

Registration Statement (Form 69-DEBT-II&HNW) and **Draft Prospectus**



NAM NGUM 2 POWER

NAM NGUM 2 POWER COMPANY LIMITED (incorporated under the law of the Lao People's Democratic Republic)

Offering in Thailand of

Unsecured, Unsubordinated and Amortized Debentures, with a Debentureholders' Representative, Namely,
"THE AMORTIZED DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2019 TRANCHE 1 DUE 2022"
"THE AMORTIZED DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2019 TRANCHE 3 DUE 2027 WITH THE

ISSUER'S RIGHT TO EARLY REDEMPTION"

AND

Unsecured and Unsubordinated Debentures, with a Debentureholders' Representative, Namely,
"THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2019 TRANCHE 2 DUE 2023"
(collectively, the "**Debentures**")
to Institutional Investors and High Net Worth Investors

Issue Price: 100 per cent.

"The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 1 Due 2022" ("**Tranche 1 Debentures**"), "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 2 Due 2023" ("**Tranche 2 Debentures**") and "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 3 Due 2027 with the Issuer's Right to Early Redemption" ("**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 4 years and Tranche 3 Debentures have a tenor of 8 years. A total of up to 6,000,000 units of the Debentures will be issued, with a nominal value of Baht 1,000 each. Tranche 1 Debentures, Tranche 2 Debentures and Tranche 3 Debentures will be offered in an aggregate total principal amount of up to Baht 3,200,000,000, Baht 800,000,000 and Baht 2,000,000,000, respectively. Interest on Tranche 1 Debentures, Tranche 2 Debentures and Tranche 3 Debentures will accrue at the rate of 3.18 percent per annum, 3.44 percent per annum and 3.88 percent per annum, respectively, from and including the issue date of the Debentures and shall be paid semi-annually in arrears on 7 March and 7 September 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 a credit rating of 'A' (with Stable outlook) according to reports published by TRIS Rating Co., Ltd. on 8 February 2019. 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

5 - 6 March 2019

Date of filing of the registration statement and draft prospectus: 30 January 2019

Effective date of the registration statement and draft prospectus: 1 March 2019

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 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, 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.

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.

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.

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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 ("NN2PC", 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 AMORTIZED DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2019 TRANCHE 1 DUE 2022" ("Tranche 1 Debentures")
 "THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2019 TRANCHE 2 DUE 2023" ("Tranche 2 Debentures")

and

"THE AMORTIZED DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2019 TRANCHE 3 DUE 2027 WITH THE ISSUER'S RIGHT TO EARLY REDEMPTION"

("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

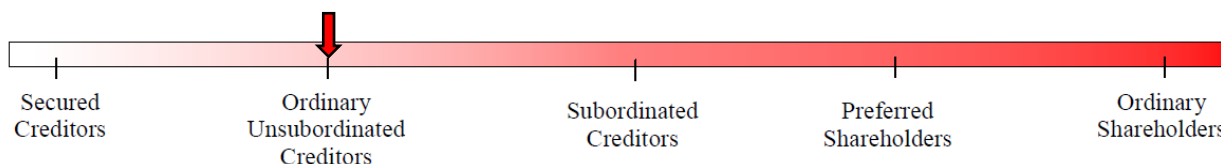
Type of Instruments	<p>(1) Tranche 1 Debentures: Name-Registered, Unsecured, Unsubordinated and Amortized Debentures, with a Debentureholders' Representative.</p> <p>(2) Tranche 2 Debentures: Name-Registered, Unsecured and Unsubordinated with a Debentureholders' Representative.</p> <p>(3) Tranche 3 Debentures: Name-Registered, Unsecured, Unsubordinated and Amortized Debentures, with a Debentureholders' Representative and the Issuer's Right to Early Redemption.</p>	Denomination	Thai Baht
Credit Rating	<input type="checkbox"/> None <input type="checkbox"/> Issuer <input type="checkbox"/> Guarantor <input checked="" type="checkbox"/> Issue The Debentures were assigned credit ratings of 'A' (with Stable outlook) according to reports published by TRIS Rating Co., Ltd. on 8 February 2019. The Issuer will arrange for the credit	Type of Offering	<input type="checkbox"/> PO <input type="checkbox"/> PP (II)* <input type="checkbox"/> PP (HNW)** <input checked="" type="checkbox"/> PP (II&HNW) * Institutional Investors ** High Net Worth Investors

	<p>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 to buy, sell or hold the Debentures and may be subject to revision, suspension or withdrawal at any time by the credit rating agency.</p>		
Offering Size	<p>(1) Tranche 1 Debentures: Up to Baht 3,200,000,000 (three billion two hundred million baht)</p> <p>(2) Tranche 2 Debentures: Up to Baht 800,000,000 (eight hundred million baht)</p> <p>(3) Tranche 3 Debentures: Up to Baht 2,000,000,000 (two billion baht)</p>	Number of units of Debentures	<p>(1) Tranche 1 Debentures: Up to 3,200,000 (three million two hundred thousand) units</p> <p>(2) Tranche 2 Debentures: Up to 800,000 (eight hundred thousand) units</p> <p>(3) Tranche 3 Debentures: Up to 2,000,000 (two million) units</p>
Par Value per Unit	Baht 1,000	Issue Price per unit	Baht 1,000
Total Offering Size	Up to Baht 6,000,000,000 (six billion baht)	Total number of units of Debentures	Up to 6,000,000 (six million) units
Interest Rate	<p><input checked="" type="checkbox"/> Fixed rate</p> <p>(1) Tranche 1 Debentures: 3.18 (three point one eight) percent per annum</p> <p>(2) Tranche 2 Debentures: 3.44 (three point four four) percent per annum</p> <p>(3) Tranche 3 Debentures: 3.88 (three point eight eight) percent per annum</p> <p><input type="checkbox"/> Floating rate</p> <p>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</p>	Early Redemption	<p>The Debentures may be redeemed in whole, but not in part, 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").</p> <p>The Issuer may also repurchase of the Debentures from the secondary market by the Issuer as specified in the Conditions.</p> <p>Tranche 3 Debentures may be redeemed at the option of the Issuer, in whole or in part, on the 5th (fifth) anniversary of the Issue Date and at any Interest Payment Date thereafter</p>

	<p>be calculated based on 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).</p> <p>The withholding tax shall be applied in accordance with the applicable laws.</p>		<p>(each, an "Early Redemption Date") in accordance with the conditions specified under Condition 10.5 of the Conditions.</p> <p>The Debentureholders are not entitled to request the Issuer to early redeem the Debentures.</p> <p>Please see more details in the draft of the Conditions attached as Appendix 1 of the Registration Statement and Draft Prospectus.</p>																																																							
Issue Date	7 March 2019	Subscription Period	5 - 6 March 2019																																																							
Maturity Date	<p>(1) Tranche 1 Debentures: 7 March 2022</p> <p>(2) Tranche 2 Debentures: 7 March 2023</p> <p>(3) Tranche 3 Debentures: 7 March 2027</p>	Tenor	<p>(1) Tranche 1 Debentures: 3 (three) years from the Issue Date</p> <p>(2) Tranche 2 Debentures: 4 (four) years from the Issue Date</p> <p>(3) Tranche 3 Debentures: 8 (eight) years from the Issue Date</p>																																																							
Redemption Dates	<p>In respect of Tranche 1 Debentures, the Issuer shall redeem each unit of Tranche 1 Debentures in installments on the Redemption Dates as follows.</p> <table border="1"> <thead> <tr> <th>Installment</th> <th>Redemption Date</th> <th>Outstanding Principal Amount Per Unit (Baht)</th> <th>Paid Principal Amount Per Unit (Baht)</th> <th>Total Payment Per Unit (Baht)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>7 September 2019</td> <td>1,000.00</td> <td>187.50</td> <td>187.50</td> </tr> <tr> <td>2</td> <td>7 March 2020</td> <td>812.50</td> <td>187.50</td> <td>375.00</td> </tr> <tr> <td>3</td> <td>7 September 2020</td> <td>625.00</td> <td>156.25</td> <td>531.25</td> </tr> <tr> <td>4</td> <td>7 March 2021</td> <td>468.75</td> <td>156.25</td> <td>687.50</td> </tr> <tr> <td>5</td> <td>7 September 2021</td> <td>312.50</td> <td>156.25</td> <td>843.75</td> </tr> <tr> <td>6</td> <td>7 March 2022</td> <td>156.25</td> <td>156.25</td> <td>1,000.00</td> </tr> </tbody> </table> <p>In respect of Tranche 3 Debentures, the Issuer shall redeem each unit of Tranche 3 Debentures in installments on the Redemption Dates as follows.</p> <table border="1"> <thead> <tr> <th>Installment</th> <th>Redemption Date</th> <th>Outstanding Principal Amount Per Unit (Baht)</th> <th>Paid Principal Amount Per Unit (Baht)</th> <th>Total Payment Per Unit (Baht)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>7 March 2025</td> <td>1,000.00</td> <td>300.00</td> <td>300.00</td> </tr> <tr> <td>2</td> <td>7 March 2026</td> <td>700.00</td> <td>300.00</td> <td>600.00</td> </tr> <tr> <td>3</td> <td>7 March 2027</td> <td>400.00</td> <td>400.00</td> <td>1,000.00</td> </tr> </tbody> </table>			Installment	Redemption Date	Outstanding Principal Amount Per Unit (Baht)	Paid Principal Amount Per Unit (Baht)	Total Payment Per Unit (Baht)	1	7 September 2019	1,000.00	187.50	187.50	2	7 March 2020	812.50	187.50	375.00	3	7 September 2020	625.00	156.25	531.25	4	7 March 2021	468.75	156.25	687.50	5	7 September 2021	312.50	156.25	843.75	6	7 March 2022	156.25	156.25	1,000.00	Installment	Redemption Date	Outstanding Principal Amount Per Unit (Baht)	Paid Principal Amount Per Unit (Baht)	Total Payment Per Unit (Baht)	1	7 March 2025	1,000.00	300.00	300.00	2	7 March 2026	700.00	300.00	600.00	3	7 March 2027	400.00	400.00	1,000.00
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Interest Period	Interest on the Debentures shall be payable semi-annually on every 7 March and 7 September of each year, with the last Interest Payment Date on the Maturity Date, unless there is an early redemption made by the Issuer	First Interest Payment Date	7 September 2019
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
Transfer Restriction (if any)	<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>		
Covenant on Maintenance of Financial Ratio (if any)	<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

Tenor of Instrument



Importance Notices

- 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.
- In the event that the Issuer exercises its right to early redeem the Debentures, the Debentureholders may be unable to accurately determine the cash inflow which could be expected to receive from the Debentures and, if such early redemption occurs during the period when the market interest rate is lower than the Interest Rate with respect to the Debentures, the Debenture holders may risk to lose the opportunity to receive a higher return from its investment in the Debentures.
- The Debentures are offered in 3 (three) tranches with different tenors and risk levels. The Debentures with a longer tenor constitute higher risks.
- The Issuer will use the proceeds received from the offering of the Debentures for the repayment or refinancing of its existing debt to financial institutions, including the Joint Lead Arrangers. Investors should carefully consider the risks relating to conflict of interests of the Joint Lead Arrangers in their arrangement for the offering and sale of the Debentures.

Special Characteristics and Risks relating to 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 Debentures

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 the Lao People's Democratic Republic ("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

The 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.

Risk in respect of the Issuer exercising the right to redeem the Debentures before the Maturity Date The Issuer may exercise its right to (i) redeem the Debentures in whole, but not in part, for taxation reasons in accordance with the terms and conditions set out in Condition 10.4 or (ii) redeem Tranche 3 Debentures, in whole or in part, on an Early Redemption Date in accordance with the terms and conditions set out in Condition 10.5. In the event that the Issuer exercises its right to early redeem the Debentures, the Debentureholders may be unable to accurately determine the cash inflow which could be expected to receive from the Debentures, and the Debentureholders may be able to use the sums received from such early redemption of the Debentures to invest in other instruments which yields equal or similar returns to that which could be expected to receive under the Debentures. Please see Condition 10.4 and Condition 10.5 in the draft of the Conditions attached as Appendix 1 of the Registration Statement and Draft Prospectus.

Please see more 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 3.3.7 (Interest rate risks on an investment in the Debentures) and Item 3.3.8 (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 10 (Redemption and Repurchase of Debentures) There are additional terms and conditions in relation to the redemption of Debentures before the Maturity Date for taxation reasons under Condition 10.4 and the optional redemption of Tranche 3 Debentures by the Issuer on an Early Redemption Date under Condition 10.5.
- 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 2018, 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.

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

The Issuer is a company registered in Lao PDR and which is awarded the concession for the development of Nam Ngum 2 Hydroelectric Power Project from the Government of Lao PDR.

Nam Ngum 2 Hydroelectric Power Project ("NN2HPP") has an installed capacity of 615 MW. It 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 generated power 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 to financial institutions, including the Joint Lead Arrangers. Investors should carefully consider the risks relating to conflict of interests of the Joint Lead Arrangers in their arrangement for the offering and sale of the Debentures. The proceeds from debentures issuance are expected to be utilized within March 2019.

Summary of Financial Position and Operating Results for the Past 3 Years

Unit: Thousand Baht (unless otherwise indicated)

Information	Year 2016	Year 2017	Year 2018
Total assets	27,138,190	27,628,602	27,779,137
Total liabilities	16,837,447	17,400,497	16,776,843
Shareholders' Equity	10,300,743	10,228,105	11,002,294
Total Income	3,833,141	3,327,425	3,961,184
Total Expenses	2,348,077	1,906,127	1,838,362
Net Profit	617,645	533,522	1,462,075
Net Profit Margin Ratio (percent)*	26.0	16.0	36.9
Debt to Equity Ratio (times)	1.6	1.7	1.5
Debt to Equity Ratio (times)**	1.4	1.4	1.2
Interest Coverage Ratio (ICR) (times)*	3.4	2.9	5.2
Net Debt to EBITDA Ratio (times)*	4.8	5.9	4.2
Debt Service Coverage Ratio (DSCR) (times)	1.5	2.1	2.1
BE size to interest bearing debt ratio (times)	n/a	n/a	n/a
Interest Bearing Debt matured in 1 year to total interest bearing Debt (times)	0.0	0.1	0.1
Loan from Financial Institution to Total Debt Ratio (times)	1.0	0.6	0.4
Current Ratio (time)	2.1	1.3	1.6
Quick Ratio (time)	1.8	1.0	1.2
Average Collection Period (day)	66.9	49.4	40.6

* Excluded one-time write-off of Nam Bak Hydroelectric Power Project development cost in 2016

** 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: 0-2208-4631-39

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)

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 Nam Ngum 2 Hydroelectric Power Project from the Government of Lao PDR.

Nam Ngum 2 Hydroelectric Power Project (“NN2HPP”) has an installed capacity of 615 MW. It 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 generated power 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

For the year 2017

In 2017, the Company reported Total Revenues of Baht 3,327.4 million, a decrease of Baht 505.7 million or 13.2% compared to the previous year, mainly due to the water inflow in 2017 decreased by 256.2 million cubic meters or 4.8% compared to the previous year. The Company adopted a conservative water management scheme by lowering its declaration of plant’s availability to ensure that the remaining water in the reservoir would be sufficient to produce electricity as planned for the entire year. From the conservative water management scheme, Electricity Sales Volume during 2017 decreased by 251.5 GWh or 11.9% compared to the previous year. Additionally, the strengthening of Thai Baht against US Dollars unfavorably affected the Company’s revenue which was partially received in US Dollars.

Total Cost of Sales of Electricity decreased by Baht 97.6 million or 5.9% 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, the decline in repair and maintenance expenses compared to 2016 and the decline in Royalty fee which was consistent with the decline in Revenue from Sale of Electricity. Administrative Expenses decreased by Baht 421.3 million or 65.5% compared to 2016 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 resulted in Net Profit of Baht 533.5 million in 2017, a decrease of Baht 84.1 million or 13.6% compared to the previous year.



