net	8	23,293,851,589	24,365,963,064
Project costs during construction phase	9	1,038,312,624	376,703,422
Advance for project costs	19	100,268,889	-
Long-term restricted bank deposits	10	734,944,551	1,220,677,307
Deferred tax assets		23,052,325	-
Other non-current assets		3,000,450	13,230,857
<b>Total non-current assets</b>		<u>25,193,430,428</u>	<u>25,976,574,650</u>
<b>Current assets</b>			
Spare parts and supplies		37,791,878	36,879,676
Trade and other receivables	11, 19	487,365,955	929,871,233
Other current assets	12	40,075,191	25,894,161
Cash at bank and on hand	13	1,165,970,217	1,378,458,524
Short-term restricted bank deposits	13	213,556,232	528,774,885
<b>Total current assets</b>		<u>1,944,759,473</u>	<u>2,899,878,479</u>
<b>Total assets</b>		<u><u>27,138,189,901</u></u>	<u><u>28,876,453,129</u></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 2016

(Unit: Baht)

	Notes	2016	2015
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital	14	8,809,000,000	8,809,000,000
Retained earnings		2,002,252,455	3,939,217,793
Statutory reserve	15	88,090,000	88,090,000
Cash flow hedge reserve	21	(598,599,399)	(695,588,850)
<b>Total equity</b>		<u>10,300,743,056</u>	<u>12,140,718,943</u>
<b>Non-current liabilities</b>			
Long-term loans from financial institutions, net of current portion	16	15,754,750,273	14,701,897,954
Provision for long-term employee benefits		3,205,367	2,486,267
Other long-term liabilities - related party	17, 19	<u>169,687,699</u>	<u>157,687,658</u>
<b>Total non-current liabilities</b>		<u>15,927,643,339</u>	<u>14,862,071,879</u>
<b>Current liabilities</b>			
Trade and other payables	18, 19	309,942,533	365,364,521
Current portion of long-term loans from financial institutions	16	592,692,073	1,507,007,880
Retention payable	19	718,455	7,200
Income tax payable		4,798,292	-
Other current liabilities		<u>1,652,153</u>	<u>1,282,706</u>
<b>Total current liabilities</b>		<u>909,803,506</u>	<u>1,873,662,307</u>
<b>Total liabilities</b>		<u>16,837,446,845</u>	<u>16,735,734,186</u>
<b>Total equity and liabilities</b>		<u>27,138,189,901</u>	<u>28,876,453,129</u>

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



Mr. Plew Trivisvavet



Mr. Vorapote U. Choepaiboonvong



Nam Ngum 2 Power Company Limited  
Statement of comprehensive income  
For the year ended 31 December 2016

			(Unit: Baht)
	Notes	2016	2015
<b>Profit or loss:</b>			
<b>Operating income</b>			
Revenue from sales of electricity	19	3,814,924,797	3,883,153,489
Gain on exchange		-	41,975,027
Other income		18,216,353	19,422,165
<b>Total operating income</b>		<b>3,833,141,150</b>	<b>3,944,550,681</b>
<b>Operating expenses</b>			
Cost of sales of electricity	19	(1,659,871,381)	(1,790,516,136)
Administrative expenses	19	(642,831,930)	(245,257,861)
Loss on exchange		(45,373,571)	-
<b>Total operating expenses</b>		<b>(2,348,076,882)</b>	<b>(2,035,773,997)</b>
<b>Profit before finance costs</b>		<b>1,485,064,268</b>	<b>1,908,776,684</b>
Finance costs		(853,963,246)	(894,960,881)
<b>Profit before income tax expenses</b>		<b>631,101,022</b>	<b>1,013,815,803</b>
Income tax expenses	6	(13,456,360)	-
<b>Profit for the year</b>		<b>617,644,662</b>	<b>1,013,815,803</b>
<b>Other comprehensive income:</b>			
<i>Other comprehensive income to be reclassified</i> <i>to profit or loss in subsequent periods:</i>			
<b>Cash flow hedges</b>			
Reclassification during the year to profit or loss	21	48,811,770	42,223,860
Unrealised gain (loss) from cash flow hedges	21	25,125,356	(457,081,740)
Add: Income tax effect		23,052,325	-
<b>Other comprehensive income for the year</b>		<b>96,989,451</b>	<b>(414,857,880)</b>
<b>Total comprehensive income for the year</b>		<b>714,634,113</b>	<b>598,957,923</b>
<b>Basic earnings per share</b>	7	<b>0.70</b>	<b>1.15</b>

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 2016

(Unit: Baht)

	Issued and paid-up share capital	Retained earnings	Statutory reserve	Cash flow hedge reserve	Total
<b>As at 1 January 2015</b>	8,809,000,000	3,277,761,990	88,090,000	(280,730,970)	11,894,121,020
Profit for the year	-	1,013,815,803	-	-	1,013,815,803
Other comprehensive income	-	-	-	(414,857,880)	(414,857,880)
Total comprehensive income	-	1,013,815,803	-	(414,857,880)	598,957,923
Dividend payment (Note 20)	-	(352,360,000)	-	-	(352,360,000)
<b>As at 31 December 2015</b>	<u>8,809,000,000</u>	<u>3,939,217,793</u>	<u>88,090,000</u>	<u>(695,588,850)</u>	<u>12,140,718,943</u>
<b>As at 1 January 2016</b>	8,809,000,000	3,939,217,793	88,090,000	(695,588,850)	12,140,718,943
Profit for the year	-	617,644,662	-	-	617,644,662
Other comprehensive income	-	-	-	96,989,451	96,989,451
Total comprehensive income	-	617,644,662	-	96,989,451	714,634,113
Dividend payment (Note 20)	-	(2,554,610,000)	-	-	(2,554,610,000)
<b>As at 31 December 2016</b>	<u>8,809,000,000</u>	<u>2,002,252,455</u>	<u>88,090,000</u>	<u>(598,599,399)</u>	<u>10,300,743,056</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 2016**