For the year 2018

In 2018, the Company reported Total Revenues of Baht 3,961.2 million, an increase of Baht 633.8 million or 19.0% compared to the previous year, primarily coming from an increase of 597.6 GWh or 32.2% of electricity sales in 2018 compared to the previous year as a result of an increase in water inflow in 2018 by 5,430.9 million cubic metres or 106.4% compared to the previous year.

Total Cost of Sales of Electricity during 2018 was Baht 1,590.4 million, increased by Baht 28.0 million or 1.8% compared to the previous year, mainly coming from an increase of Royalty Fee by Baht 19.8 million or 17.4% compared to the previous year consistent with the improvement of Revenue from Sales of Electricity and an increase of Operation and Maintenance Cost by Baht 2.9 million or 0.9% compared to the previous year from an increase in dam-related operation and maintenance expenses. Administrative Expenses during 2018 was Baht 247.6 million, increased by Baht 26.1 million or 11.8% compared to the previous year primarily coming from an increase in employee and administrative process-related expenses. Finance Cost during 2018 was Baht 616.5 million, decreased by Baht 255.1 million or 29.3% compared to the previous year primarily coming from loan principal repayment and lower interest rate from the issuances of debentures in October 2017 and March 2018.

These resulted in Net Profit of Baht 1,462.1 million, an increase of Baht 928.6 million or 174.0% 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 relation to exchange control
- Risk in respect of Lao Political, legal and regulatory factors
- Amortized debentures
- Interest rate risks on an investment in the Debentures
- Inflation risk on an investment in the Debentures
- Risk in respect of the Issuer exercising the right to redeem the Debentures before the Maturity Date

4. OFFERING INFORMATION

The Company intends to issue and offer (a) "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 1 Due 2022" ("**Tranche 1 Debentures**"), (b) "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 2 Due 2023" ("**Tranche 2 Debentures**") and (c) "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 3 Due 2027 with the Issuer's Right To Early Redemption" ("**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 4 years and Tranche 3 Debentures have a tenor of 8 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 3,200,000,000, Baht 800,000,000 and Baht 2,000,000,000, respectively. Interest on Tranche 1 Debentures, Tranche 2 Debentures and Tranche 3 Debentures will accrue at the rate of 3.18 percent per annum, 3.44 percent per annum and 3.88 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 8 February 2019.

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

Company Name	: Nam Ngum 2 Power Company Limited
Incorporation Date	: 21 May 2008
Type of Business	: Production and distribution of electricity from hydroelectric power.
Head Office	: 215 Lanexang Avenue, Ban Xieng Yuen, Chanthabouly District, Vientiane, Lao PDR.
Registered Capital	: 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
Telephone Number	: (+856-21) 251-718
Facsimile Number	: (+856-21) 215-500
Use of Proceeds	: 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 Nam Ngum 2 Hydroelectric Power Project from the Government of Lao PDR.

Nam Ngum 2 Hydroelectric Power Project (“NN2HPP”) has an installed capacity of 615 MW. It 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 generated power 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
30 March 2018	: The Company issued Baht 3,000 Million Unsecured, Unsubordinated Debentures no.1/2018 for refinancing of existing long-term loans, TRIS Rating affirmed the company rating at “A/Stable” and assigned the rating of “A-/Stable” to the Unsecured, Unsubordinated Debentures.
5 October 2017	: The Company issued Baht 6,000 Million Unsecured, Unsubordinated Debentures no.1/2017 for refinancing of existing long-term loans, TRIS Rating assigned the company rating at “A/Stable” and the rating of “A-/Stable” to the Unsecured, Unsubordinated Debentures.
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 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 MLR per annum.
26 March 2011	: Initial Operation Date

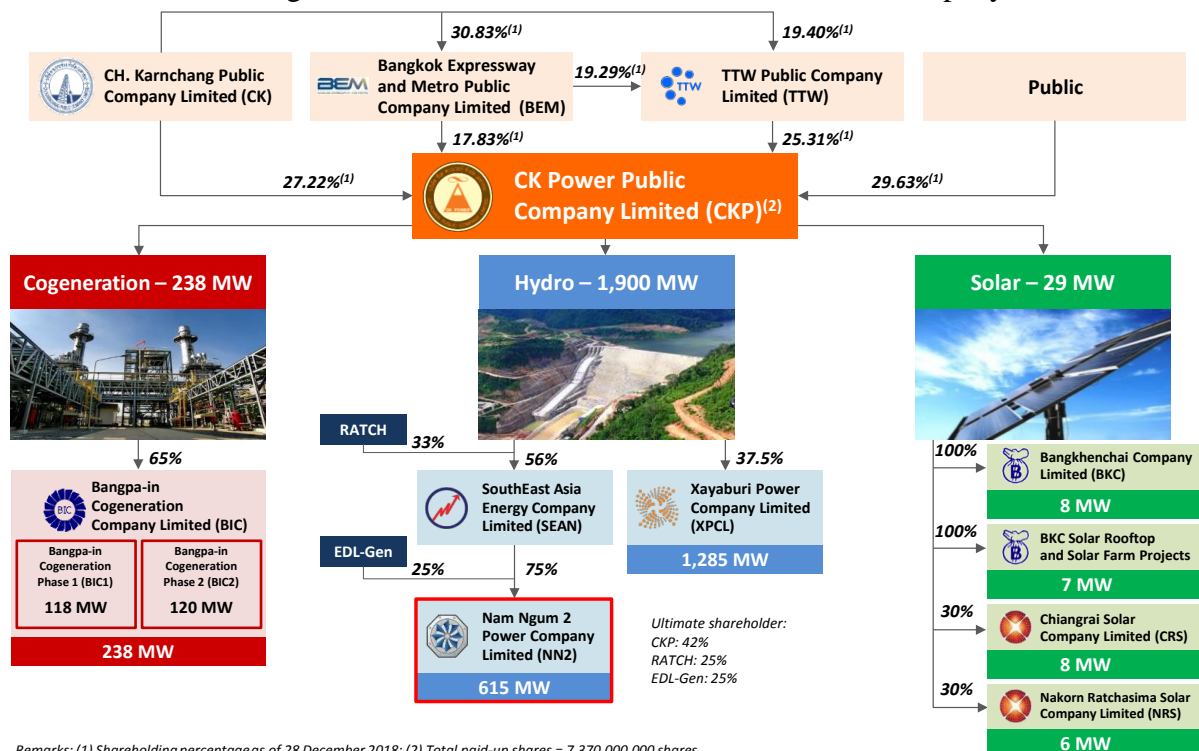
2. BUSINESS OPERATION

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 ³ /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 km²
 - Yearly averaged discharge capacity : 6,270 MCM
 - Full supply level : 378.75 masl
 - Maximum flood level : 375 masl
 - Reservoir area (full supply level) : 122 km²
 - 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 in 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 water volume 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 2017		For the Year Ended 31 December 2018	
	Amount	%	Amount	%	Amount	%
Revenue from sale of electricity	3,814.9	99.5%	3,318.3	99.7%	3,949.3	99.7%
Other income	18.2	0.5%	9.1	0.3%	11.9	0.3%
Total	3,833.1	100.0%	3,327.4	100.0%	3,961.2	100.0%

Tariff Structure

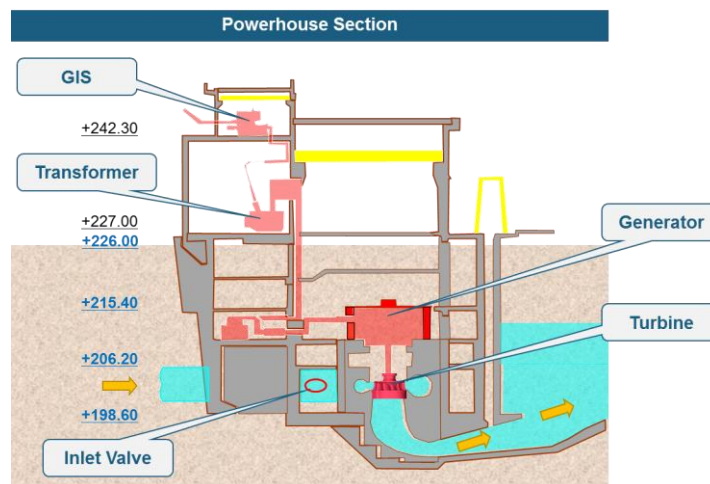
Year	PE Tariff			SE Tariff	EE Tariff
	50% in USD/kWh	50% in THB/kWh	THB equi. /kWh*	THB/kWh	THB/kWh
2011 – 2012	0.02475	0.9630	1.8045	1.2530	1.0600
2013 – 2018	0.02475	0.9650	1.8065	1.2550	1.0620
2019 Thereafter	0.02668	1.0410	1.9481	1.3530	1.1450

*Assume exchange rate of Baht 34 per USD

2.3 Production Process

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 drives the turbine to spin at high velocity. The spinning turbine then drives the generator, connected to the turbine through shaft, to spin and produce electricity.

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



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 water volume in NN2HPP from 2016 to 2018 was as follows:

	2016		2017		2018	
	Height* (masl)	Water Volume (cubic meters)	Height* (masl)	Water Volume (cubic meters)	Height* (masl)	Water Volume (cubic meters)
January	369.4	4,309.8	370.9	4,454.8	364.3	3,818.5
February	370.1	4,376.9	368.7	4,234.3	364.2	3,808.2
March	366.1	3,987.5	361.7	3,576.2	359.9	3,418.7
April	360.3	3,452.0	356.4	3,124.2	354.5	2,965.1
May	354.7	2,918.0	351.1	2,703.1	349.8	2,609.5
June	349.9	2,610.3	345.5	2,301.0	352.7	2,828.2
July	351.8	2,753.0	356.1	3,093.6	372.2	4,591.2
August	361.6	3,586.2	362.7	3,668.4	375.3	4,919.1
September	366.9	4,057.5	363.0	3,695.6	372.6	4,635.9
October	367.5	4,118.6	363.1	3,703.9	370.9	4,459.9
November	369.4	4,310.8	363.2	3,709.4	370.4	4,406.2
December	371.1	4,481.3	364.1	3,794.2	368.4	4,209.7

* Height as at the end 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;
 - Maintain Dam and Instrument record;
 - Patrol reservoir.
 - 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;
- 2.5.5 "Employer's Liability" insurance; and
- 2.5.6 "Terrorism" insurance.

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

- 2.5.7 "Marine Cargo/Transit" insurance;
- 2.5.8 "Construction All Risks" insurance;
- 2.5.9 "Public Liability" insurance; and
- 2.5.10 "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 make 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 repairation 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. For example, according to the actual records in 2017, the amount of water flowing into the project was relatively low, causing a shortfall of PE of 388.93 million units of electricity compared to the PE target, and a shortfall of SE of 67.44 million units of electricity compared to the SE target. The aforesaid shortfalls of electricity was 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.

The Company continues to closely monitor 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 hydroelectric power project management ability. 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 in 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 water volume 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, arrange for credit availability and maintain 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, 2017 and 2018, the Company derived USD revenue in the amount of USD 50.28 Million, USD 45.27 Million and USD 48.35 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 - 2018, the Company's USD revenue, expenses and principal repayment of the long-term loans were as follows:

(Unit: USD Million)	2016	2017	2018
Revenue	50.28	45.27	48.35
- Revenue from sales of electricity	50.28	45.27	48.35
Expenditure	14.75	12.58	12.89
- Principal repayment	8.35	5.11	7.50
- Interest expense	4.69	5.92	3.88
- Royalty fee	1.71	1.55	1.51
Net	35.53	32.69	35.46

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 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 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.

3.3.5 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 Government of Lao PDR. (“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.

3.3.6 Amortized debentures

The 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.

3.3.7 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.

3.3.8 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.

3.3.9 Risk in respect of the Issuer exercising the right to redeem the Debentures before the Maturity Date

The Issuer may exercise its right to (i) redeem the Debentures in whole, but not in part, for taxation reasons in accordance with the terms and conditions set out in Condition 10.4 or (ii) redeem Tranche 3 Debentures, in whole or in part, on an Early Redemption Date in accordance with the terms and conditions set out in Condition 10.5. In the event that the Issuer exercises its right to early redeem the Debentures, the Debentureholders may be unable to accurately determine the cash inflow which could be expected to receive from the Debentures, and the Debentureholders may be able to use the sums received from such early redemption of the Debentures to invest in other instruments which yields equal or similar returns to that which could be expected to receive under the Debentures. Please see Condition 10.4 and Condition 10.5 in the draft of the Conditions attached as Appendix 1 of the Registration Statement and Draft Prospectus.

3.4 Risks in relation to Instrument

3.4.1 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.



3.4.2 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.

3.4.3 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.

3.5 Default Risk

In the past 3 years, the Company has not been in default on payments of principal, interest or any debt under its debt instruments or loans granted by commercial banks, finance companies, credit foncier or financial institutions established by virtue of specific law:

No

In the past 3 years, the Company has not been in breach of any terms and conditions of its bonds, notes or debentures:

No

4. OPERATING ASSETS

4.1 Fixed Assets

As at December 31, 2018, 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	21,096.27	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	26.72	Owner	None
2	Furniture and office supplies	Lao PDR	45.22	Owner	None
3	Vehicles	Lao PDR	20.44	Owner	None
Total property, plant and equipment			92.38		

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, 2018, 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, 2018, 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
Total		880,900,000	100.0

6.3 Debentures / Bills of Exchange / Promissory Notes

6.3.1 Debentures

As of 31 December 2018, Company has the debentures with the outstanding of THB 9.0 billion as the following details

1. NNPC200A

Debenture Name	:	THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2017 TRANCHE 1 DUE 2020
Debenture Type	:	Unsecured and Unsubordinated Debentures
Number of Debentures Offered	:	1,000,000 (one million) units
Nominal Amount	:	Baht 1,000 (one thousand) per unit
Value of Debentures Offered	:	Baht 1,000,000,000 (one billion)
Issue Date	:	5 October 2017
Tenor	:	3 (Three) years
Maturity Date	:	5 October 2020
Interest Rate	:	2.59 (two point five nine) percent per annum
Registrar	:	Thailand Securities Depository Company Limited



Debentureholders' Representative	:	Bangkok Bank Public Company Limited
Paying Agent	:	Bank of Ayudhya Public Company Limited

2. NNPC24OA

Debenture Name	:	THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2017 TRANCHE 2 DUE 2024
Debenture Type	:	Unsecured and Unsubordinated Debentures
Number of Debentures Offered	:	1,400,000 (one million four hundred thousand) units
Nominal Amount	:	Baht 1,000 (one thousand) per unit
Value of Debentures Offered	:	Baht 1,400,000,000 (one thousand four hundred million)
Issue Date	:	5 October 2017
Tenor	:	7 (seven) years
Maturity Date	:	5 October 2024
Interest Rate	:	3.48 (three point four eight) percent per annum
Registrar	:	Thailand Securities Depository Company Limited
Debentureholders' Representative	:	Bangkok Bank Public Company Limited
Paying Agent	:	Bank of Ayudhya Public Company Limited

3. NNPC27OA

Debenture Name	:	THE AMORTIZED DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2017 TRANCHE 3 DUE 2027
Debenture Type	:	Unsecured, Unsubordinated and Amortized Debentures
Number of Debentures Offered	:	3,600,000 (three million six hundred thousand) units
Nominal Amount	:	Baht 1,000 (one thousand) per unit
Value of Debentures Offered	:	Baht 3,600,000,000 (three thousand six hundred million)
Issue Date	:	5 October 2017
Tenor	:	10 (ten) years
Maturity Date	:	5 October 2027
Interest Rate	:	3.69 (three point six nine) percent per annum
Registrar	:	Thailand Securities Depository Company Limited
Debentureholders' Representative	:	Bangkok Bank Public Company Limited
Paying Agent	:	Bank of Ayudhya Public Company Limited



4. NNPC300A

Debenture Name	:	THE AMORTIZED DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2018 DUE 2030 WITH THE ISSUER'S RIGHT TO EARLY REDEMPTION
Debenture Type	:	Unsecured, Unsubordinated and Amortized Debentures
Number of Debentures Offered	:	3,000,000 (three million) units
Nominal Amount	:	Baht 1,000 (one thousand) per unit
Value of Debentures Offered	:	Baht 3,000,000,000 (three thousand million)
Issue Date	:	30 March 2018
Tenor	:	12 (twelve) years
Maturity Date	:	30 March 2030
Interest Rate	:	3.98 (three point nine eight) percent per annum
Registrar	:	Thailand Securities Depository Company Limited
Debentureholders' Representative	:	Bangkok Bank Public Company Limited
Paying Agent	:	Bank of Ayudhya Public Company Limited

6.3.2 Bills of Exchange

As of December 31, 2018, the Company did not have any outstanding bills of exchange.

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;

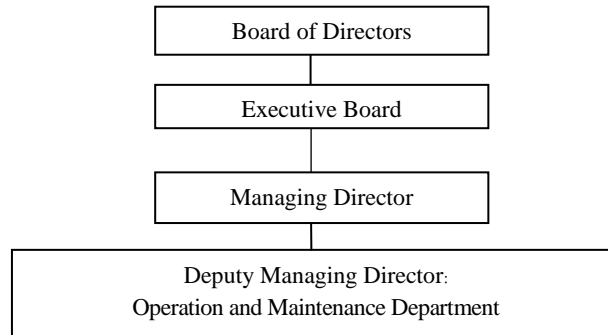


3. Debt Service Reserve Account: The Company must reserve funds in the amount equivalent to the principal and interest in the next six months; and
4. Major Maintenance Account: The Company must reserve funds in the amount equivalent to the Capital Expenditure costs in accordance with the Major Maintenance 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, 2018 was as follows:



7.1 Board of Directors

7.1.1 The Structure of the Board of Directors

As at December 31, 2018, NN2PC's Board of Directors consisted of 13 directors, six of whom are executive directors, per name and number of their meeting attendances as follows:

Name	Position	Total Number of Meeting in 2018 ¹	
		The Board of Directors' Meetings in 2018	The Executive Board's Meetings in 2018
Dr. Virabongsa Ramangkura	Chairman of the Board of Directors	4/4	
Mr. Plew Trivisvavet	Chairman of the Executive Board	4/4	5/5
Mr. Supong Chayutsahakij	Director	4/4	
Mr. Narong Sangsuriya	Director	4/4	
	Executive Director		5/5
Mr. Prasert Marittanaporn	Director	4/4	
Mr. Thanawat Trivisvavet	Director	4/4	
	Executive Director		5/5
Mrs. Sunee Rajatamutha	Director	4/4	
Mr. Somnuk Jindasup ²	Director	0/1	
	Executive Director		0/1
Mr. Nimit Lekcharoensuk ²	Director	3/3	
	Executive Director		4/4



Name	Position	Total Number of Meeting in 2018 ¹	
		The Board of Directors' Meetings in 2018	The Executive Board's Meetings in 2018
Mr. Van Hoang Dau	Director	4/4	
	Executive Director		4/5
Mr. Milton William Shlapak	Director	4/4	
Mr. Bounleua SINXAYVOLAVONG	Director	1/4	
Mr. Bounsalong SOUTHIDARA	Director	3/4	
Mr. Vorapote U.Choepaiboonvong	Director	4/4	
	Executive Director		5/5
	Managing Director		

Remarks: ¹ Total Number of Meetings/Attendances

² The Board of Directors' Meeting on February 20, 2018 resolved to approve the appointment of Mr.Nimit Lekcharoensuk as director to replace Mr.Somnuk Jindasup who resigned from directorship, effective since the Board of Directors approved.

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:

1. Two of the following four directors, namely, Mr. Plew Trivisvavet, Mr. Narong Sangsuriya, Mr. Thanawat Trivisvavet and Mr. Vorapote U.Choepaiboonvong, jointly sign and affix NN2PC's seal; or
2. 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:

1. 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 from 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
Mr. Tossaporn 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 Development Policy

Management of the Company and its subsidiaries realizes the significance of improvement of skills and capabilities of both staff operating in respect of various power plants and support staff, as all staff are like mechanisms that drive the Company to the direction set out by management. It is also aware that the sustainable development and growth of the Company start from competent personnel in terms of knowledge, capabilities and experiences which can be applied into practice without compromising the development of ethics and sense of accountability towards their own duties, colleagues and society. This is for staff of the Company to serve as the Company's potential units to move the Company forward with management's encouragement and support. In doing this, the Company sets out the personnel development policy in various key aspects as follows:

(1) Development of Competency

The Company encourage their staff to attend valuable training courses, which will enhance staff's knowledge and skills in their work performance, from external experts, both local and overseas courses. As for local training courses, the human resource departments will select and propose training courses to executives in each unit, and welcome staff to propose any interesting training courses for consideration and support by the Company, as the case may be. In this regard, the Company fix annual budget for staff's training courses. As for overseas training courses, the respective units will consider proposing as appropriate and necessary overseas courses to consider sending their staff to attend training.

In this regard, the Board of Directors adopts a policy to support and encourage its directors and executives to undergo training, attend seminars to ensure enhancement of their knowledge and capabilities in work, by focusing on courses, seminars and site-visit, which have

content and details useful to the Company's business operations, both in Thai and other countries.

(2) Career Advancement Opportunity

The Company considered restructuring their respective management to make it more clearly. Such restructuring not only secures staff's career advancement in their line of work, but also promotes highly capable and competent staff to become executives. The Company and also employ KPIs, as an internationally acceptable system, for performance assessment of staff of the Company on a concrete basis, together with assessment of success factors, behavior, and potential of staff, to serve as another instrument for effectively developing staff, with an aim of ensuring that the Company's staff will be developed to become decent and competent citizens. Moreover, the Company is in the form of business group, therefore, staff in one group company have an opportunity to pursue their career path in another group company, it is another channel to build confidence and secure career advancement for staff.

(3) Determination of Succession Plan

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 recruit 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 operate core businesses as electricity producers have developed their management systems in accordance with the quality management system (ISO) so that various power projects invested by the Company meet international standards, and maintain a safe working environment as well as staff safety in each project. All power projects invested by the Company have received the quality management system certifications, namely:

- The Nam Ngum 2 Hydroelectric Power Project operated by Nam Ngum 2 Power Company Limited has received the ISO 9001 : 2015 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, which is regarded as the Electricity Generating Authority of Thailand's first overseas project that received the ISO 9001: 2015 certification.

(5) Anti-corruption

The Company give priority to anti-corruption in every step of its operating procedures by incorporating the policy on anti-corruption in operating procedures into the Corporate Governance Policy and the Control Policy and Governance Mechanisms (Control Policy), such as, guidelines for handling inside information and insider trading control, policy on execution of transactions with major shareholders, directors, executives and their connected persons, guidelines for consideration of execution of connected transactions, requirements relating to business ethics and code of ethics, and a whistleblower guide when any corruption is found, all of which have been communicated by the Company to staff of the Company via the Intranet and the articles of association to build up acknowledgment and awareness of significance of proper compliance with the business ethics.

(6) Staff Benefits

The Company provide both permanent staff and employees with benefits as required by law, and additional benefits as appropriate, by monitoring to ensure effective and fair enforcement of such criteria on consideration of staff benefits in accordance with standards, laws, and humanitarian principles. Moreover, staff are provided more fringe benefits by taking into account work achievement or as occasionally specified by the Company as appropriate, to raise staff morale. In addition, staff benefits are also increased according to changes in economic and social conditions as appropriate. Over the past years, the Company had no any material labor dispute.



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, 2017 and 2018 set forth below has been derived from our audited financial statements as of, and for the years ended, December 31, 2016, 2017 and 2018 and related notes included elsewhere in this prospectus. Our financial statements as of, and for the years ended, December 31, 2016, 2017 and 2018 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, 2017 and 2018 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.



**Statement of Comprehensive Income for the years ended
December 31, 2016, 2017 and 2018**

(Unit: Thousand Baht)

	For the Year ended December 31		
	2016	2017	2018
Profit or Loss:			
Operating income			
Revenue from sales of electricity	3,814,925	3,318,336	3,949,289
Gain on exchange	-	-	-
Other income	18,216	9,089	11,895
Total operating income	3,833,141	3,327,425	3,961,184
Operating expenses			
Cost of sales of electricity	(1,659,871)	(1,562,392)	(1,590,406)
Administrative expenses	(642,832)	(221,483)	(247,580)
Loss on exchange	(45,374)	(122,253)	(377)
Total operating expenses	(2,348,077)	(1,906,127)	(1,838,362)
Profit before finance costs	1,485,064	1,421,298	2,122,822
Finance costs	(853,963)	(871,556)	(616,459)
Profit before income tax expense	631,101	549,742	1,506,363
Income tax expenses	(13,456)	(16,220)	(44,288)
Profit for the year	617,645	533,522	1,462,075
Other comprehensive income:			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Cash flow hedges			
Reclassification during the year to profit or loss	48,812	51,575	(15,232)
Unrealized gain from cash flow hedges	25,125	417,464	166,718
Add (less): Income tax effect	23,052	(20,421)	(2,518)
Actuarial gain	-	2,302	-
Other comprehensive income for the year	96,989	450,920	148,969
Total comprehensive income for the year	714,634	984,442	1,611,044



**Statement of Financial Position as of
December 31, 2016, 2017 and 2018**

(Unit: Thousand Baht)

	December 31, 2016	December 31, 2017	December 31, 2018
Assets			
Non-current assets			
Plant and equipment, net	23,293,852	22,253,714	21,188,641
Intangible assets	-	41,703	43,317
Project costs during construction phase	1,038,313	2,550,885	3,121,920
Advance for project costs	100,269	-	-
Long-term restricted bank deposits	734,945	922,328	975,733
Deferred tax assets	23,052	2,632	114
Other non-current assets	3,000	3,000	3,000
Total non-current assets	25,193,430	25,774,262	25,332,725
Current assets			
Spare parts and supplies	37,792	12,087	11,234
Trade and other receivables	487,366	423,489	464,214
Other current assets	40,075	29,968	35,449
Cash at bank and on hand	1,165,970	1,037,514	1,428,349
Short-term restricted bank deposits	213,556	351,282	507,166
Total current assets	1,944,759	1,854,340	2,446,412
Total assets	27,138,190	27,628,602	27,779,137
Equity and liabilities			
Equity			
Issued capital	8,809,000	8,809,000	8,809,000
Retained earnings	2,002,252	1,480,996	2,106,216
Statutory reserve	88,090	88,090	88,090
Cash flow hedge reserve	(598,599)	(149,981)	(1,012)
Total equity	10,300,743	10,228,105	11,002,294
Non-current liabilities			
Long-term loans from financial institutions, net of current portion	15,754,750	9,797,350	6,035,997
Debentures, net of current portion	-	5,947,487	8,934,746
Provision for long-term employee benefits	3,205	1,153	1,447
Other long-term liabilities- related party	169,688	182,570	270,752
Total non-current liabilities	15,927,643	15,928,560	15,242,943
Current liabilities			
Trade and other payables	266,903	188,343	176,366
Current portion of long-term loans from financial institutions	635,732	1,229,021	1,263,740
Current portion of debentures	-	50,018	80,440
Retention payable	718	704	1,478
Income tax payable	4,798	2,456	10,063
Other current liabilities	1,652	1,395	1,814
Total current liabilities	909,804	1,471,937	1,533,900
Total liabilities	16,837,447	17,400,497	16,776,843
Total equity and liabilities	27,138,190	27,628,602	27,779,137



**Cash Flow Statement for the years ended
December 31, 2016, 2017 and 2018**

(Unit: Thousand Baht)

	For the Year ended December 31		
	2016	2017	2018
Cash flows from operating activities			
Profit from operating activities	631,101	549,742	1,506,363
Adjustment to reconcile profit to net cash flows:			
Depreciation	1,081,332	1,081,465	1,092,708
Amortization of interest rate reduction fee	7,750	2,100	2,100
Unrealized (gain) loss on exchange	19,910	35,503	14,232
Write-off project costs during construction phase	377,610	-	-
Loss on equipment write-off	11	52	7,374
Provision for long-term employee benefits	719	250	294
Interest expenses	837,009	865,176	609,902
Operating profit before working capital changes	2,955,441	2,534,288	3,232,973
(Increase)/decrease in:			
Trade and other receivables	442,403	62,724	(44,306)
Spare parts and supplies	(912)	(1,887)	852
Other current assets	11,146	37,668	80,563
Other non-current assets	10,230	-	-
Increase/(decrease) in:			
Trade and other payables	(211,591)	(27,366)	48,426
Retention payable	711	(14)	774
Other current liabilities	369	(257)	419
Other long-term liabilities	-	-	73,117
Cash flows from operating activities	3,207,798	2,605,156	3,392,819
Cash paid for income tax expense	(8,658)	(18,562)	(36,681)
Net cash flows from operating activities	3,199,140	2,586,594	3,356,138
Cash flows from investing activities			
Decrease (increase) in short-term restricted bank deposits	313,925	(141,063)	(157,373)
Decrease (increase) in long-term restricted bank deposits	466,397	(207,801)	(57,101)
Increase in project costs during construction phase	(905,294)	(1,443,100)	(459,234)
Increase in advance for project costs	(100,269)	-	-
Increase in plant and equipment	(9,885)	(13,806)	(30,250)
Increase in intangible assets	-	(26,210)	(21,923)
Cash paid for interest capitalised as part of project costs during construction phase	-	(94,038)	(150,296)
Net cash flow used in investing activities	(235,126)	(1,926,019)	(876,177)
Cash flows from financing activities			
Increase (decrease) in long-term loans from financial institutions	547,825	(5,003,784)	(3,666,765)
Cash receipt from issuance of debentures	-	6,000,000	3,000,000
Cash paid for loan arrangement fee	(383,579)	(2,816)	(206)
Cash paid for debenture issuing cost	-	(54,853)	(24,450)
Cash paid for interest expenses	(786,558)	(659,300)	(553,220)
Dividend payment	(2,554,610)	(1,057,080)	(836,855)
Net cash flows used in financing activities	(3,176,922)	(777,833)	(2,081,495)



	For the Year ended December 31		
	2016	2017	2018
Net increase (decrease) in cash and cash equivalents	(212,909)	(117,259)	398,466
Effect of exchange rate changes on cash and cash equivalents	420	(11,197)	(7,631)
Cash and cash equivalents at beginning of year	1,378,459	1,165,970	1,037,514
Cash and cash equivalents at end of year	1,165,970	1,037,514	1,428,349
Supplemental cash flow information			
Non-cash transactions			
Increase in project costs during construction phase from project payables	133,925	791	644
Increase in intangible assets from other payables	-	15,493	-
Transfer spare parts and supplies to equipment	-	27,592	-

9 MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL DATA

9.1 Business Overview

Nam Ngum 2 Power Company Limited (“the Company”) was incorporated under the laws of Lao People’s Democratic Republic (Lao PDR). The major shareholder of the Company is SouthEast Asia Energy Limited (“the Parent Company”), 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 for the Year-Ended December 31, 2017

A. Analysis of Operating Results

Unit: Million Baht

Description	Period		Changes	
	2016	2017	Increase / (Decrease)	%
Revenue from Sales of Electricity	3,814.9	3,318.3	(496.6)	(13.0)
Other Incomes	18.2	9.1	(9.1)	(50.0)
Total Revenues	3,833.1	3,327.4	(505.7)	(13.2)
Operation and Maintenance Cost	415.5	339.3	(76.2)	(18.3)
Depreciation	1,074.7	1,074.2	(0.5)	(0.1)
Royalty Fee	130.3	113.3	(17.0)	(13.0)
Others	39.4	35.5	(3.8)	(9.7)
Total Cost of Sales of Electricity	1,659.9	1,562.4	(97.5)	(5.9)
Gross Profits	2,173.3	1,765.0	(408.2)	(18.8)
Administrative Expenses	642.8	221.5	(421.3)	(65.5)
Foreign Exchange Gain / (Loss)	(45.4)	(122.3)	76.9	169.4
Earnings Before Interest and Tax	1,485.1	1,421.3	(63.8)	(4.3)
<u>Less:</u> Financial Cost	854.0	871.6	17.6	2.1
<u>Less:</u> Income Tax Expenses	13.5	16.2	2.8	20.5
Net Profit	617.6	533.5	(84.1)	(13.6)