	(Unit: Baht)	
	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Profit from operating activities	631,101,022	1,013,815,803
Adjustment to reconcile profit to net cash flows:		
Depreciation	1,081,331,505	1,086,541,746
Amortisation of interest rate reduction fee	7,750,138	8,883,963
Unrealised (gain) loss on exchange	19,909,961	(25,656,490)
Write-off project costs during construction phase	377,609,936	
Loss on equipment write-off	10,865	12,544
Provision for long-term employee benefits	719,100	765,347
Interest expenses	837,008,804	879,303,774
Operating profit before working capital changes	2,955,441,331	2,963,666,687
(Increase)/decrease in:		
Trade and other receivables	442,402,802	55,964,851
Spare parts and supplies	(912,202)	(2,898,461)
Other current assets	11,145,818	752,509
Other non-current assets	10,230,407	(10,161,850)
Increase/(decrease) in:		
Trade and other payables	(211,590,916)	166,072,567
Retention payable	711,255	(2,266,289)
Other current liabilities	369,447	(92,270)
Cash flows from operating activities	3,207,797,942	3,171,037,744
Cash paid for income tax expenses	(8,658,068)	-
<b>Net cash flows from operating activities</b>	<u>3,199,139,874</u>	<u>3,171,037,744</u>
<b>Cash flows from investing activities</b>		
Decrease (increase) in short-term restricted bank deposits	313,924,905	(12,828,015)
Decrease (increase) in long-term restricted bank deposits	466,396,871	(2,661,083)
Increase in project costs during construction phase	(905,293,755)	(12,452,364)
Increase in advance for project costs	(100,268,889)	-
Increase in plant and equipment	(9,885,311)	(11,761,762)
<b>Net cash flows from (used in) investing activities</b>	<u>(235,126,179)</u>	<u>(39,703,224)</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 2016**

	(Unit: Baht)	
	<u>2016</u>	<u>2015</u>
<b>Cash flows from financing activities</b>		
Increase (decrease) in long-term loans from financial institutions	547,824,930	(1,700,180,500)
Cash paid for loan arrangement fee	(383,579,254)	-
Cash paid for interest expenses	(786,557,949)	(868,657,270)
Dividend payment	<u>(2,554,610,000)</u>	<u>(352,360,000)</u>
<b>Net cash flows used in financing activities</b>	<u>(3,176,922,273)</u>	<u>(2,921,197,770)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(212,908,578)	210,136,750
Effect of exchange rate changes on cash and cash equivalents	420,271	2,333,003
Cash and cash equivalents at beginning of year	<u>1,378,458,524</u>	<u>1,165,988,771</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>1,165,970,217</u></u>	<u><u>1,378,458,524</u></u>
<b>Supplemental cash flows information</b>		
Non-cash transactions		
Increase in project costs during construction phase		
from project payables	133,925,384	-

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 2016**

#### **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 2016 were authorised for issue by the Company's Board of Directors on 17 February 2017.

- 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, including the exclusive rights under the Memorandum of Understanding with the Government of the Lao People's Democratic Republic on 11 April 2007 to carry out the feasibility study and the development of the Nam Bak 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 Major shareholder of a shareholder of the Parent 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.

- 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.

## **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 14 Regulatory Deferral Accounts
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Annual Improvements Cycle - 2012-2014
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

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 sales of electricity*

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



#### *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 as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial investments, or available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss directly attributable transaction costs. The Company determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

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.



### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in profit or loss in statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

### *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 assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

*Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). 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.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss in statement of comprehensive income.

**(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	27 years
Leased asset improvements	24 years
Furniture and office equipment	5 years
Motor vehicles	5 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 determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date: whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.



#### *The Company as a lessee*

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss in statement of comprehensive income.

Leased assets are depreciated over the useful lives of the assets. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in profit or loss in statement of comprehensive income on the 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.

#### **(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) 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.

**(p) 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.

**(q) 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.

### **(r) 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 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 other comprehensive income are then transferred to profit or loss in the period when the hedged items affect profit or loss.

### **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 property, 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.

- IFRS 9 Financial Instruments: Classification and Measurement (effective 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IAS 7 Disclosure Initiative - Amendments to IAS 7 (effective 1 January 2017)
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12 (effective 1 January 2017)
- IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2 (effective 1 January 2018)
- IFRS 16 Leases (effective 1 January 2019)

At present, the management of the Company is evaluating the impact of this standard 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>2016</u>	<u>2015</u>
Depreciation	1,081,331	1,086,542
Operation and maintenance of power plant and transmission systems	328,065	456,989
Royalty	130,291	132,588
Watershed and livelihood expenses	24,330	30,581
Salary and other employee benefits	44,787	32,803
Directors' remuneration	12,420	12,420
Traveling expenses	36,372	28,355
Consultant expenses	33,609	22,015
Management fee charged by the Parent Company of the Group	137,447	134,483
Insurance expenses	59,390	65,623
Write-off project costs during construction phase (Note 9)	377,610	-

## 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%.

## 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>2016</u>	<u>2015</u>
Profit (Baht)	617,644,622	1,013,815,803
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 Hydroelectric Power Project	Leased asset improvements	Furniture and office equipment	Motor vehicles	Total
<b>Cost</b>					
1 January 2015	29,429,113	21,732	48,917	48,644	29,548,406
Additions	-	1,834	3,672	3,052	8,558
Transfer in (out)	-	(2,070)	2,070	-	-
Write off	-	-	(56)	-	(56)
31 December 2015	29,429,113	21,496	54,803	51,696	29,556,908
Additions	-	2,048	7,182	-	9,230
Write off	-	-	(251)	-	(251)
31 December 2016	29,429,113	23,544	61,534	51,696	29,565,887
<b>Accumulated depreciation</b>					
1 January 2015	4,043,448	3,600	28,206	29,192	4,104,446
Depreciation for the year	1,072,800	1,076	7,537	5,129	1,086,542
Write off	-	-	(43)	-	(43)
31 December 2015	5,116,248	4,676	35,700	34,321	5,190,945
Depreciation for the year	1,072,799	1,157	4,842	2,533	1,081,331
Write off	-	-	(240)	-	(240)
31 December 2016	6,189,047	5,833	40,302	36,854	6,272,036
<b>Net book value</b>					
31 December 2015	24,312,865	16,820	18,903	17,375	24,365,963
31 December 2016	23,240,066	17,711	21,232	14,842	23,293,851

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.

#### 9. Project costs during construction phase

As at 31 December 2016, the balance of project costs during construction phase represents the upgrade and construction of the Nabong Substation Project (2015: the balance of project costs during construction phase represents the project cost of Nam Bak Hydroelectric Power Project).

On 24 November 2016, the Parent Company of the Group's Board of Directors Meeting No.7/2016 had approved the termination of Nam Bak Hydroelectric Power Project development and write-off the costs during the construction phase for this project, amount of Baht 377.6 million as expenses to profit or loss in the statement of comprehensive income.

#### 10. Long-term restricted bank deposits

The Company has pledged and assigned rights of claim on bank accounts with outstanding balances as at 31 December 2016 totalling approximately Baht 735 million (2015: Baht 1,221 million) with lenders to secure long-term loans of a group of that companies in accordance with conditions stipulated in the long-term loan agreements. 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.