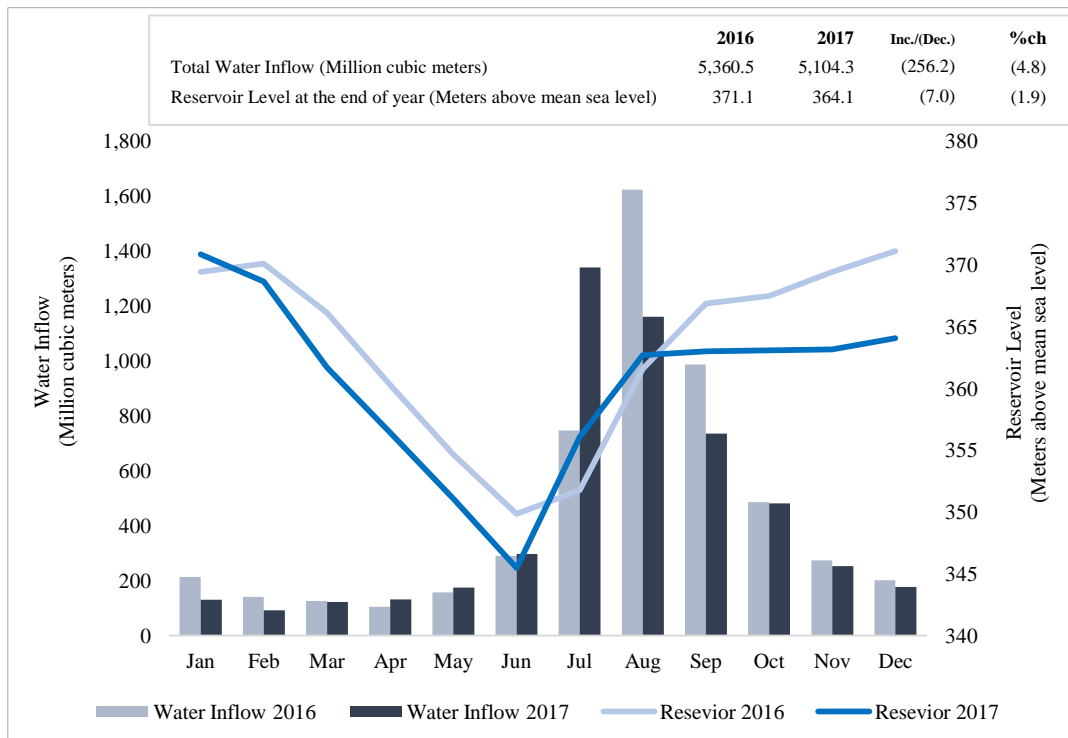
In 2017, the Company reported Total Revenues of Baht 3,327.4 million, a decrease of Baht 505.7 million or 13.2% compared to the previous year and Net Profit of Baht 533.5 million, a decrease of Baht 84.1 million or 13.6% compared to the previous year, the details of which are as follows:

a) Revenue from Sales of Electricity

In 2017, the Company reported Revenue from Sales of Electricity of Baht 3,318.3 million, decreased by Baht 496.6 million or 13.0% compared to the previous year, primarily due to the following reasons:

- The water inflow in 2017 decreased by 256.2 million cubic meters or 4.8% compared to the previous year, prompting the Company to adopt a conservative water management scheme by lowering its declaration of plant’s availability to ensure that the remaining water in the reservoir would be sufficient to produce electricity as planned for the entire year. As a result, Electricity Sales Volume during 2017 decreased by 251.5 GWh or 11.9% compared to the previous year.
- The strengthening of Thai Baht against US Dollars caused the Company’s US Dollars revenue to decline.

Water Inflow and Reservoir Level



Electricity Sales Volume

Description	Electricity Sales Volume (GWh)		Changes	
	2016	2017	Increase / (Decrease)	%
PE ⁽¹⁾	2,031.5	1,829.1	(202.4)	(10.0)
Declaration from PE Account ⁽²⁾	-	-	-	-
Total Sales of PE	2,031.5	1,829.1	(202.4)	(10.0)
SE ⁽³⁾	70.6	24.6	(46.0)	(65.2)
Declaration from SE Account ⁽⁴⁾	-	-	-	-
Total Sales of SE	70.6	24.6	(46.0)	(65.2)
Total Sales of EE⁽⁵⁾	-	-	-	-
Total Sales of TE⁽⁶⁾	6.8	3.7	(3.1)	(45.6)
Total Electricity Sales	2,108.9	1,857.3	(251.6)	(11.9)

Remarks:

- (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 NN2 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, 2017, 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 NN2 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, 2017, 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

Reported Total Cost of Sales of Electricity during 2017 was Baht 1,562.4 million, decreased by Baht 97.5 million or 5.9% compared to the previous year, mainly due to:

- Operation and Maintenance Costs decreased by Baht 76.2 million or 18.3% compared to the previous year as a result of the Company's effective operation cost management and the decline in repair and maintenance expenses compared to 2016.
- Royalty Fee decreased by Baht 17.0 million or 13.0% compared to the previous year consistent with the decline in Revenue from Sales of Electricity.

c) Administrative Expenses

Reported Administrative Expenses during 2017 was Baht 221.5 million, decreased by Baht 421.3 million or 65.5% compared to the previous year 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 2017, the Company reported a Foreign Exchange Loss of Baht 122.3 million, mainly coming from the strengthening of Thai Baht against US Dollars compared to the previous year, from an average of 35.1 Baht/USD during 2016 to an average of 33.6 Baht/USD during 2017. As a result, the Company recognized more loss from converting US Dollar Assets and Liabilities to Thai Baht during 2017.

e) Finance Cost

In 2017, the Company reported Finance Cost of Baht 871.6 million, increased by Baht 17.6 million or 2.1% compared to the previous year primarily as a result of the amortization of fee from loan refinancing transaction in September 2016, partially offset by lower interest rate from the issuance of the Company's debentures in October 2017.

f) Income Tax Expenses

The Company reported Income Tax Expenses during 2017 of Baht 16.2 million, increased by Baht 2.8 million or 20.5% from the previous year because the Company was granted the exemption of Income Tax Expenses which ended on 26 March 2016 compared to full-year Income Tax Expense calculation during 2017.

B. Analysis of Financial Position

a) Assets

As at December 31, 2017, Total Assets of the Company was Baht 27,628.6 million, increased by Baht 490.4 million or 1.8% from the end of 2016 mainly driven by the increase in Project costs during Construction Phase from the on-going Nabong Substation Upgrade project.

b) Liabilities

As at December 31, 2017, Total Liabilities of the Company was Baht 17,400.5 million, increased by Baht 563.0 million or 3.3% from the end of 2016 mainly from the on-going Nabong Substation Upgrade project.

In October 2017, the Company issued the debentures to repay its Long-term Loans from Financial Institutions to reduce the interest rate.

c) Shareholders' Equity

As at December 31, 2017, Total Shareholders' Equity of the Company was Baht 10,228.1 million, decreased slightly by Baht 72.6 million or 0.7% from the end of 2016 mainly due to the dividend paid for the 2016 financial results, which partially offset by the improvement of unrealized loss from cash flow hedges as a result of the repayments of the Company's US Dollar long-term loan in the 1st quarter and the 3rd quarter of 2017 and the strengthening of Thai Baht during 2017 compared to the previous year.

d) Significant Financial Ratio

Profitability Ratio	Period		Changes
	2016	2017	
Gross Profit Margin (%)	56.7	53.0	(3.7)
EBITDA Margin (%) ⁽¹⁾	76.8	75.2	(1.6)
Net Profit Margin (%) ⁽¹⁾	26.0	16.0	(9.9)
Leverage Ratio	As at Dec 31, 2016	As at Dec 31, 2017	Changes
Debt to Equity Ratio (Times)	1.6	1.7	0.1
Debt to Equity Ratio (Times) in accordance with Terms & Conditions (Times) ⁽²⁾	1.4	1.4	0.1
Interest Coverage Ratio (Times)	3.4	2.9	(0.6)
Net Debt to EBITDA Ratio (Times)	4.8	5.9	1.0
Debt Service Coverage Ratio (DSCR) (Times)	1.5	2.1	0.6
BE Size to Interest Bearing Debt Ratio (Times)	n/a	n/a	n/a
Interest Bearing Debt Matured in 1 Year to Total Interest Bearing Debt (Times)	0.0	0.1	0.0
Loan from Financial Institution to Total Debt Ratio (Times)	1.0	0.6	(0.3)
Liquidity Ratio	As at Dec 31, 2016	As at Dec 31, 2017	Changes
Current Ratio (Times)	2.1	1.3	(0.9)
Quick Ratio (Times)	1.8	1.0	(0.8)
Average Collection Period (Day)	66.9	49.4	(17.4)

- Remarks:** (1) Excluded one-time write-off of Nam Bak Hydroelectric Power Project development cost in 2016
 (2) 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 2017, the Company reported Gross Profit Margin of 53.0%, a 3.7% decreased from last year, EBITDA Margin of 75.2%, a 1.6% decreased from last year and Net Profit Margin of 16.0%, a 9.9% decreased from last year, mainly due to the lower sales volume from lower-than-expect water inflow.

As at December 31, 2017, Leverage Ratios as well as Current Ratio and Quick Ratio declined from the previous year mainly due to the increase in Current portion of Long-term Loans at the end of 2017, mainly as a result of the on-going Nabong Substation Upgrade project and the decline in Cash and Cash Equivalents mainly as a result of lower Revenue

from Sales of Electricity. Average Collection Period was 49.4 days, an improvement of 17.4 days from the end of 2016, following the decline in Accounts Receivable balance in 2017 compared with 2016.

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

9.3 Analysis for the Year-Ended December 31, 2018

A. Analysis of Operating Results

Unit: Million Baht

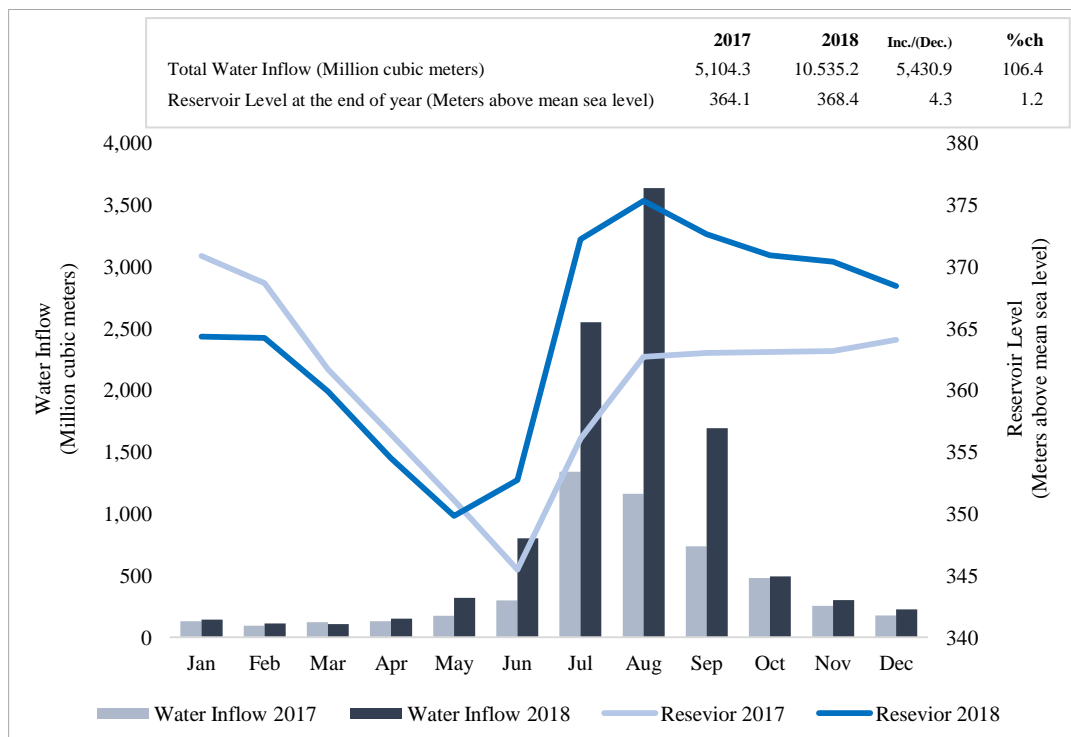
Description	Period		Changes	
	2017	2018	Increase / (Decrease)	%
Revenue from Sales of Electricity	3,318.3	3,949.3	631.0	19.0
Other Incomes	9.1	11.9	2.8	30.9
Total Revenues	3,327.4	3,961.2	633.8	19.0
Operation and Maintenance Cost	339.3	342.2	2.9	0.9
Depreciation	1,074.2	1,081.0	6.8	0.6
Royalty Fee	113.3	133.1	19.8	17.4
Others	35.5	34.1	(1.5)	(4.1)
Total Cost of Sales of Electricity	1,562.4	1,590.4	28.0	1.8
Gross Profits	1,765.0	2,370.8	605.7	34.3
Administrative Expenses	221.5	247.6	26.1	11.8
Foreign Exchange Gain / (Loss)	(122.3)	(0.4)	(121.9)	(99.7)
Earnings Before Interest and Tax	1,421.3	2,122.8	701.5	49.4
<u>Less:</u> Financial Cost	871.6	616.5	(255.1)	(29.3)
<u>Less:</u> Income Tax Expenses	16.2	44.3	28.1	173.1
Net Profit	533.5	1,462.1	928.6	174.0

In 2018, the Company reported Total Revenues of Baht 3,961.2 million, an increase of Baht 633.8 million or 19.0% compared to the previous year and Net Profit of Baht 1,462.1 million, an increase of Baht 928.6 million or 174.0% compared to the previous year, the details of which are as follows:

a) Revenue from Sales of Electricity

In 2018, the Company reported Revenue from Sales of Electricity of Baht 3,949.3 million, increased by Baht 631.0 million or 19.0% compared to the previous year, primarily coming from an increase of 597.6 GWh or 32.2% of electricity sales in 2018 compared to the previous year as a result of an increase in water inflow in 2018 by 5,430.9 million cubic meters or 106.4% compared to the previous year.

Water Inflow and Reservoir Level



Electricity Sales Volume

Description	Electricity Sales Volume (GWh)		Changes	
	2017	2018	Increase / (Decrease)	%
PE	1,829.1	1,980.1	151.0	8.3
Declaration from PE Account	-	-	-	-
Total Sales of PE	1,829.1	1,980.1	151.0	8.3
SE	24.6	130.1	105.5	429.6
Declaration from SE Account	-	-	-	-
Total Sales of SE	24.6	130.1	105.5	429.6
Total Sales of EE	-	343.9	343.9	100.0
Total Sales of TE	3.7	0.8	(2.9)	(77.2)
Total Electricity Sales	1,857.3	2,454.9	597.6	32.2

b) Cost of Sales of Electricity

Reported Total Cost of Sales of Electricity during 2018 was Baht 1,590.4 million, increased by Baht 28.0 million or 1.8% compared to the previous year, mainly because:

- Operation and Maintenance Cost increased by Baht 2.9 million or 0.9% compared to the previous year from an increase in dam-related operation and maintenance expenses.

- Royalty Fee increased by Baht 19.8 million or 17.4% compared to the previous year consistent with the improvement of Revenue from Sales of Electricity.

c) Administrative Expenses

Administrative Expenses during 2018 was Baht 247.6 million, increased by Baht 26.1 million or 11.8% compared to the previous year primarily coming from an increase in employee and administrative process-related expenses.

d) Foreign Exchange Gain / (Loss)

In 2018, the Company reported a Foreign Exchange Loss of Baht 0.4 million, which was significantly lower than the previous year. This is mainly because Thai Baht strengthened only slightly against US Dollar during 2018, whereas Thai Baht strengthened more significantly against US Dollar during 2017, which negatively impacted the Thai Baht translation of the Company's US Dollar Assets and Liabilities more.

e) Finance Cost

In 2018, the Company reported Finance Cost of Baht 616.5 million, decreased by Baht 255.1 million or 29.3% compared to the previous year primarily coming from loan principal repayment and lower interest rate from the issuances of debentures in October 2017 and March 2018.

f) Income Tax Expenses

The Company reported Income Tax Expenses during 2018 of Baht 44.3 million, increased by Baht 28.1 million or 173.1% compared to the previous year following the improvement of the Company's financial performance.