#### 11. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Trade receivable - related party	483,426	923,471
Other receivable - related party	141	-
Advance	-	22
Interest receivable	3,799	6,378
Total trade and other receivables	<u>487,366</u>	<u>929,871</u>

#### 12. Other current assets

	(Unit :Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Prepaid expenses	39,507	25,471
Others	568	423
Total	<u>40,075</u>	<u>25,894</u>

### 13. Cash at bank and on hand/Short-term restricted bank deposits

#### Cash at bank and on hand

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Cash	501	445
Bank deposits	<u>1,165,469</u>	<u>1,378,014</u>
	<u>1,165,970</u>	<u>1,378,459</u>

As at 31 December 2016 and 2015, cash and cash equivalents comprised cash at banks and on hand only. The Company has pledged and assigned rights of claim in bank accounts with outstanding balances as at 31 December 2016 totalling approximately Baht 1,019 million (2015: Baht 936 million) to secure the long-term loans of the Company with its lenders, 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

The Company has pledged and assigned rights of claim in bank accounts with outstanding balances as at 31 December 2016 totalling approximately Baht 214 million (2015: Baht 529 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.

### 14. Issued capital

	(Unit :Thousand Baht)	
	<u>2016</u>	<u>2015</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>

### 15. 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.



## 16. Long-term loans from financial institutions

	(Unit: Thousand Baht)	
	2016	2015
Long-term loans	16,347,442	16,208,906
Less: Current portion of long-term loans	(592,692)	(1,507,008)
Long-term loans, net of current portion	<u>15,754,750</u>	<u>14,701,898</u>

Movements in the long-term loans account during the year ended 31 December 2016 are summarised below.

	(Unit: Thousand Baht)
<b>Balance as at 1 January 2016</b>	16,228,730
Add: Additional borrowings during the year	16,738,161
Unrealised loss from exchange rate	99,394
Less: Repayment	(16,274,580)
Unrealised gain from cash flow hedges	(73,937)
	<u>16,717,768</u>
Less: Transaction costs	(370,326)
<b>Balance as at 31 December 2016</b>	<u>16,347,442</u>

On 26 May 2006, the Company and the branch of the Parent Company entered into long-term loan agreements with a consortium of commercial banks in Thailand to obtain the following 3 credit facilities:

- 1) Tranche A Facility: Baht 15,003 million for use in the payment of project costs.
- 2) Tranche B Facility: USD 180 million for use in the payment of project costs.
- 3) Tranche C Facility: A bank guarantee of USD 25 million provided to guarantee the Company's obligations under the Power Purchase Agreement with the Electricity Generating Authority of Thailand.

The rate of interest under Tranche A Facility is MLR plus a stipulated margin (MLR + margin) commencing from the Initial Operation Date. Subsequently, the lenders have approved a reduction in the interest rate of the Tranche A Facility to be MLR per annum, effective from April 2012 onwards. On October 2013, the lenders have approved a reduction in the interest rate of the Tranche A Facility to be MLR less a stipulated margin (MLR - margin) per annum for the three years, effective from November 2013 onwards. The rate for the Tranche B Facility is LIBOR plus a stipulated margin (LIBOR + margin) per annum. The principal repayments under Tranche A and B Facilities shall be made semi-annually in 22 installments, in the amounts stipulated in the long-term loan agreements. The first repayment date is the earlier of (a) the last Business Day of the 12th calendar month after the month in which the

Initial Operation Date falls or (b) the calendar month falling 72 months after the date of the long-term loan agreement.

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, in the amounts 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 the earlier of (a) the last working day of the 30th month after the first draw down of the loan and (b) 30 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 a certain debt to 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.

As at 31 December 2016, the Company had fully drawn down the Tranche 1 Facility and Baht 1,042 million and USD 26 million of the Tranche 2 Facility had not yet been drawn down including Working Capital Facility of Baht 50 million.



#### 17. Other long-term liabilities - related party

The balance of other long-term liabilities is excess 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.

#### 18. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Trade payables - related parties	106,550	309,725
Trade payables - unrelated parties	5,907	20,483
Project payables - related parties	14,898	1,000
Project payables - unrelated parties	4,765	755
Amounts due to related parties	5,326	13,866
Other payables - unrelated parties	8,624	1,919
Accrued expenses	10,833	13,028
Accrued finance cost	43,040	4,589
Total trade and other payables	<u>309,943</u>	<u>365,365</u>

## 19. 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>2016</u>	<u>2015</u>
<u>Transactions with the Parent</u>			
<u>Company of the Group</u>			
Management fee		138	135
Project administrative <sup>(1)</sup>		47	-
<u>Transactions with related parties</u>			
Revenue from sales of electricity	Major shareholder of a shareholder of the Parent Company	3,815	3,883
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, Common shareholders of the Parent Company, A group of shareholder of the Company, Common Directors	439	570
Administrative expenses	Major shareholder of a shareholder of the Company, Common shareholder of the Parent Company, A shareholder of the Parent Company	1	7
Project cost and administration <sup>(1)</sup>	Common shareholder of the Parent Company, Major shareholder of a shareholder of the Parent Company, A shareholder of the Parent Company	858	3

<sup>(1)</sup> included as part of project costs during construction phase

The balances of the accounts as at 31 December 2016 and 2015 between the Company and those related parties are as follows:

		(Unit: Thousand Baht)	
	<u>Relationships</u>	<u>2016</u>	<u>2015</u>
<b><u>Trade and other receivables - related parties (Note 11)</u></b>			
<b>Trade accounts receivable - related party</b>			
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	483,426	923,471
<b><u>Other receivable - related party</u></b>			
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	141	-
Trade and other receivables - related parties		483,567	923,471
<b><u>Advance for project costs - related party</u></b>			
- CH. Karnchang (Lao) Company Limited	Common shareholder of the Parent Company	100,269	-
		(Unit: Thousand Baht)	
	<u>Relationships</u>	<u>2016</u>	<u>2015</u>
<b><u>Trade and other payables - related parties (Note 18)</u></b>			
<b>Trade accounts payable - related parties</b>			
- CK Power Public Company Limited	Parent Company of the Group	6,084	6,008
- PT Sole Company Limited	A shareholder of the Parent Company	8,413	42,141
- RATCH - LAO Services Company Limited	Common shareholder of the Parent Company	-	184,647
- Electricité du Laos	Major shareholder of a shareholder of the Company	1,708	1,703
- The Government of the Lao People's Democratic Republic	A group of shareholder of the Company	68,929	72,079
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	21,416	3,147
		106,550	309,725

		(Unit: Thousand Baht)	
	<u>Relationships</u>	<u>2016</u>	<u>2015</u>
<b>Other payables - related parties</b>			
<b>a) <u>Project payable - related parties</u></b>			
- PT Sole Company Limited	A shareholder of the Parent Company	-	1,000
- CH. Kamchang (Lao) Company Limited	Common shareholder of the Parent Company	110,668	-
- CK Power Public Company Limited	Parent company of the Group	4,230	-
		<u>114,898</u>	<u>1,000</u>
<b>b) <u>Amounts due to related parties</u></b>			
- CK Power Public Company Limited	Parent Company of the Group	5,326	5,299
- RATCH - LAO Services Company Limited	Common shareholder of the Parent Company	-	1,333
- Xayaburi Power Company Limited	Common directors	-	254
- CH. Kamchang (Lao) Company Limited	Common shareholder of the Parent Company	-	6,980
		<u>5,326</u>	<u>13,866</u>
Trade and other payables - related parties		<u>226,774</u>	<u>324,591</u>
<b><u>Retention payable - related party</u></b>			
- PT Sole Company Limited	A shareholder of the Parent Company	674	-
<b><u>Other long-term liabilities - related party (Note 17)</u></b>			
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	169,688	157,688

### **Directors and management's benefits**

During the year ended 31 December 2016, the Company had short-term employee benefit expenses of its directors and management amounting to Baht 29.0 million (2015: Baht 27.4 million).



## **20. Dividend payment**

On 10 September 2015, a Meeting of the Company's Board of Directors passed resolutions approving the payment of an interim dividend for the six-month period ended 30 June 2015 of Baht 0.40 per share to the Company's shareholders, or a total of Baht 352.4 million. The dividend was paid on 7 October 2015.

On 26 August 2016, a Meeting of the Company's Board of Directors passed resolutions approving the payment of an interim dividend for the six-month period ended 30 June 2016 of Baht 2.90 per share to the Company's shareholders, or a total of Baht 2,554.6 million. The dividend was paid on 25 October 2016.

## **21. Financial instruments**

### **Financial risk management and policies**

The Company's principal financial instruments comprise loans from financial institutions, other long-term liabilities - related party, trade and other payables, 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.

### **21.1 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 Thai and and the Lao People's Democratic Republic with only creditworthy banks.

As at 31 December 2016, total cash at banks of the Company amounted to Baht 2,114 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.

### **21.2 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.

Based on the undiscounted amounts contractually payable, as at 31 December 2016 the Company has financial liabilities due within one year amounting to Baht 1,777 million, long-term loans from financial institutions and expected interest payment due within 2 to 5 years amounting to Baht 8,345 million, and long-term loans from financial institutions, expected interest payment and other long-term liabilities to related party due in over 5 years amounting to Baht 17,261 million.

### **21.3 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's exposure to the risk of changes in market interest rates relates primarily to the Company's bank deposits and the future long term loans 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 2016 and 2015 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 2016					
	Fixed interest rates	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
<b>Financial assets</b>					
Trade and other receivables	-	-	487	487	
Cash at bank and on hand	-	1,152	14	1,166	0.05 to 0.50
Short-term restricted bank deposits	-	214	-	214	0.05 to 0.375
Long-term restricted bank deposits	500	235	-	735	0.05 to 1.05
	<u>500</u>	<u>1,601</u>	<u>501</u>	<u>2,602</u>	
<b>Financial liabilities</b>					
Long-term loans from financial institutions	-	16,347	-	16,347	MLR-1.0 and LIBOR+3.25
Other long-term liabilities - related party	-	-	170	170	
Trade and other payables	-	-	310	310	
	<u>-</u>	<u>16,347</u>	<u>480</u>	<u>16,827</u>	

(Unit: Million Baht)

As at 31 December 2015					
	Fixed interest rates	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
<b>Financial assets</b>					
Trade and other receivables	-	-	930	930	
Cash at bank and on hand	-	1,374	4	1,378	0.05 to 0.50
Short-term restricted bank deposits	-	529	-	529	0.05 to 0.375
Long-term restricted bank deposits	951	270	-	1,221	0.05 to 1.50
	<u>951</u>	<u>2,173</u>	<u>934</u>	<u>4,058</u>	
<b>Financial liabilities</b>					
Long-term loans from financial institutions	-	16,209	-	16,209	MLR-0.5 and LIBOR+2.5
Other long-term liabilities - related party	-	-	158	158	
Trade and other payables	-	-	365	365	
	<u>-</u>	<u>16,209</u>	<u>523</u>	<u>16,732</u>	

Interest-rate risk sensitivity for the year ended 31 December 2016, if interest rates had been 50 basis points higher/(lower), with all other variables held constant, profit would have decreased/increased by Baht 81 million.



## 21.4 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 2016 and 2015 are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate as at 31 December	
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	30.0	34.8	147.6	140.6	36.0025	36.2538
CHF	-	-	-	0.1	35.5041	36.7180
JPY	-	0.1	46.2	35.1	0.3113	0.3027

As at 31 December 2016, 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 2016, if Thai Baht had strengthened/(weakened) 5 percent against the US dollar, with all other variables held constant, profit would have decreased/(increased) by Baht 30 million and equity would have increased/(decreased) by Baht 242 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 with an outstanding balance, as at 31 December 2016, USD 134 million.

For the year ended 31 December 2016, the Company has no ineffectiveness from cash flow hedge requiring recognition through profit or loss and therefore recognised an unrealised loss of Baht 74 million from changes in value of the long-term loans in USD used for cash flow hedging due to movements in foreign exchange rates, in other comprehensive income. This balance will continue to remain deferred in equity and will be released to the profit or loss, in the same period that the anticipated hedged US dollar denominated sales of electricity to which the deferred gain/(losses) are designated, occur.

As at 31 December 2016, 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>2016</u>	<u>2015</u>
In up to 1 year	5	13
In over 1 and up to 5 years	29	73
In over 5 years	100	54

## 21.5 Fair value

Since the Company's financial assets and trade and other payables are short-term in nature, and the majority of the Company's financial liabilities comprise loans from financial institutions which bear interest at rates close to market rates, 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 loans from financial institutions is 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 loans were not materially different from their calculated fair values.

## 21.6 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, stipulated in the long-term loan agreements with financial institutions.

The Company monitors its capital structure with reference to its long-term loans from financial institutions to its paid up share capital ratio, which is long-term loans from financial institutions divided by paid up share capital. The Company intends to maintain this ratio at less than 2.5 times.

As at 31 December 2016, the long-term loans from financial institutions to paid up share capital ratio in the Company's financial statements is 1.90:1 (2015: 1.84 1).

## 22. Commitments and contingent liabilities

### 22.1 Capital commitments

As at 31 December 2016, the Company has capital commitments in respect of the following agreements.