B. Analysis of Financial Position

a) Assets

As at December 31, 2018, Total Assets of the Company was Baht 27,779.1 million, increased by Baht 150.5 million or 0.5% from the end of 2017 mainly driven by increase in outstanding cash and the construction of Nabong Substation Upgrade project.

b) Liabilities

As at December 31, 2018, Total Liabilities of the Company was Baht 16,776.8 million, decreased by Baht 623.7 million or 3.6% from the end of 2017 primarily coming from loan principal repayment.

In October 2017 and March 2018, the Company issued the debentures to repay its Long-term Loans from Financial Institutions to reduce the interest rate and to reduce exposures from fluctuation of foreign exchange rate.

c) Shareholders' Equity

As at December 31, 2018, Total Shareholders' Equity of the Company was Baht 11,002.3 million, increased by Baht 774.2 million or 7.6% from the end of 2017. The improvement was primarily coming from net profit and the increase in other comprehensive income as a result of gain from cash flow hedges.

d) Significant Financial Ratio

Profitability Ratio	Period		Changes
	2017	2018	
Gross Profit Margin (%)	53.0	59.9	6.8
EBITDA Margin (%)	75.2	81.2	6.0
Net Profit Margin (%)	16.0	36.9	20.9
Leverage Ratio	As at Dec 31, 2017	As at Dec 31, 2018	Changes
Debt to Equity Ratio (Times)	1.7	1.5	(0.2)
Debt to Equity Ratio (Times) in accordance with Terms & Conditions (Times) ⁽¹⁾	1.4	1.2	(0.2)
Interest Coverage Ratio (Times)	2.9	5.2	2.3
Net Debt to EBITDA Ratio (Times)	5.9	4.2	(1.7)
Debt Service Coverage Ratio (DSCR) (Times)	2.1	2.1	(0.0)
BE Size to Interest Bearing Debt Ratio (Times)	n/a	n/a	n/a
Interest Bearing Debt Matured in 1 Year to Total Interest Bearing Debt (Times)	0.1	0.1	0.0
Loan from Financial Institution to Total Debt Ratio (Times)	0.6	0.4	(0.2)
Liquidity Ratio	As at Dec 31, 2017	As at Dec 31, 2018	Changes
Current Ratio (Times)	1.3	1.6	0.3
Quick Ratio (Times)	1.0	1.2	0.2
Average Collection Period (Day)	49.4	40.6	(8.8)

Remark: (1) 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 2018, the Company reported improvement in profitability ratios mainly due to the improvement of Revenue and the decrease in Financial Cost, compared to the previous year.

The Company reported improvement in leverage ratios primarily from the improvement of overall operating performances, the decline of long-term loan due to principal repayment and the decline of Financial Cost from the issuance of debentures to refinance loan from financial institutions. Current Ratio and Quick Ratio increased from the previous year primarily due to the increase in Cash and Cash Equivalents.



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



10. GENERAL INFORMATION AND OTHER RELATED INFORMATION

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

**Legal Advisors:**

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**33rd Floor, Lake Radjada Office Complex
193/136-137 Rahadapisek Road
Klongtoey, Bangkok 10100**Financial Advisor:**

None

LanguageThe 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 "**Conditions**") which are attached as Appendix 1 hereto. Below are the terms of the Debenture offering, the material terms under the 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 Conditions.

1.1 Terms of Debenture Offering

Issuer	: Nam Ngum 2 Power Company Limited
Debenture Name	: 1. "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 1 Due 2022" (" Tranche 1 Debentures ") 2. "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 2 Due 2023" (" Tranche 2 Debentures ") 3. "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 3 Due 2027 with the Issuer's Right To Early Redemption" (" Tranche 3 Debentures ")
Debenture Type	: 1. Tranche 1 Debentures: Name-Registered, Unsecured, Unsubordinated, and Amortized Debentures with a Debentureholders' Representative 2. Tranche 2 Debentures: Name-Registered, Unsecured and Unsubordinated Debentures with a Debentureholders' Representative 3. Tranche 3 Debentures: Name-Registered, Unsecured, Unsubordinated, and Amortized Debentures with a Debentureholders' Representative and the Issuer's Right to Early Redemption
Joint Lead Arrangers	: Bangkok Bank Public Company Limited 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



The Issuer's Contact Person in Thailand	: The Legists Group Offices of N&K Ltd.
Legal Advisor (as to Thai law)	: Baker & McKenzie Ltd.
Legal Advisor (as to Lao PDR law)	: South East Asia Law Office Co., Ltd.
Number of Debentures offered	: The total number of the Debentures offered is up to 6,000,000 (six million) units, divided into: <ol style="list-style-type: none">1. Tranche 1 Debentures: up to 3,200,000 (three million two hundred thousand) units;2. Tranche 2 Debentures: up to 800,000 (eight hundred thousand) units; and3. Tranche 3 Debentures: up to 2,000,000 (two million) units.
Value of Debentures offered	: The total value of the Debentures offered is up to Baht 6,000,000,000 (six billion baht), divided into: <ol style="list-style-type: none">1. Tranche 1 Debentures: up to Baht 3,200,000,000 (three billion two hundred million baht);2. Tranche 2 Debentures: up to Baht 800,000,000 (eight hundred million baht); and3. Tranche 3 Debentures: up to Baht 2,000,000,000 (two billion baht).
Currency	: The Debentures are denominated in Baht.
Nominal Amount	: Baht 1,000 per unit
Offering Price	: Baht 1,000 per unit
Subscription Period	: 5 - 6 March 2019
Tenor	: <ol style="list-style-type: none">1. Tranche 1 Debentures: 3 (three) years from the Issue Date2. Tranche 2 Debentures: 4 (four) years from the Issue Date3. Tranche 3 Debentures: 8 (eight) years from the Issue Date
Issue Date	: 7 March 2019
Maturity Date	: Tranche 1 Debentures: 7 March 2022 Tranche 2 Debentures: 7 March 2023 Tranche 3 Debentures: 7 March 2027

**Redemption Dates**

In respect of Tranche 1 Debentures, the Issuer shall redeem each unit of Tranche 1 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	7 September 2019	1,000.00	187.50	187.50
2	7 March 2020	812.50	187.50	375.00
3	7 September 2019	625.00	156.25	531.25
4	7 March 2020	468.75	156.25	687.50
5	7 September 2019	312.50	156.25	843.75
6	7 March 2020	156.25	156.25	1,000.00

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	7 March 2025	1,000.00	300.00	300.00
2	7 March 2026	700.00	300.00	600.00
3	7 March 2027	400.00	400.00	1,000.00

Early Redemption Date

Tranche 3 Debentures may be redeemed at the option of the Issuer, in whole or in part, on the 5th (fifth) anniversary of the Issue Date and at any Interest Payment Date thereafter by payment of the outstanding principal amount of Tranche 3 Debentures redeemed and the fees specified in Condition 10.5(c) of the Conditions.

Interest Rate

- : 1. Tranche 1 Debentures: 3.18 (three point one eight) percent per annum;
2. Tranche 2 Debentures: 3.44 (three point four four) percent per annum;
and
3. Tranche 3 Debentures: 3.88 (three point eight eight) percent per annum

Default Interest Rate

: Interest Rate plus 2 (two) per cent per annum

Credit Rating : The Debentures were assigned a credit rating of 'A' (with Stable outlook) according to reports published by TRIS Rating Co., Ltd. on 8 February 2019.

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.

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 (in the case of Tranche 3 Debentures, after deducting any repayment of principal amount of that unit of Debenture made on that day) 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 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 7 March and 7 September of each year throughout the term of the Debentures, with the first Interest Payment Date being 7 September 2019 and the last Interest Payment Date being the Maturity Date, unless there is an early redemption made by the Issuer.

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

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

The Debentures may be redeemed in whole, but not in part, for taxation reasons at the option of the Issuer in accordance with the conditions specified under Condition 10.4 of the Conditions.

The Issuer may also repurchase of the Debentures from the secondary market by the Issuer as specified in the Conditions.

Tranche 3 Debentures may be redeemed at the option of the Issuer, in whole or in part, on an Early Redemption Date in accordance with the conditions specified under Condition 10.5 of the Conditions.

The Debentureholders are not entitled to request the Issuer to early redeem the Debentures.

1.3 Material Terms under the Conditions

- Covenants :
- 1. The Issuer undertakes to comply with all the covenants set out in Condition 7 of the 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 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 availabilities 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 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 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 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 (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.

11. The Issuer shall (i) use the proceeds received from the offering of the Debentures for the repayment of its long-term loans owed to certain financial institutions and (ii) within 120 (one hundred and twenty) days from the Issue Date, procure that security and collateral for the long-term loans that have been repaid are released and discharged.

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 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 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 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 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 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 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 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 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 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
 - (a) 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
 - (b) the Debentureholders' Representative has received a resolution of the Debentureholders' meeting; or
 - (c) any of the Events of Default under Conditions 13.1(a), 13.1(i) or 13.1(j) of the 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 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 Conditions :
- 1. Except as specified in Conditions 15.2(b)(i) and 15.2(b)(ii) of the Conditions, any amendment to these Conditions requires the approval of the Issuer and the Debentureholders' meeting in accordance with Annex B to the Conditions.
 - 2. The Debentureholders' Representative may amend any Conditions as specified in Conditions 15.2 (b)(i) and 15.2(b)(ii) of the 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 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 "**DHR Agreement**")
- 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 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 : 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 Conditions.
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:



- (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.
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. 63/2561 Re: *Rules on approval for foreign businesses to offer for sale of newly-issued, Baht-denominated debt instruments* dated 5 October 2018, 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 5,990,878,000 (five billion nine hundred ninety million eight hundred seventy-eight thousand baht).

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

- Application for approval fee THB 10,000
- Registration statement filing fee THB 150,000
- Other expenses* THB 8,962,000

* 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 5 - 6 March 2019.
- (b) The subscription period of the Debentures is 5 - 6 March 2019 (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. In this regard, prospective subscribers may download the Prospectus, which contains the same information with the Prospectus filed with the Office of the SEC from the Office of the SEC's website, www.sec.or.th, in order to review the details of the offering of the Debentures before making any subscription.

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 or its other offices providing subscription service 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 (one hundred) units of Debentures or THB 100,000 (one hundred thousand baht) in value and, if more, in a multiple of 10 (ten) units of Debentures or THB 10,000 (ten thousand baht) in value; and (ii) a subscriber who is qualified as a High Net Worth Investor is required to subscribe for a minimum of 100 (one hundred) units of Debentures or THB 100,000 (one hundred thousand baht) in value and, if more, in a multiple of 100 (one hundred) units of Debentures or THB 100,000 (one hundred thousand baht) 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, 5 March 2019 (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. 1/2019 Tranche 1"



- (ii) with respect to Tranche 2 Debentures, "Subscription Account for Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 2"
- (iii) with respect to Tranche 3 Debentures, "Subscription Account for Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 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.1/2019"

- (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 6 March 2019, 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. 1/2019 Tranche 1"
- (ii) with respect to Tranche 2 Debentures, "Subscription Account for Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 2"
- (iii) with respect to Tranche 3 Debentures, "Subscription Account for Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 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.1/2019"

- (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) months old or otherwise as specified by a Joint Lead Arranger, 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 6 (six) months old or otherwise as specified by a Joint Lead Arranger,

- 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.
 - (5) For subscribers who are qualified as High Net Worth Investors, document(s) presenting that such subscriber is qualified as a High Net Worth Investor, as may be required by a Joint Lead Arranger.
- (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) If the Issuer notifies the Joint Lead Arrangers that the Issuer has repressed, ceases to offer the Debentures, or is unable to deliver the Debentures, the subscribers shall be entitled to cancel their subscription within the next Business Day following the date on which they have been informed by the Issuer of the repression, cessation or inability to deliver the Debentures. If those events occur on the last date of the subscription period, the subscribers, who wish to cancel their subscription, shall cancel their subscription within that day. Additionally, the subscribers are entitled to a refund of the subscription amount from their cancellation in accordance with the procedures and details as specified in Clause 3.9.
 - (j) For the subscribers who have never completed know-your-customer and customer due diligence forms (KYC or CDD forms), those subscribers are required to complete the KYC or CDD forms as prescribed by the Lead Arranger prior to the subscription.
 - (k) 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.
 - (l) 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.

(DRAFT) TERMS AND CONDITIONS
OF
"THE AMORTIZED DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2019
TRANCHE 1 DUE 2022"
"THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2019
TRANCHE 2 DUE 2023"
AND
"THE AMORTIZED DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2019
TRANCHE 3 DUE 2027 WITH THE ISSUER'S RIGHT TO EARLY REDEMPTION"

The following is the text of the terms and conditions (these "**Conditions**") of (a) "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 1 Due 2022" ("**Tranche 1 Debentures**"), (b) "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 2 Due 2023" ("**Tranche 2 Debentures**") and (c) "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 3 Due 2027 with the Issuer's Right to Early Redemption" ("**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. 252/BOL dated 20 February 2019 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" means the certificate issued in accordance with Condition 3.1, representing such Debenture in the respective form 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 7 March 2019 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.

"Early Redemption Date" has the meaning given to it in Condition 10.5(a).

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

"Interest Payment Date" means every 7 March and 7 September of each year throughout the term of the Debentures, with the first Interest Payment Date being 7 September 2019 and the last Interest Payment Date being the Maturity Date, unless there is an early redemption made by the Issuer.

"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 7 March 2019.

"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, 7 March 2022;
- (b) in relation to Tranche 2 Debentures, 7 March 2023; and
- (c) in relation to Tranche 3 Debentures, 7 March 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 7 March 2019 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 1 Debentures or Tranche 3 Debentures, each redemption date, as specified in Condition 10.1(a) or Condition 10.1(c) as the case may be, 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 agreement between the Issuer and the Registrar dated 5 October 2017 and relevant details of the securities under which the Issuer appoints, and the Registrar agrees to act as the registrar for the Debentures 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, 6 March 2019.

"**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.

"**Tranche 1 Debentures**" means "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 1 Due 2022".

"**Tranche 2 Debentures**" means "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 2 Due 2023".

"**Tranche 3 Debentures**" means "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 3 Due 2027 with the Issuer's Right to Early Redemption".

"**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, unsecured, unsubordinated and amortized, with a debentureholders' representative, and carry interest at the rate of 3.18 (three point one eight) per cent per annum with a tenor of 3 (three) years from the Issue Date;
- (b) Tranche 2 Debentures are issued in registered form, unsecured and unsubordinated, with a debentureholders' representative and carry interest at the rate of 3.44 (three point four four) per cent per annum with a tenor of 4 (four) years from the Issue Date; and
- (c) Tranche 3 Debentures are issued in registered form, unsecured, unsubordinated and amortized, with a debentureholders' representative and the Issuer's right to early redemption, and carry interest at the rate of 3.88 (three point eight eight) per cent per annum with a tenor of 8 (eight) 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) 3,200,000 (three million two hundred thousand) units of Tranche 1 Debentures, with a nominal amount of Baht 1,000 (one thousand baht) each, and total principal amount of Baht 3,200,000,000 (three billion two hundred million baht);
- (b) 800,000 (eight 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 800,000,000 (eight hundred million baht); and
- (c) 2,000,000 (two million) units of Tranche 3 Debentures, with a nominal amount of Baht 1,000 (one thousand baht) each, and total principal amount of Baht 2,000,000,000 (two billion 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, the Redemption Date, the Early Redemption 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, the Redemption Date, the Early Redemption 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 (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.
- 7.11 The Issuer shall (i) use the proceeds received from the offering of the Debentures for the repayment of its long-term loans owed to certain financial institutions and (ii) within 120 (one hundred and twenty) days from the Issue Date, procure that security and collateral for the long-term loans that have been repaid are released and discharged.