- a) The Company has commitments in respect of Engineering, Procurement and Construction Contract for the upgrade and construction of the Nabong Substation Project with a related company totalling Baht 369.1 million and USD 24.2 million.
- b) The Company has commitments in respect of consultancy, administration and other service agreements for the upgrade and construction of the Nabong Substation Project with the Parent company of the Group and other companies totalling Baht 85.8 million and CHF 0.1 million.

### 22.2 Operating lease commitments

The Company has entered into an agreement leasing the location of its office in the Lao People's Democratic Republic. The term of the agreement is 25 years.

As at 31 December 2016, future minimum lease payments required under this operating lease contract were as follows.

			(Unit: Thousand USD)
			As at 31 December
			<u>2016</u> <u>2015</u>
Payable within:			
1 year	58 (equivalent to Baht 2 million)	54 (equivalent to Baht 2 million)	
2 - 5 years	230 (equivalent to Baht 8 million)	220 (equivalent to Baht 8 million)	
More than 5 years	691 (equivalent to Baht 25 million)	820 (equivalent to Baht 30 million)	

### 22.3 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 105.7 million and Baht 12.1 million per month (2015: CHF 0.1 million, JPY 52.9 million, Baht 91.9 million and Baht 11.4 million per month).



## **22.4 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 2017 is approximately Baht 8.6 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 2017 is approximately USD 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 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 2018, 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 2017 is approximately Baht 4.3 million per month.

## **22.5 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.

## **22.6 Bank guarantees**

As at 31 December 2016, there were outstanding bank guarantees of USD 25.0 million (equivalent to Baht 900.1 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 (2015: USD 22.5 million).

## **23. Events after the reporting period**

On 17 February 2017, the Board of Directors of Meeting of the Company No. 1/2017 passed a resolution to pay a dividend of Baht 0.7 per share, or a total of Baht 616.63 million, to the shareholders of the Company in respect of the profit for the year 2016. The resolution will be proposed to the Annual General Meeting of Shareholders of the Company for the year 2017 for approval.

# บริษัท ไฟฟ้าน้ำจืด 2 จำกัด

ครั้งที่ 59/2560

31 สิงหาคม 2560

อันดับเครดิตองค์กร:	A
อันดับเครดิตตราสารหนี้:	
หุ้นกู้ไม่ด้อยสิทธิ ไม่มีหลักประกัน	A-
แนวโน้มอันดับเครดิต:	Stable

อันดับเครดิตองค์กรในอดีต:		
วันที่	อันดับเครดิต	แนวโน้ม
		อันดับเครดิต/เครดิตพิจน์
26/07/60	A	Stable

## ติดต่อ:

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## เหตุผล

ทริสเรตติ้งคงอันดับเครดิตองค์กรของ บริษัท ไฟฟ้าน้ำจืด 2 จำกัด ที่ระดับ "A" พร้อมกันนี้ ทริสเรตติ้งยังจัดอันดับเครดิตหุ้นกู้ไม่ด้อยสิทธิ ไม่มีหลักประกันในวงเงินไม่เกิน 6,000 ล้านบาทของ บริษัทที่ระดับ "A-" ด้วย ทั้งนี้ อันดับเครดิตหุ้นกู้ที่น้อยกว่าอันดับเครดิตองค์กรอยู่ 1 ระดับนั้น สะท้อนถึงลักษณะของการด้อยสิทธิทางโครงสร้าง (Structural Subordination) ของหุ้นกู้ของบริษัท เมื่อเทียบกับเงินกู้ปัจจุบันที่มีอยู่กับธนาคาร โดยบริษัทจะนำเงินที่ได้รับจากการออกหุ้นกู้ไปใช้ชำระคืนเงินกู้เดิมบางส่วนของบริษัท

อันดับเครดิตสะท้อนถึงกระแสเงินสดที่แน่นอนที่บริษัทได้รับจากการมีสัญญาขายไฟฟ้าระยะยาว (Power Purchase Agreement -- PPA) กับการไฟฟ้าฝ่ายผลิตแห่งประเทศไทย (กฟผ.) ซึ่งได้รับการจัดอันดับเครดิต "AAA" จากทริสเรตติ้งและประสบการณ์ในการบริหารงานโรงไฟฟ้าพลังน้ำของกลุ่มผู้ถือหุ้นและผู้บริหารของบริษัท นอกจากนี้ การพิจารณาอันดับเครดิตยังคำนึงถึงระดับความคุ้มครองเจ้าหนี้ภายใต้โครงสร้างสัญญาต่าง ๆ ในโครงการของบริษัทและเทคโนโลยีซึ่งผ่านการพิสูจน์แล้วที่ใช้ในโรงไฟฟ้าพลังน้ำของบริษัทด้วย อย่างไรก็ตาม อันดับเครดิตดังกล่าวมีข้อจำกัดจากความไม่แน่นอนของอัตราการไหลของกระแสไฟฟ้าในแม่น้ำจืดและความเสี่ยงประเทศของสาธารณรัฐประชาธิปไตยประชาชนลาว (สปป. ลาว) ซึ่งเป็นที่ตั้งโรงไฟฟ้าพลังน้ำของบริษัทซึ่งปัจจุบัน สปป.ลาว ได้รับอันดับเครดิตที่ระดับ "BBB+/Negative" จากทริสเรตติ้ง

บริษัทไฟฟ้าน้ำจืด 2 เป็นหนึ่งในบริษัทหลักในธุรกิจไฟฟ้าของกลุ่ม ช. การช่าง บริษัทจัดตั้งในปี 2550 ภายใต้กฎหมายของ สปป. ลาว เพื่อเป็นเจ้าของและดำเนินการโรงไฟฟ้าพลังน้ำน้ำจืด 2 กลุ่มผู้ถือหุ้นหลักที่เป็นผู้ถือหุ้นสูงสุดของบริษัทประกอบด้วย บริษัท ซีเค พาวเวอร์ จำกัด (มหาชน) ซึ่งถือหุ้นในสัดส่วน 42% บริษัท ผลิตไฟฟ้าราชบุรีโฮลดิ้ง จำกัด (มหาชน) 25% และ EDL-Generation PLC (EDL-Gen) 25% บริษัทซีเค พาวเวอร์ เป็นบริษัทโฮลดิ้งด้านพลังงานของกลุ่ม ช. การช่าง ซึ่งปัจจุบันมีการลงทุนทั้งในโรงไฟฟ้าขนาดเล็ก (Small Power Producer -- SPP) รวมถึงโรงไฟฟ้าพลังงานทดแทนในประเทศไทย และโรงไฟฟ้าพลังน้ำไซยะบุรีใน สปป. ลาว ด้วย สำหรับบริษัทผลิตไฟฟ้าราชบุรีโฮลดิ้ง (ได้รับอันดับเครดิต "AAA" จากทริสเรตติ้ง) ซึ่งถือหุ้นโดย กฟผ. ในสัดส่วน 45% นั้นเป็นบริษัทผลิตไฟฟ้าเอกชนที่ใหญ่ที่สุดในประเทศไทยซึ่งมีกำลังการผลิตทั้งสิ้น 6,496 เมกะวัตต์ ณ เดือนมีนาคม 2560 ส่วน EDL-Gen นั้นเป็นบริษัทลูกของ Electricite du Laos (EDL) ซึ่งเป็นรัฐวิสาหกิจของ สปป. ลาว ปัจจุบัน EDL-Gen ได้รับอันดับเครดิต "BBB+/Negative" จากทริสเรตติ้ง

โรงไฟฟ้าพลังน้ำน้ำจืด 2 มีกำลังการผลิตติดตั้ง 615 เมกะวัตต์ โรงไฟฟ้าแห่งนี้ตั้งอยู่บนฝั่งแม่น้ำจืดซึ่งอยู่ห่างจากโรงไฟฟ้าพลังน้ำน้ำจืด 1 (มีกำลังการผลิต 150 เมกะวัตต์) ไปทางต้นน้ำ 35 กิโลเมตร (กม.) การก่อสร้างโรงไฟฟ้าพลังน้ำน้ำจืด 2 แล้วเสร็จตามเวลาดำเนินงานลงทุนทั้งสิ้นประมาณ 31,000 ล้านบาท โดยโรงไฟฟ้าเริ่มดำเนินงาน (Initial Operation) ในเดือนมีนาคม 2554 และดำเนินงานเชิงพาณิชย์ (Commercial Operation) ในเดือนมกราคม 2556

ลักษณะโครงสร้างสัญญาในโครงการโรงไฟฟ้าพลังน้ำของบริษัทช่วยบรรเทาความเสี่ยงส่วนใหญ่ของโครงการ ความเสี่ยงด้านการตลาดส่วนใหญ่ได้รับการบรรเทาด้วยสัญญา PPA ที่มีกับ กฟผ. ระยะเวลา 25 ปีนับจากวันเดินเครื่องเชิงพาณิชย์ โดย กฟผ. จะรับซื้อไฟฟ้าในลักษณะจ่ายค่าไฟฟ้าทั้งหมดซึ่งสามารถเรียกเก็บไฟฟ้าส่วนที่ขาดให้ครบได้ในภายหลัง (Take-or-Pay) ซึ่ง กฟผ. จะ

รับซื้อไฟฟ้าในปริมาณสูงสุดไม่เกิน 2,310 ล้านกิโลวัตต์ชั่วโมง (ล้านหน่วย) ต่อปี (Annual Supply Target) ในขณะที่โรงไฟฟ้าจะต้องมีความพร้อมจ่ายพลังงานไฟฟ้าไม่น้อยกว่า 10 ชั่วโมงต่อวันหรือเทียบเท่ากับพลังงานไฟฟ้าประมาณ 1,722 ล้านหน่วยต่อปี หรือประมาณ 77% ของ Annual Supply Target ส่วนอัตราค่าไฟฟ้านั้นมีการระบุไว้อย่างชัดเจนใน PPA ว่าจะสามารถปรับขึ้นได้ประมาณ 7.8% ในปี 2562 โดยครึ่งหนึ่งของอัตราค่าไฟฟ้าจะจ่ายในสกุลเงินบาท ส่วนอีกครึ่งหนึ่งจะจ่ายในสกุลเงินดอลลาร์สหรัฐ

การกำหนด Annual Supply Target นั้นมาจากอัตราการไหลของน้ำเข้าเขื่อนต่อปีซึ่งมีค่าเฉลี่ยอยู่ที่ 6,270 ล้านลูกบาศก์เมตร (ลบ.ม.) โดยคำนวณจากข้อมูลย้อนหลังระหว่างปี 2492-2546 ทั้งนี้ ค่าเฉลี่ยของอัตราการไหลของน้ำเข้าเขื่อนในช่วงปี 2554-2559 อยู่ที่ 6,529 ล้าน ลบ.ม. ซึ่งสูงกว่าค่าเฉลี่ยในอดีตประมาณ 4.1%

นอกจากนี้ PPA ยังมีกลไกที่ทำให้กระแสเงินสดของบริษัทมีเสถียรภาพแม้ว่าปริมาณไฟฟ้าที่ผลิตได้นั้นจะมากหรือน้อยกว่า Annual Supply Target โดยกลไกดังกล่าวเอื้อให้บริษัทสามารถขายไฟฟ้าได้มากกว่าปริมาณเป้าหมายในปีที่มีน้ำมาก ในขณะที่ปีที่มีน้ำน้อยจนปริมาณไฟฟ้าที่ผลิตต่ำกว่าเป้าหมายนั้นบริษัทจะได้รับเงินสดจากการนำไฟฟ้าที่ผลิตเกินกว่าเป้าหมายดังกล่าวมาใช้ และหากในกรณีที่บริษัทขายไฟฟ้าได้ต่ำกว่า Annual Supply Target ปริมาณไฟฟ้าในส่วนที่ขาดนั้นก็สามารรถนำไปทบกับ Annual Supply Target ในปีต่อ ๆ ไปได้

ความเสี่ยงจากการดำเนินงานของบริษัทลดลงเนื่องจาก กฟผ. เป็นผู้ดำเนินงานโรงไฟฟ้าให้แก่บริษัท โดยบริษัทได้ทำสัญญาเดินเครื่องและบำรุงรักษา (Operation and Maintenance Agreement -- OMA) กับ กฟผ. ซึ่งครอบคลุมตลอดอายุสัญญา PPA กฟผ. มีความชำนาญและมีประสบการณ์ที่ยาวนานในการดำเนินงานโรงไฟฟ้าพลังน้ำในประเทศไทย ดังนั้น การมีส่วนร่วมของ กฟผ. จึงช่วยลดความเสี่ยงจากการดำเนินงานลงไปได้มาก นับตั้งแต่เริ่มดำเนินงานโรงไฟฟ้าในเดือนมีนาคม 2554 เป็นต้นมา ค่าความพร้อมของโรงไฟฟ้าโดยเฉลี่ยของบริษัทอยู่ในระดับสูงกว่า 96% และสัดส่วนความสำเร็จในการเริ่มเดินเครื่องที่สูงกว่า 99% โดยเฉลี่ย นอกจากนี้ บริษัทยังทำสัญญาซ่อมบำรุงใหญ่ (Major Maintenance Agreement -- MMA) กับ กฟผ. อีกด้วย โดยขอบเขตของสัญญานี้รวมถึงการซ่อมบำรุงเชิงป้องกันและการแก้ไข สัญญานี้มีอายุ 7 ปีซึ่งจะครบกำหนดในปี 2562 แต่ในเงื่อนไขของสัญญามีระบุทางเลือกในการต่อสัญญาเอาไว้ด้วย ซึ่งคาดว่าจะมีความเป็นไปได้สูงที่บริษัทจะต่อสัญญาดังกล่าว