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) 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, 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 or the Redemption Date (as the case may be) 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, the Redemption 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, unless previously redeemed, purchased or cancelled, each unit of Tranche 1 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	7 September 2019	1,000.00	187.50	187.50
2	7 March 2020	812.50	187.50	375.00
3	7 September 2020	625.00	156.25	531.25
4	7 March 2021	468.75	156.25	687.50
5	7 September 2021	312.50	156.25	843.75
6	7 March 2022	156.25	156.25	1,000.00

- (b) In respect of Tranche 2 Debentures, unless previously redeemed, purchased or cancelled, each unit of the relevant Debentures shall be redeemed at its outstanding principal amount on the Maturity Date, together with interest accrued thereon up to (but excluding) the Maturity Date.
- (c) 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	7 March 2025	1,000.00	300.00	300.00
2	7 March 2026	700.00	300.00	600.00
3	7 March 2027	400.00	400.00	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.

10.5 *Optional Redemption*

Tranche 3 Debentures may be redeemed at the option of the Issuer in accordance with the following conditions:

- (a) Tranche 3 Debentures may be redeemed at the option of the Issuer, in whole or in part, on the 5th (fifth) anniversary of the Issue Date and at any Interest Payment Date thereafter (each, an "**Early Redemption Date**") by payment of the outstanding principal amount of Tranche 3 Debentures redeemed and the fees specified in Condition 10.5(c);
- (b) The Issuer shall give not less than 30 (thirty) nor more than 60 (sixty) days' notice of such redemption, by registered mail, to the Debentureholders, the Debentureholders' Representative and the Registrar;
- (c) On the Early Redemption Date, the Issuer shall pay a fee to the Debentureholders in the amount of 0.20 (zero point two zero) percent of the principal amount of Tranche 3 Debentures redeemed;

- (d) If Tranche 3 Debentures are to be redeemed in part only, the Issuer shall redeem at least 5 (five) percent of the principal amount of Tranche 3 Debentures then outstanding. The Issuer shall redeem the outstanding Tranche 3 Debentures held by each Debentureholder proportionately, and if the number of units of Tranche 3 Debentures to be redeemed with respect to a Debentureholder so determine results in a fraction, it shall be rounded up to the nearest whole unit.

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 1 (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 7 March 2019, and shall be effective from the Issue Date.

NAM NGUM 2 POWER COMPANY LIMITED

as Issuer

By: _____

([Mr. Vorapote U.Choepaiboonvong])
Authorized Signatory

ANNEX A
DEBENTURE CERTIFICATE

(Form of Debenture Certificate in respect of Tranche 1 Debentures)

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



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. 1/2019 TRANCHE 1 DUE 2022

Issue Date: 7 March 2019 Maturity Date: 7 March 2022 Term: 3 years Nominal Amount: Baht 1,000 each Total Offering Amount: 3,200,000 units Total Issue Size: Baht 3,200,000,000
Interest Rate: 3.18 percent 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 [●]

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 Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 1 Due 2022", "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 2 Due 2023" and "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 3 Due 2027" dated 7 March 2019 (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. 252/BOL dated 20 February 2019 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.

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 7 March and on 7 September of each year throughout the term of the Debentures and the first payment of interest shall be made on 7 September 2019 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, unless there is an early redemption made by the Issuer. 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)	Installment	Redemption Date	Outstanding Principal Amount Per Unit (Baht)	Paid Principal Amount Per Unit (Baht)	Total Payment Per Unit (Baht)
1	7 September 2019	1,000	187.50	187.50	2	7 March 2020	812.50	187.50	375.00
3	7 September 2020	625.00	156.25	531.25	4	7 March 2021	468.75	156.25	687.50
5	7 September 2021	312.50	156.25	843.75	6	7 March 2022	156.25	156.25	1,000

- 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, the Redemption Date, the Early Redemption 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	<ol style="list-style-type: none"> (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. (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. (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.
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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 2 Debentures)

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



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. 1/2019 TRANCHE 2 DUE 2023

Issue Date: 7 March 2019 Maturity Date: 7 March 2023 Term: 4 years Nominal Amount: Baht 1,000 each Total Offering Amount: 800,000 units Total Issue Size: Baht 800,000,000
Interest Rate: 3.44 percent 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 [●]

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 Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 1 Due 2022", "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 2 Due 2023" and "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 3 Due 2027 with the Issuer's Right to Early Redemption" dated 7 March 2019 (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. 252/BOL dated 20 February 2019 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.

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 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 7 March and on 7 September of each year throughout the term of the Debentures and the first payment of interest shall be made on 7 September 2019 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 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, the Redemption Date, the Early Redemption 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	<ol style="list-style-type: none"> (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. (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. (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.
-------------	--

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 and the Issuer's right to early redemption



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. 1/2019 TRANCHE 3 DUE 2027 WITH THE ISSUER'S RIGHT TO EARLY REDEMPTION

Issue Date: 7 March 2019 Maturity Date: 7 March 2027 Term: 8 years Nominal Amount: Baht 1,000 each Total Offering Amount: 2,000,000 units Total Issue Size: Baht 2,000,000,000
Interest Rate: 3.88 percent 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 [●]

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 Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 1 Due 2022", "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 2 Due 2023" and "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 3 Due 2027 with the Issuer's Right to Early Redemption" dated 7 March 2019 (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. 252/BOL dated 20 February 2019 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.

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 and the Issuer's right to early redemption 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 7 March and on 7 September of each year throughout the term of the Debentures and the first payment of interest shall be made on 7 September 2019 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, unless there is an early redemption made by the Issuer. 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	7 March 2025	1,000.00	300.00	300.00
2	7 March 2026	700.00	300.00	600.00
3	7 March 2027	400.00	400.00	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 Maturity Date, the Redemption Date, the Early Redemption 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	(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.
	(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.
	(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.

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.

**DEBENTUREHOLDERS' REPRESENTATIVE APPOINTMENT
AGREEMENT**

dated

[8 March] 2019

by

NAM NGUM 2 POWER COMPANY LIMITED
Issuer

and

BANGKOK BANK PUBLIC COMPANY LIMITED
Debentureholders' Representative

**Baker
McKenzie.**

Baker & McKenzie Ltd.
Attorneys at Law
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ANNEX TERMS AND CONDITIONS OF THE DEBENTURES

THIS AGREEMENT is made on [8 March] 2019

BETWEEN

- (1) **NAM NGUM 2 POWER COMPANY LIMITED**, whose registered office is located at 215 Lanexang Avenue Vientiane, Lao PDR (the "**Issuer**"); and
- (2) **BANGKOK BANK PUBLIC COMPANY LIMITED**, whose registered office is located at 333 Silom Road, Bangrak, Bangkok 10500 Thailand (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. 63/2561 Re: *Rules on approval for foreign businesses to offer for sale of newly-issued, Baht-denominated debt instruments* dated 5 October 2018 (as may be amended and supplemented from time to time) ("**Notification No. TorChor. 63/2561**"), 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 "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 1 Due 2022", "The Debentures of Nam Ngum 2 Power Company Limited No. 1/2019 Tranche 2 Due 2023" and "The Amortized Debentures of Nam Ngum 2 Power

Company Limited No. 1/2019 Tranche 3 Due 2027 with the Issuer's Right to Early Redemption" 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. 63/2561 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 before the maturity date for tax reason or at the option of the Issuer, in accordance with 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 and provided that the Debentureholders' Representative Fee shall be a minimum of Baht [●] ([●]). 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 chr.grp@bangkokbank.com.

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 through one of the following channels (facsimile, courier or e-mail) to the contact details specified below:

Address: [587 Viriyathavorn Building, Suthisarn Road
Dindang, Bangkok, 10400]
Fax: [+662 691 9723]
E-mail: [Vorapote.u@ckpower.co.th]
[Bondnn2@ckpower.co.th]
Attention: [**Managing Director**
Nam Ngum 2 Power Company Limited]

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' representatives 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: 215 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 4537]
Fax: [+66 2626 4545-6]
Attention: [**Ms. Nardrudee Leethochawalit**]

- 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: [Mr. Vorapote U.Choepaiboonvong]
Authorized Signatory

in the presence of

By: _____

Name: [Mrs. Muntana Auekitkarjorn] (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: [Ms. Nardruddee Leethochawalit] (witness)

ANNEX
TERMS AND CONDITIONS OF THE DEBENTURES

Nam Ngum 2 Power Company Limited
Audit report and financial statements
31 December 2018



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EY Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road
Klongtoey, Bangkok 10110
G.P.O.Box 1047, Bangkok 10501, Thailand
Tel: +66 2264 9090
Fax: +66 2264 0789-90
ey.com

บริษัท สำนักงาน อีวาย จำกัด
ชั้น 33 อาคารเลครัชดา
193/136-137 ถนนรัชดาภิเษก
คลองเตย กรุงเทพฯ 10110
ต.ป.จ. 1047 กรุงเทพฯ 10501
โทรศัพท์: +66 2264 9090
โทรสาร: +66 2264 0789-90
ey.com

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 2018, 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 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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



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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

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

Chatchai Kasemsrithanawat

Chatchai Kasemsrithanawat

Certified Public Accountant (Thailand) No. 5813

EY Office Limited

Bangkok: 14 February 2019

Nam Ngum 2 Power Company Limited

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
Assets			
Non-current assets			
Plant and equipment, net	8	21,188,641,434	22,253,713,674
Intangible assets	9	43,316,984	41,703,445
Project costs during construction phase	10	3,121,919,809	2,550,885,019
Long-term restricted bank deposits	11	975,732,505	922,328,276
Deferred tax assets	6	113,859	2,631,602
Other non-current assets		3,000,449	3,000,449
Total non-current assets		<u>25,332,725,040</u>	<u>25,774,262,465</u>
Current assets			
Spare parts and supplies		11,234,233	12,086,516
Trade and other receivables	12, 21	464,213,613	423,488,604
Other current assets	13	35,449,167	29,968,372
Cash at bank and on hand	14	1,428,349,470	1,037,514,469
Short-term restricted bank deposits	14	507,165,600	351,281,753
Total current assets		<u>2,446,412,083</u>	<u>1,854,339,714</u>
Total assets		<u>27,779,137,123</u>	<u>27,628,602,179</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 2018

(Unit: Baht)

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
Equity and liabilities			
Equity			
Issued capital	15	8,809,000,000	8,809,000,000
Retained earnings		2,106,216,466	1,480,996,219
Statutory reserve	16	88,090,000	88,090,000
Other components of shareholders' equity	23	<u>(1,012,251)</u>	<u>(149,980,756)</u>
Total equity		<u>11,002,294,215</u>	<u>10,228,105,463</u>
Non-current liabilities			
Long-term loans from financial institutions, net of current portion	17	6,035,996,604	9,797,349,931
Debentures, net of current portion	18	8,934,746,393	5,947,486,823
Provision for long-term employee benefits		1,447,291	1,153,470
Other long-term liabilities - related party	19, 21	<u>270,752,440</u>	<u>182,569,933</u>
Total non-current liabilities		<u>15,242,942,728</u>	<u>15,928,560,157</u>
Current liabilities			
Trade and other payables	20, 21	176,365,534	188,342,780
Current portion of long-term loans from financial institutions	17	1,263,739,945	1,229,021,190
Current portion of debentures	18	80,440,219	50,017,753
Retention payable	21	1,478,077	704,080
Income tax payable		10,062,559	2,455,748
Other current liabilities		<u>1,813,846</u>	<u>1,395,008</u>
Total current liabilities		<u>1,533,900,180</u>	<u>1,471,936,559</u>
Total liabilities		<u>16,776,842,908</u>	<u>17,400,496,716</u>
Total equity and liabilities		<u>27,779,137,123</u>	<u>27,628,602,179</u>

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

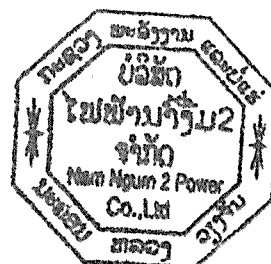


Mr. Plew Trivisvavet



Mr. Vorapote U. Choepaiboonvong

Directors



Nam Ngum 2 Power Company Limited
Statement of comprehensive income
For the year ended 31 December 2018

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
(Unit: Baht)			
Profit or loss:			
Operating income			
Revenue from sales of electricity	21	3,949,289,087	3,318,335,739
Other income		-	-
Interest income		11,810,474	8,858,175
Other		84,888	230,995
Total operating income		<u>3,961,184,449</u>	<u>3,327,424,909</u>
Operating expenses			
Cost of sales of electricity	21	(1,590,405,709)	(1,562,391,561)
Administrative expenses		(247,579,580)	(221,482,777)
Loss on exchange		(376,695)	(122,253,000)
Total operating expenses		<u>(1,838,361,984)</u>	<u>(1,906,127,338)</u>
Profit before finance costs		2,122,822,465	1,421,297,571
Finance costs		(616,459,088)	(871,555,925)
Profit before income tax expenses		1,506,363,377	549,741,646
Income tax expenses	6	(44,288,130)	(16,219,574)
Profit for the year		<u>1,462,075,247</u>	<u>533,522,072</u>
Other comprehensive income:			
<i>Other comprehensive income to be reclassified</i>			
<i>to profit or loss in subsequent periods:</i>			
Cash flow hedges			
Reclassification during the year to profit or loss	23	(15,232,042)	51,575,481
Unrealised gain from cash flow hedges	23	166,718,290	417,463,885
Less: Income tax effect		(2,517,743)	(20,420,723)
Other comprehensive income to be reclassified to profit or loss			
in subsequent periods, net of income tax		<u>148,968,505</u>	<u>448,618,643</u>
<i>Other comprehensive income not to be reclassified</i>			
<i>to profit or loss in subsequent period:</i>			
Actuarial gain		-	2,301,692
Other comprehensive income for the year		<u>148,968,505</u>	<u>450,920,335</u>
Total comprehensive income for the year		<u><u>1,611,043,752</u></u>	<u><u>984,442,407</u></u>

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

Nam Ngum 2 Power Company Limited
Statement of changes in equity
For the year ended 31 December 2018

(Unit: Baht)

	Issued and paid-up share capital	Retained earnings	Statutory reserve	Other components of equity	Total
				Unrealised gain (loss) from cash flow hedges	
As at 1 January 2017	8,809,000,000	2,002,252,455	88,090,000	(598,599,399)	10,300,743,056
Profit for the year	-	533,522,072	-	-	533,522,072
Other comprehensive income for the year	-	2,301,692	-	448,618,643	450,920,335
Total comprehensive income for the year	-	535,823,764	-	448,618,643	984,442,407
Dividend payment (Note 22)	-	(1,057,080,000)	-	-	(1,057,080,000)
As at 31 December 2017	<u>8,809,000,000</u>	<u>1,480,996,219</u>	<u>88,090,000</u>	<u>(149,980,756)</u>	<u>10,228,105,463</u>
As at 1 January 2018	8,809,000,000	1,480,996,219	88,090,000	(149,980,756)	10,228,105,463
Profit for the year	-	1,462,075,247	-	-	1,462,075,247
Other comprehensive income for the year	-	-	-	148,968,505	148,968,505
Total comprehensive income for the year	-	1,462,075,247	-	148,968,505	1,611,043,752
Dividend payment (Note 22)	-	(836,855,000)	-	-	(836,855,000)
As at 31 December 2018	<u>8,809,000,000</u>	<u>2,106,216,466</u>	<u>88,090,000</u>	<u>(1,012,251)</u>	<u>11,002,294,215</u>