ความเสี่ยงจากการโอนและแลกเปลี่ยนสกุลเงินบรรเทาจากการมีสัญญาสัมปทาน (Concession Agreement -- CA) กับรัฐบาล สปป. ลาว โดยสัญญาสัมปทานได้ให้สิทธิบริษัทในการรับรายได้และจ่ายเงินในบัญชีที่อยู่นอก สปป. ลาวได้ ซึ่งรายได้จากการขายไฟฟ้าที่ได้รับจาก กฟผ. นั้นใช้วิธีจ่ายเข้าบัญชีของบริษัทในประเทศไทย นอกจากนี้ สัญญาสัมปทานยังให้สิทธิบริษัทในการใช้น้ำจากแม่น้ำโขงในการผลิตไฟฟ้า รวมถึงสิทธิในการถือครองที่ดินโดยการเช่าซึ่งรวมถึงอ่างเก็บน้ำและสิทธิในการใช้ถนนทางเข้าโครงการและสายส่งอีกด้วย อย่างไรก็ตาม บริษัทมีหน้าที่ต้องชำระค่าสิทธิสัมปทาน (Royalty Fee) และภาษีเงินได้นิติบุคคลให้แก่รัฐบาล สปป. ลาว ตามที่กำหนดไว้ในสัญญาสัมปทาน นอกจากนี้ บริษัทยังจะต้องดำเนินการภายใต้แผนงานด้านการจัดการสิ่งแวดล้อมและแผนงานพัฒนาด้านสังคมในกรณีที่เกิดผลกระทบต่อผู้เกี่ยวข้องโดยให้เหมาะสมกับวิธีปฏิบัติตามมาตรฐานสากลอีกด้วย

ด้วยกลไกที่กำหนดไว้ในสัญญา PPA จึงส่งผลทำให้บริษัทมีรายได้และกำไรก่อนดอกเบี้ยจ่าย ภาษี ค่าเสื่อมราคา และค่าตัดจำหน่าย (EBITDA) ก่อนหักคงที่ แม้ว่าบางปีจะมีปริมาณน้ำไหลเข้าเขื่อนต่ำกว่าค่าเฉลี่ยในอดีตก็ตาม รายได้ในช่วงปี 2554-2557 อยู่ระหว่าง 3,800-4,200 ล้านบาทต่อปี และ EBITDA อยู่ในช่วง 3,000-3,300 ล้านบาทต่อปี ปริมาณการไหลของน้ำเข้าเขื่อนอยู่ระหว่าง 5,800-6,700 ล้าน ลบ.ม. ต่อปี สำหรับปี 2558-2559 นั้นปริมาณน้ำไหลเข้าเขื่อนต่ำกว่าค่าเฉลี่ยในอดีต 2 ปีติดต่อกัน ทำให้บริษัทผลิตไฟฟ้าได้ระดับ 2,104 ล้านหน่วยในปี 2558 และ 2,109 ล้านหน่วยในปี 2559 อย่างไรก็ตาม รายได้ของบริษัทยังคงอยู่ที่ประมาณ 3,800 ล้านบาทต่อปี ในขณะที่ EBITDA นั้นลดลงมาอยู่ต่ำกว่าที่ระดับ 3,000 ล้านบาทต่อปีเล็กน้อยซึ่งใกล้เคียงกับเมื่อ 2-3 ปีที่ผ่านมา การผลิตไฟฟ้าที่ลดลงในปี 2558-2559 อาจไม่ส่งผลกระทบต่อกระแสเงินสดของบริษัทในระยะยาวเพราะปริมาณไฟฟ้าส่วนที่ขาดจาก Annual Supply Target ดังกล่าวนำไปทบกับ Annual Supply Target สำหรับปีต่อ ๆ ไปได้

บริษัทมีสถานะทางการเงินในระดับปานกลาง โครงสร้างรายได้จากอัตราซื้อไฟฟ้าจาก กฟผ. และโครงสร้างเงินกู้ของบริษัททำให้บริษัทมีความเสี่ยงด้านอัตราแลกเปลี่ยนเงินตราอยู่บ้างเนื่องจากบริษัทมีรายได้ที่ชำระเป็นเงินบาท 50% และเป็นเงินดอลลาร์สหรัฐ 50% ในขณะที่โครงสร้างเงินกู้ประกอบด้วยเงินกู้สกุลเงินบาท 70% และเงินกู้สกุลเงินดอลลาร์สหรัฐ อีก 30% นอกจากนี้ บริษัทยังมีความเสี่ยงจากอัตราดอกเบี้ยที่เปลี่ยนแปลงเนื่องจากดอกเบี้ยเงินกู้โครงการของบริษัทเป็นแบบลอยตัวซึ่งอ้างอิงกับอัตราดอกเบี้ยเงินกู้ลูกค้ารายใหญ่ชั้นดี (MLR) สำหรับเงินกู้สกุลเงินบาทและอ้างอิงกับอัตราดอกเบี้ยระหว่างธนาคารในตลาดลอนดอน (LIBOR) สำหรับเงินกู้สกุลเงินดอลลาร์สหรัฐ

ในอนาคตบริษัทตั้งประมาณการว่า EBITDA ของบริษัทจะอยู่ในช่วง 3,000-3,600 ล้านบาทต่อปีในช่วงปี 2560-2562 ซึ่งการประมาณการตั้งอยู่บนสมมติฐานว่าบริษัทจะสามารถผลิตไฟฟ้าได้ตาม Annual Supply Target ที่ 2,310 ล้านหน่วยต่อปีโดยจะมีปริมาณการไหลของน้ำเข้าเขื่อนที่ 6,270 ล้าน ลบ.ม. กลไกที่ระบุใน PPA จะช่วยให้บริษัทสามารถบรรลุเป้าหมายนี้ได้แม้ว่าจะมีความผันผวนของปริมาณน้ำในแต่ละปีก็ตาม บริษัทได้ตั้งงบประมาณจำนวน 3,120 ล้านบาทสำหรับการลงทุนขยายสถานีไฟฟ้าย่อยบางในช่วงปี 2559-2561 เพื่อให้เป็นไปตามข้อกำหนดใน PPA และตาม

ความต้องการของรัฐบาล สปป. ลาว ทั้งนี้ ด้วยการมี EBITDA และการลงทุนในระดับที่ประมาณการดังกล่าว บริษัทจะมีอัตราส่วนเงินกู้รวมต่อ EBITDA อยู่ระหว่าง 4-5 เท่า

### แนวโน้มอันดับเครดิต

แนวโน้มอันดับเครดิต “Stable” หรือ “คงที่” สะท้อนถึงการคาดการณ์ของทริสเรตติ้งว่าบริษัทจะยังคงมีกระแสเงินสดที่แน่นอนจากโรงไฟฟ้า นอกจากนี้ ยังคาดว่าบริษัทจะสามารถบริหารจัดการโรงไฟฟ้าและปริมาณน้ำให้มีเพียงพอสำหรับการผลิตไฟฟ้าได้ตามเป้าหมายทั้งในปีน้ำมากและในน้ำน้อย

ปัจจัยที่มีผลในเชิงบวกต่ออันดับเครดิตของบริษัทอาจเกิดจากการที่บริษัทมีการดำเนินงานที่ดีขึ้นอย่างต่อเนื่อง ในขณะที่ปัจจัยที่มีผลในเชิงลบต่ออันดับเครดิตของบริษัทอาจเกิดจากการที่บริษัทมีกระแสเงินสดที่ถดถอยลง หรือการที่บริษัทมีการลงทุนขนาดใหญ่ซึ่งเป็นปัจจัยที่ทำให้สถานะการเงินของบริษัทอ่อนแอลง

### บริษัท ไฟฟ้าน้ำงึม 2 จำกัด (NN2PC)

อันดับเครดิตองค์กร: A

### อันดับเครดิตตราสารหนี้:

หุ้นกู้ไม่ด้อยสิทธิ ไม่มีหลักประกันในวงเงินไม่เกิน 6,000 ล้านบาท โถงถอนภายในระยะเวลาไม่เกิน 10 ปี A-

แนวโน้มอันดับเครดิต: Stable

### ข้อมูลผลการดำเนินงานที่สำคัญของโรงไฟฟ้าเขื่อนน้ำงึม 2

	ม.ค.-มิ.ย. 2560	2559	2558	2557	2556	2555
<b>ผลการดำเนินงานของโรงไฟฟ้า</b>						
พลังงานไฟฟ้าที่ผลิตได้ (ล้านหน่วย)	794	2,109	2,104	2,215	2,568	2,180
ค่าความพร้อมจ่าย (%)	99.4	97.6	96.5	97.1	97.3	96.5
การหยุดซ่อมตามแผน (ล้านหน่วย)	11.2	106.4	60.3	81.9	86.2	122.5
การหยุดซ่อมนอกแผน (ล้านหน่วย)	2.8	19.8	57.2	52.8	54.6	42.5
การหยุดซ่อมฉุกเฉิน (ล้านหน่วย)	0.0	1.0	8.4	24.9	3.2	9.7
<b>การบริหารจัดการอ่างเก็บน้ำ</b>						
ระดับน้ำ ณ สิ้นงวด (เมตรเหนือระดับทะเลปานกลาง – รทก.)	345.4	371.1	372.4	373.7	372.3	370.7
ปริมาณน้ำไหลเข้าอ่างเก็บน้ำ (ล้านลูกบาศก์เมตร – ล้าน ลบ.ม.)	952	5,360	5,806	6,342	7,029	5,858
ปริมาณน้ำในอ่าง ณ สิ้นงวด (ล้าน ลบ.ม.)	2,620	4,747	4,779	4,851	4,714	4,440

\* ตั้งแต่เริ่มเดินเครื่องครั้งแรก (IOD) ในวันที่ 26 มีนาคม 2554



ข้อมูลงบการเงินและอัตราส่วนทางการเงินที่สำคัญ \*

หน่วย: ล้านบาท

	ม.ค.-มิ.ย. 2560	ณ วันที่ 31 ธันวาคม				
		2559	2558	2557	2556	2555
รายได้	1,441	3,815	3,883	3,976	4,115	3,852
ดอกเบี้ยจ่ายรวม	494	854	895	987	1,225	1,282
กำไร (ขาดทุน) สุทธิจากการดำเนินงาน	123	1,041	972	1,080	1,116	721
เงินทุนจากการดำเนินงาน	652	1,777	2,095	2,185	2,150	1,823
กำไรก่อนดอกเบี้ยจ่าย ภาษี ค่าเสื่อมราคา และค่าตัดจำหน่าย	1,118	2,997	2,962	3,165	3,337	3,072
ค่าใช้จ่ายฝ่ายทุน	890	1,015	24	25	12	48
สินทรัพย์รวม	27,359	27,138	28,876	29,737	30,412	30,903
เงินกู้รวม	16,701	16,347	16,209	17,485	18,928	20,043
ส่วนของผู้ถือหุ้น	9,995	10,301	12,141	11,894	11,113	10,565
อัตราส่วนกำไรจากการดำเนินงานก่อนค่าเสื่อมราคาและค่าตัดจำหน่าย/รายได้ (%)	77.3	78.1	75.8	79.4	80.9	79.6
อัตราส่วนผลตอบแทน/เงินทุนถาวร (%)	6.0 **	6.9	6.5	7.0	7.4	6.5
อัตราส่วนกำไรก่อนดอกเบี้ยจ่าย ภาษี ค่าเสื่อมราคา และค่าตัดจำหน่าย/ดอกเบี้ยจ่าย (เท่า)	2.3	3.5	3.3	3.2	2.7	2.4
อัตราส่วนเงินทุนจากการดำเนินงาน/เงินกู้รวม (%)	8.8 **	10.9	12.9	12.5	11.4	9.1
อัตราส่วนเงินกู้รวม/โครงสร้างเงินทุน (%)	62.6	61.3	57.2	59.5	63.0	65.5
อัตราส่วนเงินกู้รวม/กำไรก่อนดอกเบี้ยจ่าย ภาษี ค่าเสื่อมราคา และค่าตัดจำหน่าย (เท่า)	6.1 **	5.5	5.5	5.5	5.7	6.5

\* งบการเงินรวม

\*\* ปรับเป็นอัตราส่วนเดิมปีด้วยตัวเลข 12 เดือนย้อนหลัง

บริษัท ทริสเรทติ้ง จำกัด

โทร. 0-2231-3011 ต่อ 500 อาคารสีลมคอมเพล็กซ์ ชั้น 24 191 ถ. สีลม กรุงเทพฯ 10500, www.trisrating.com

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