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 2018

	(Unit: Baht)	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Profit from operating activities	1,506,363,377	549,741,646
Adjustment to reconcile profit to net cash flows:		
Depreciation and amortisation	1,092,707,926	1,081,465,451
Amortisation of interest rate reduction fee	2,099,598	2,099,598
Unrealised loss on exchange	14,232,270	35,502,890
Loss on equipment write-off	7,373,958	52,229
Provision for long-term employee benefits	293,821	249,795
Interest expenses	<u>609,902,209</u>	<u>865,176,327</u>
Operating profit before working capital changes	3,232,973,159	2,534,287,936
(Increase)/decrease in:		
Trade and other receivables	(44,305,576)	62,724,080
Spare parts and supplies	852,283	(1,886,867)
Other current assets	80,563,418	37,668,317
Increase/(decrease) in:		
Trade and other payables	48,426,465	(27,365,990)
Retention payable	773,997	(14,375)
Other current liabilities	418,838	(257,145)
Other long-term liabilities	<u>73,116,718</u>	<u>-</u>
Cash flows from operating activities	3,392,819,302	2,605,155,956
Cash paid for income tax expenses	<u>(36,681,319)</u>	<u>(18,562,118)</u>
Net cash flows from operating activities	<u>3,356,137,983</u>	<u>2,586,593,838</u>
Cash flows from investing activities		
Increase in short-term restricted bank deposits	(157,372,583)	(141,063,022)
Increase in long-term restricted bank deposits	(57,100,814)	(207,801,126)
Increase in project costs during construction phase	(459,233,605)	(1,443,100,406)
Increase in plant and equipment	(30,250,020)	(13,806,127)
Increase in intangible assets	(21,923,391)	(26,210,030)
Cash paid for interest capitalised as part of project costs during construction phase	<u>(150,296,098)</u>	<u>(94,038,317)</u>
Net cash flows used in investing activities	<u>(876,176,511)</u>	<u>(1,926,019,028)</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 2018

	(Unit: Baht)	
	<u>2018</u>	<u>2017</u>
Cash flows from financing activities		
Decrease in long-term loans from financial institutions	(3,666,764,562)	(5,003,784,259)
Cash receipt from issuance of debentures	3,000,000,000	6,000,000,000
Cash paid for loan arrangement fee	(206,443)	(2,815,796)
Cash paid for debenture issuing cost	(24,449,767)	(54,853,213)
Cash paid for interest expenses	(553,219,587)	(659,300,053)
Dividend payment	<u>(836,855,000)</u>	<u>(1,057,080,000)</u>
Net cash flows used in financing activities	<u>(2,081,495,358)</u>	<u>(777,833,321)</u>
Net increase (decrease) in cash and cash equivalents	398,466,114	(117,258,511)
Effect of exchange rate changes on cash and cash equivalents	(7,631,112)	(11,197,237)
Cash and cash equivalents at beginning of year	<u>1,037,514,469</u>	<u>1,165,970,217</u>
Cash and cash equivalents at end of year	<u><u>1,428,349,470</u></u>	<u><u>1,037,514,469</u></u>

Supplemental cash flows information

Non-cash transactions

Increase in project costs during construction phase

from accrued finance cost	644,253	791,405
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Increase in intangible assets from other payables	-	15,493,415
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Transfer spare parts and supplies to equipment	-	27,592,229
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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 2018

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 2018 were authorised for issue by the Company’s Board of Directors on 14 February 2019.

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

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

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

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

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

- e) On 15 January 2010, the Company entered into an Agreement on Operation and Maintenance of Transmission Systems for Nam Ngum 2 Hydroelectric Power Project with a related party at the rates specified in the agreement. The period of this agreement is valid until the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project.

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 9 *Financial instruments*

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The adoption of this standard does not have any significant impact on the financial statements.

- IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The adoption of this standard does not have any significant impact on the financial statements.

- Clarifications to IFRS 15 *Revenue from Contracts with Customers*
- IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
- Amendments to IAS 40 *Transfers of Investment Property*
- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions*
- Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
- Amendments to IAS 28 *Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice*
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters*

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

2.3 Summary of significant accounting policies

(a) Foreign currency translation

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

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

(b) Revenues and expenses recognition

Revenue from sale of electricity

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

Interest income

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

Other revenues and expenses

Other revenues and expenses are recognised on an accrual basis.

(c) Income tax

Current income tax

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

Deferred tax

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

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

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

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

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

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

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

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

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

(d) Financial assets

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

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

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

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

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

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	6, 27 years
Leased asset improvements	10 to 24 years
Equipment, furniture and office equipment	5, 6, 10, 20 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) Intangible assets

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

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

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

(p) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for public traded companies or other available fair value indicators.

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

(q) Related party transactions

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

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

(r) Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined benefit plans

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

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

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

(s) Hedge accounting - Cash flow hedges

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

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

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

3. Significant accounting judgements, estimates and assumptions

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

Concession Agreement

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

Power Purchase Agreement

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

Functional Currency

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

4. Standards issued but not yet effective

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

- IFRS 16 Leases (effective 1 January 2019)
- IFRS 17 Insurance Contracts (effective 1 January 2021)
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment (effective 1 January 2019)
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (effective 1 January 2019)
- Amendments to IFRS 10 and IAS 28: Sale or contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (effective 1 January 2019)
- Amendments to IAS 28: Long-term interests in associates and joint ventures (effective 1 January 2019)
- Annual Improvements 2015 - 2017 Cycle: issued in December 2017 (effective 1 January 2019)

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

5. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Depreciation and amortisation	1,092,708	1,081,465
Operation and maintenance of power plant and transmission systems	219,756	248,165
Royalty	133,110	113,338
Watershed and livelihood expenses	20,455	21,193
Salary and other employee benefits	43,362	37,965

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Directors' remuneration	12,420	12,420
Traveling expenses	20,356	21,444
Consultant expenses	48,366	14,627
Management fee charged by the Parent Company of the Group	146,014	141,594
Insurance expenses	47,832	53,199

6. Income tax

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

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Deferred tax relating to		
Unrealised loss from cash flow hedges	114	2,632
	<u>114</u>	<u>2,632</u>

7. Earnings per share

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

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

	<u>2018</u>	<u>2017</u>
Profit (Baht)	1,462,075,247	533,522,072
Weighted average number of ordinary shares for basic earnings per share (shares)	880,900,000	880,900,000

8. Plant and equipment

(Unit: Thousand Baht)

	Nam Ngum 2		Equipment, furniture and office equipment	Motor vehicles	Assets under construction	Total
	Hydroelectric Power Project	Leased asset improvements				
Cost						
1 January 2017	29,429,113	23,544	61,534	51,696	-	29,565,887
Additions	-	1,370	3,703	8,715	-	13,788
Transfer in	-	-	27,592	-	-	27,592
Write off	-	-	(2,224)	-	-	(2,224)
31 December 2017	29,429,113	24,914	90,605	60,411	-	29,605,043
Additions	10,288	1,215	3,678	1,586	13,426	30,193
Transfer in (out)	-	9,392	4,034	-	(13,426)	-
Write off	(10,288)	-	-	-	-	(10,288)
31 December 2018	29,429,113	35,521	98,317	61,997	-	29,624,948
Accumulated depreciation						
1 January 2017	6,189,047	5,833	40,302	36,854	-	6,272,036
Depreciation for the year	1,072,776	1,829	4,782	2,078	-	1,081,465
Write off	-	-	(2,172)	-	-	(2,172)
31 December 2017	7,261,823	7,662	42,912	38,932	-	7,351,329
Depreciation for the year	1,073,939	1,136	10,189	2,628	-	1,087,892
Write off	(2,914)	-	-	-	-	(2,914)
31 December 2018	8,332,848	8,798	53,101	41,560	-	8,436,307
Net book value						
31 December 2017	22,167,290	17,252	47,693	21,479	-	22,253,714
31 December 2018	21,096,265	26,723	45,216	20,437	-	21,188,641

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. Intangible assets

A reconciliation of the net book value of intangible assets for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	41,703	-
Acquisition of computer software - at cost	6,430	41,703
Amortisation	(4,816)	-
Net book value at end of year	<u>43,317</u>	<u>41,703</u>

10. Project costs during construction phase

As at 31 December 2018 and 2017, the balance of project costs during construction phase represents the upgrade and construction of the Nabong Substation Project.

11. Long-term restricted bank deposits

The Company has pledged and assigned rights of claim on bank accounts with outstanding balances as at 31 December 2018 totalling approximately Baht 976 million (2017: Baht 922 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.

12. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Trade receivable - related party	461,676	416,902
Other receivable - related parties	159	4,217
Interest receivable	2,379	2,370
Total trade and other receivables	<u>464,214</u>	<u>423,489</u>

13. Other current assets

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Prepaid expenses	28,902	27,180
Others	6,547	2,788
Total	<u>35,449</u>	<u>29,968</u>

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

Cash at bank and on hand

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Cash	576	501
Bank deposits	1,427,773	1,037,013
	<u>1,428,349</u>	<u>1,037,514</u>

As at 31 December 2018 and 2017, 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 2018 totalling approximately Baht 1,317 million (2017: Baht 923 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 2018 totalling approximately Baht 507 million (2017: Baht 351 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.

15. Issued capital

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</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>

16. 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.

17. Long-term loans from financial institutions

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Long-term loans	7,299,737	11,026,371
Less: Current portion of long-term loans		
Loans principals	(1,066,529)	(1,043,005)
Accrued interest expenses	(197,211)	(186,016)
	(1,263,740)	(1,229,021)
Long-term loans, net of current portion	6,035,997	9,797,350

Movements in the long-term loans account during the year ended 31 December 2018 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2018	11,026,371
Add: Additional borrowings during the year	384,765
Less: Repayment	(4,051,530)
Unrealised gain from exchange rate	(5,283)
Unrealised gain from cash flow hedges	(151,486)
	7,202,837
Add: Transaction costs	85,705
Balance as at 31 December 2018	7,288,542
Add: Accrued interest expenses	11,195
Total long-term loans from financial institutions as at 31 December 2018	7,299,737

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

- 1) Tranche 1 Facility: Baht 10,897 million and USD 136 million to refinance the existing long-term loans.
- 2) Tranche 2 Facility: Baht 1,720 million and USD 39 million to fund the upgrade and construction of Nabong Substation Project.
- 3) Guarantee Facility: A bank guarantee of USD 25 million provided to guarantee the Company's obligations under the Power Purchase Agreement with the Electricity Generating Authority of Thailand.
- 4) Working Capital Facility: Baht 50 million set aside as a reserve to fund the issue of letters of guarantee, and to make payment of various costs that arise in the normal course of business.

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

In October 2017 and March 2018, the Company made partial prepayment of loans under the Tranche 1 Facility amounting to Baht 6,000 million and USD 96 million, respectively.

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

As at 31 December 2018, the Company had fully drawn down the Tranche 1 and Tranche 2 Facilities and had not yet been drawn down the Working Capital Facility of Baht 50 million.

18. Debentures

(Unit: Thousand Baht)						
No.	Debentures	Life	Date of issue	Maturity date	Interest rate (% per annum)	Amount
1/2017	Tranche 1	3 Years	5 October 2017	5 October 2020	2.59	1,000,000
2/2017	Tranche 2	7 Years	5 October 2017	5 October 2024	3.48	1,400,000
3/2017	Tranche 3	10 Years	5 October 2017	5 October 2027	3.69	3,600,000
1/2018	Tranche 1	12 Years	30 March 2018	30 March 2030	3.98	3,000,000
Total						9,000,000
Less: Deferred debenture issuing costs						(65,254)
Add: Additional accrued interest expenses during the year						80,440
Debentures						9,015,186
Less: Current portion of debentures						(80,440)
Debentures, net of current portion						<u>8,934,746</u>

Movements in the debentures account during the year ended 31 December 2018 are summarised below.

(Unit: Thousand Baht)	
Balance as at 1 January 2018	6,000,000
Add: Issuance of debentures during the year	3,000,000
Additional accrued interest expenses during the year	80,440
	<u>9,080,440</u>
Less: Deferred debenture issuing costs	(65,254)
Balance as at 31 December 2018	<u>9,015,186</u>

All debentures of the Company are name-registered, unsecured, and unsubordinated debentures with the debentureholders' representative. The interest is payable semi-annually throughout the life of the debentures.

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

19. Other long-term liabilities - related party

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

20. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Trade payables - related parties	142,994	93,835
Trade payables - unrelated parties	2,905	5,876
Project payables - related parties	5,808	53,162
Project payables - unrelated parties	3,917	1,485
Amounts due to related parties	1,521	5,469
Other payables - unrelated parties	8,109	17,367
Accrued expenses	11,112	11,149
Total trade and other payables	<u>176,366</u>	<u>188,343</u>

21. 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:

	<u>Relationships</u>	(Unit: Million Baht)	
		<u>2018</u>	<u>2017</u>
<u>Transactions with the Parent</u>			
<u>Company of the Group</u>			
Management fee		154	147
Project administrative ⁽¹⁾		65	47
<u>Transactions with related parties</u>			
Revenue from sales of electricity	Major shareholder of a shareholder of the Parent Company	3,949	3,318
Cost of sales of electricity	Major shareholder of a shareholder of the Company, A shareholder of the Parent Company, Major shareholder of a shareholder of the Parent Company, A group of shareholder of the Company	372	355
<u>Transactions with related parties</u>			
Project cost and administration ⁽¹⁾	Common shareholder of the Parent Company, Major shareholder of a shareholder of the Parent Company	239	1,346

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

The balances of the accounts as at 31 December 2018 and 2017 between the Company and those related parties are as follows:

		(Unit: Thousand Baht)	
	<u>Relationships</u>	<u>2018</u>	<u>2017</u>
<u>Trade and other receivables - related parties (Note 12)</u>			
Trade receivable - related party			
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	461,676	416,902
		<u>461,676</u>	<u>416,902</u>
Other receivable - related parties			
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	159	132
- Nam Theun 1 Power Company Limited	Common shareholder of the Company	-	4,085
		<u>159</u>	<u>4,217</u>
Trade and other receivables - related parties		<u>461,835</u>	<u>421,119</u>
<u>Trade and other payables - related parties (Note 20)</u>			
Trade payable - related parties			
- CK Power Public Company Limited	Parent Company of the Group	13,457	7,574
- PT Sole Company Limited	A shareholder of the Parent Company	24,198	6,398
- Electricité du Laos	Major shareholder of a shareholder of the Company	1,677	1,664
- The Government of the Lao People's Democratic Republic	A group of shareholder of the Company	88,103	63,703
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	15,559	14,496
		<u>142,994</u>	<u>93,835</u>

		(Unit: Thousand Baht)	
	<u>Relationships</u>	<u>2018</u>	<u>2017</u>
Other payables - related parties			
a) <u>Project payables - related parties</u>			
- CH. Karnchang (Lao) Company Limited	Common shareholder of the Parent Company	-	49,184
- CK Power Public Company Limited	Parent company of the Group	3,646	3,978
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	2,162	-
		<u>5,808</u>	<u>53,162</u>
b) <u>Amounts due to related parties</u>			
- CK Power Public Company Limited	Parent Company of the Group	319	5,469
- PT Sole Company Limited	A shareholder of the Parent Company	1,202	-
		<u>1,521</u>	<u>5,469</u>
Trade and other payables - related parties		<u>150,323</u>	<u>152,466</u>
<u>Retention payable - related party</u>			
- PT Sole Company Limited	A shareholder of the Parent Company	674	674
<u>Other long-term liabilities - related party (Note 19)</u>			
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	270,752	182,570

Directors and management's benefits

During the year ended 31 December 2018, the Company had short-term employee benefit expenses of its directors and management amounting to Baht 21.8 million (2017: Baht 20.3 million).

22. Dividend payment

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Interim dividends No. 1/2018	The Board of Directors Meeting on 20 February 2018	352.4	0.4
Interim dividends No. 2/2018	The Board of Directors Meeting on 19 September 2018	484.5	0.6
Total dividend for the year 2018		836.9	1.0
Interim dividends No. 1/2017	The Board of Directors Meeting on 17 February 2017	616.6	0.7
Interim dividends No. 2/2017	The Board of Directors Meeting on 27 September 2017	440.5	0.5
Total dividend for the year 2017		1,057.1	1.2

23. Financial instruments

Financial risk management and policies

The Company's principal financial instruments comprise loans from financial institutions, debentures, 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.

23.1 Credit risk

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

Bank deposits

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

As at 31 December 2018, total cash at banks of the Company amounted to Baht 2,911 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.

23.2 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 2018 the Company has financial liabilities due within one year amounting to Baht 2,279 million, long-term loans from financial institutions and debentures and expected interest payment due within 2 to 5 years amounting to Baht 7,658 million, and long-term loans from financial institutions, debentures, expected interest payment and other long-term liabilities to related party due in over 5 years amounting to Baht 11,751 million.

23.3 Interest rate risk

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

The Company manage its interest rate risk by having a balanced portfolio of variable rate and fixed rate loans and debentures. Totalling Baht 7,103 million and Baht 8,935 million, respectively. 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 2018 and 2017 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 2018					
	Fixed	Floating	Non-interest		
	interest rates	interest rate	bearing	Total	Interest rate
					(% p.a.)
Financial assets					
Trade and other receivables	-	-	464	464	
Cash at bank and on hand	-	1,427	1	1,428	0.05 to 0.50
Short-term restricted bank deposits	-	507	-	507	0.05 to 0.375
Long-term restricted bank deposits	509	467	-	976	0.05 to 1.05
	<u>509</u>	<u>2,401</u>	<u>465</u>	<u>3,375</u>	
Financial liabilities					
Long-term loans from financial institutions	-	7,103	-	7,103	MLR-margin and LIBOR + margin
Debentures	8,935	-	-	8,935	2.59 to 3.98
Accrued interest	-	-	277	277	
Other long-term liabilities - related party	-	-	271	271	
Trade and other payables	-	-	454	454	
	<u>8,935</u>	<u>7,103</u>	<u>1,002</u>	<u>17,040</u>	

(Unit: Million Baht)

As at 31 December 2017					
	Fixed	Floating	Non-interest		
	interest rates	interest rate	bearing	Total	Interest rate
					(% p.a.)
Financial assets					
Trade and other receivables	-	-	423	423	
Cash at bank and on hand	-	1,030	7	1,037	0.05 to 0.50
Short-term restricted bank deposits	-	351	-	351	0.05 to 0.375
Long-term restricted bank deposits	505	417	-	922	0.05 to 1.05
	<u>505</u>	<u>1,798</u>	<u>430</u>	<u>2,733</u>	
Financial liabilities					
Long-term loans from financial institutions	-	10,840	-	10,840	MLR-margin and LIBOR + margin
Debentures	5,947	-	-	5,947	2.59 to 3.69
Accrued interest	-	-	236	236	
Other long-term liabilities - related party	-	-	183	183	
Trade and other payables	-	-	424	424	
	<u>5,947</u>	<u>10,840</u>	<u>843</u>	<u>17,630</u>	

Interest-rate risk sensitivity for the year ended 31 December 2018, if interest rates had been 50 basis points higher/(lower), with all other variables held constant, profit would have decreased/increased by Baht 56 million.

23.4 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 2018 and 2017 are summarised below.

Foreign currency	Financial Assets		Financial liabilities		Average exchange rate as at 31 December	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)		(Million)		(Baht per 1 foreign currency unit)	
US dollar	34.9	33.5	64.5	165.0	32.6148	32.8472

As at 31 December 2018, 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 2018, 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 (8) million and equity would have increased/(decreased) by Baht 42 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 2018, USD 26 million.

For the year ended 31 December 2018, the Company has no ineffectiveness from cash flow hedge requiring recognition through profit or loss and therefore recognised an unrealised gain of Baht 151 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 2018, 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>2018</u>	<u>2017</u>
In up to 1 year	6	8
In over 1 and up to 5 years	20	29
In over 5 years	-	92

23.5 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 and debentures 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 and debentures are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. Based on this evaluation, the carrying amount of such long-term loans and debentures were not materially different from their calculated fair values.

23.6 Capital management

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

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

The Company monitors its capital structure by debt to equity ratio, which is total liabilities divided by total equity, and net interest-bearing debt to equity ratio, which is the interest-bearing debt less cash and cash equivalents, short-term and long-term restricted bank deposits divided by the equity. The Company intends to maintain the debt to equity ratio at no more than 2.5 times and net interest-bearing debt to equity at no more than 3.0 times.

As at 31 December 2018, the Company's debt to equity ratio is 1.52 times (2017: 1.70 times) and its net interest-bearing debt to equity ratio is 1.22 times (2017: 1.44 times).

24. Commitments and contingent liabilities

24.1 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 2018, future minimum lease payments required under this operating lease contract were as follows.

(Unit: Thousand USD)

	As at 31 December	
	<u>2018</u>	<u>2017</u>
Payable within:		
1 year	58 (equivalent to Baht 2 million)	58 (equivalent to Baht 2 million)
2 - 5 years	230 (equivalent to Baht 8 million)	230 (equivalent to Baht 8 million)
More than 5 years	576 (equivalent to Baht 19 million)	633 (equivalent to Baht 21 million)

24.2 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 25.9 million and Baht 13.1 million per month (2017: Baht 47.5 million and Baht 12.1 million per month).

24.3 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 2019 is approximately Baht 9.1 million per month.
- b) The Company has commitment in respect of the Agreement on Operation and Maintenance of Transmission Systems for Nam Ngum 2 Hydroelectric Power Project with a related party, until the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project, with the service fee as specified in the agreement and subject to increase on an annual basis at the rate specified in the agreement. The service fee for 2019 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 2019, 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 2019 is approximately Baht 3.8 million per month.

24.4 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.

24.5 Bank guarantees

As at 31 December 2018, there were outstanding bank guarantees of USD 25.0 million (equivalent to Baht 815.4 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 (2017: USD 25.0 million).

25. Events after the reporting period

Dividend payment

On 14 February 2019, the Board of Directors's Meeting of the Company No. 1/2019 passed a resolution to pay a dividend of Baht 0.90 per share, or a total of Baht 792.81 million, to the shareholders of the Company in respect of the profit from July to December 2018. The resolution will be proposed to the Annual General Meeting of Shareholders of the Company for the year 2019 for approval.

Nam Ngum 2 Power Company Limited
Audit report and financial statements
31 December 2017

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 2017, 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 2017, 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 Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management for the Financial Statements

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

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

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.

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

Chatchai Kasemsri

Chatchai Kasemsrithanawat

Certified Public Accountant (Thailand) No. 5813

EY Office Limited

Bangkok: 20 February 2018

Nam Ngum 2 Power Company Limited

Statement of financial position

As at 31 December 2017

		(Unit: Baht)	
	<u>Notes</u>	<u>2017</u>	<u>2016</u>
Assets			
Non-current assets			
Plant and equipment, net	8	22,253,713,674	23,293,851,589
Intangible assets	9	41,703,445	-
Project costs during construction phase	10	2,550,885,019	1,038,312,624
Advance for project costs	21	-	100,268,889
Long-term restricted bank deposits	11	922,328,276	734,944,551
Deferred tax assets		2,631,602	23,052,325
Other non-current assets		3,000,449	3,000,450
Total non-current assets		<u>25,774,262,465</u>	<u>25,193,430,428</u>
Current assets			
Spare parts and supplies		12,086,516	37,791,878
Trade and other receivables	12, 21	423,850,104	487,365,955
Other current assets	13	29,606,872	40,075,191
Cash at bank and on hand	14	1,037,514,469	1,165,970,217
Short-term restricted bank deposits	14	351,281,753	213,556,232
Total current assets		<u>1,854,339,714</u>	<u>1,944,759,473</u>
Total assets		<u><u>27,628,602,179</u></u>	<u><u>27,138,189,901</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 2017

(Unit: Baht)

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
Equity and liabilities			
Equity			
Issued capital	15	8,809,000,000	8,809,000,000
Retained earnings		1,480,996,219	2,002,252,455
Statutory reserve	16	88,090,000	88,090,000
Other components of shareholders' equity	23	<u>(149,980,756)</u>	<u>(598,599,399)</u>
Total equity		<u>10,228,105,463</u>	<u>10,300,743,056</u>
Non-current liabilities			
Long-term loans from financial institutions, net of current portion	17	9,797,349,931	15,754,750,273
Debentures, net of current portion	18	5,947,486,823	-
Provision for long-term employee benefits		1,153,470	3,205,367
Other long-term liabilities - related party	19, 21	<u>182,569,933</u>	<u>169,687,699</u>
Total non-current liabilities		<u>15,928,560,157</u>	<u>15,927,643,339</u>
Current liabilities			
Trade and other payables	20, 21	188,342,780	266,902,676
Current portion of long-term loans from financial institutions	17	1,229,021,190	635,731,930
Current portion of debentures	18	50,017,753	-
Retention payable	21	704,080	718,455
Income tax payable		2,455,748	4,798,292
Other current liabilities		<u>1,395,008</u>	<u>1,652,153</u>
Total current liabilities		<u>1,471,936,559</u>	<u>909,803,506</u>
Total liabilities		<u>17,400,496,716</u>	<u>16,837,446,845</u>
Total equity and liabilities		<u>27,628,602,179</u>	<u>27,138,189,901</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 2017

		(Unit: Baht)	
	<u>Notes</u>	<u>2017</u>	<u>2016</u>
Profit or loss:			
Operating income			
Revenue from sales of electricity	21	3,318,335,739	3,814,924,797
Other income		<u>9,089,170</u>	<u>18,216,353</u>
Total operating income		<u>3,327,424,909</u>	<u>3,833,141,150</u>
Operating expenses			
Cost of sales of electricity	21	(1,562,391,561)	(1,659,871,381)
Administrative expenses	21	(221,482,777)	(642,831,930)
Loss on exchange		<u>(122,253,000)</u>	<u>(45,373,571)</u>
Total operating expenses		<u>(1,906,127,338)</u>	<u>(2,348,076,882)</u>
Profit before finance costs		1,421,297,571	1,485,064,268
Finance costs		<u>(871,555,925)</u>	<u>(853,963,246)</u>
Profit before income tax expenses		549,741,646	631,101,022
Income tax expenses	6	<u>(16,219,574)</u>	<u>(13,456,360)</u>
Profit for the year		<u>533,522,072</u>	<u>617,644,662</u>
Other comprehensive income:			
<i>Other comprehensive income to be reclassified</i>			
<i>to profit or loss in subsequent periods:</i>			
Cash flow hedges			
Reclassification during the year to profit or loss	21	51,575,481	48,811,770
Unrealised gain from cash flow hedges	21	417,463,885	25,125,356
Add (less): Income tax effect		<u>(20,420,723)</u>	<u>23,052,325</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of income tax		<u>448,618,643</u>	<u>96,989,451</u>
<i>Other comprehensive income not to be reclassified</i>			
<i>to profit or loss in subsequent period:</i>			
Actuarial gain		<u>2,301,692</u>	<u>-</u>
Other comprehensive income for the year		<u>450,920,335</u>	<u>96,989,451</u>
Total comprehensive income for the year		<u><u>984,442,407</u></u>	<u><u>714,634,113</u></u>

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

Nam Ngum 2 Power Company Limited
Statement of changes in equity
For the year ended 31 December 2017

(Unit: Baht)

	Issued and paid-up share capital	Retained earnings	Statutory reserve	Other components of equity	Total
				Unrealised gain (loss) from cash flow hedges	
As at 1 January 2016	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 for the year	-	-	-	96,989,451	96,989,451
Total comprehensive income for the year	-	617,644,662	-	96,989,451	714,634,113
Dividend payment (Note 22)	-	(2,554,610,000)	-	-	(2,554,610,000)
As at 31 December 2016	<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>
As at 1 January 2017	8,809,000,000	2,002,252,455	88,090,000	(598,599,399)	10,300,743,056
Profit for the year	-	533,522,072	-	-	533,522,072
Other comprehensive income for the year	-	2,301,692	-	448,618,643	450,920,335
Total comprehensive income for the year	-	535,823,764	-	448,618,643	984,442,407
Dividend payment (Note 22)	-	(1,057,080,000)	-	-	(1,057,080,000)
As at 31 December 2017	<u>8,809,000,000</u>	<u>1,480,996,219</u>	<u>88,090,000</u>	<u>(149,980,756)</u>	<u>10,228,105,463</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 2017

	(Unit: Baht)	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Profit from operating activities	549,741,646	631,101,022
Adjustment to reconcile profit to net cash flows:		
Depreciation	1,081,465,451	1,081,331,505
Amortisation of interest rate reduction fee	2,099,598	7,750,138
Unrealised loss on exchange	35,502,890	19,909,961
Write-off project costs during construction phase	-	377,609,936
Loss on equipment write-off	52,229	10,865
Provision for long-term employee benefits	249,795	719,100
Interest expenses	<u>865,176,327</u>	<u>837,008,804</u>
Operating profit before working capital changes	2,534,287,936	2,955,441,331
(Increase)/decrease in:		
Trade and other receivables	62,724,080	442,402,802
Spare parts and supplies	(1,886,867)	(912,202)
Other current assets	37,668,317	11,145,818
Other non-current assets	-	10,230,407
Increase/(decrease) in:		
Trade and other payables	(27,365,990)	(211,590,916)
Retention payable	(14,375)	711,255
Other current liabilities	<u>(257,145)</u>	<u>369,447</u>
Cash flows from operating activities	2,605,155,956	3,207,797,942
Cash paid for income tax expenses	<u>(18,562,118)</u>	<u>(8,658,068)</u>
Net cash flows from operating activities	<u>2,586,593,838</u>	<u>3,199,139,874</u>
Cash flows from investing activities		
Decrease (increase) in short-term restricted bank deposits	(141,063,022)	313,924,905
Decrease (increase) in long-term restricted bank deposits	(207,801,126)	466,396,871
Increase in project costs during construction phase	(1,443,100,406)	(905,293,755)
Increase in advance for project costs	-	(100,268,889)
Increase in plant and equipment	(13,806,127)	(9,885,311)
Increase in intangible assets	(26,210,030)	-
Cash paid for interest capitalised as part of project costs during construction phase	<u>(94,038,317)</u>	<u>-</u>
Net cash flows used in investing activities	<u>(1,926,019,028)</u>	<u>(235,126,179)</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 2017

	(Unit: Baht)	
	<u>2017</u>	<u>2016</u>
Cash flows from financing activities		
Increase (decrease) in long-term loans from financial institutions	(5,003,784,259)	547,824,930
Cash receipt from issuance of debentures	6,000,000,000	-
Cash paid for loan arrangement fee	(2,815,796)	(383,579,254)
Cash paid for debenture issuing cost	(54,853,213)	-
Cash paid for interest expenses	(659,300,053)	(786,557,949)
Dividend payment	<u>(1,057,080,000)</u>	<u>(2,554,610,000)</u>
Net cash flows used in financing activities	<u>(777,833,321)</u>	<u>(3,176,922,273)</u>
Net decrease in cash and cash equivalents	(117,258,511)	(212,908,578)
Effect of exchange rate changes on cash and cash equivalents	(11,197,237)	420,271
Cash and cash equivalents at beginning of year	<u>1,165,970,217</u>	<u>1,378,458,524</u>
Cash and cash equivalents at end of year	<u><u>1,037,514,469</u></u>	<u><u>1,165,970,217</u></u>

Supplemental cash flows information

Non-cash transactions

Increase in project costs during construction phase

from project payables

791,405

133,925,384

Increase in intangible assets from other payables

15,493,415

-

Transfer spare parts and supplies to equipment

27,592,229

-

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 2017

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 2017 were authorised for issue by the Company’s Board of Directors on 20 February 2018.

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

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

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

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

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

- e) On 15 January 2010, the Company entered into an Agreement on Operation and Maintenance of Transmission Systems for Nam Ngum 2 Hydroelectric Power Project with a related party at the rates specified in the agreement. The period of this agreement is valid until the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project.

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.

- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
- Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12 from Annual Improvements Cycle - 2014-2016
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

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	10 to 24 years
Equipment, furniture and office equipment	5, 6, 10, 20 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) Intangible assets

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

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

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

(p) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for public traded companies or other available fair value indicators.

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

(q) Related party transactions

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

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

(r) Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined benefit plans

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

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

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

(s) Hedge accounting - Cash flow hedges

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

The Company will recognise the effective portion of the change in value of the cash flow hedging instrument in other comprehensive income 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 (effective 1 January 2019)
- 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)
- IFRS 17 Insurance Contracts (effective 1 January 2021)
- Amendments to IAS 40 - Transfers of Investment Property (effective 1 January 2018)
- IFRS 1 First-time Adoption of International Financial Reporting Standards (effective 1 January 2018)
- IAS 28 Investments in Associates and Joint Ventures (effective 1 January 2018)
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment (effective 1 January 2018)

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>2017</u>	<u>2016</u>
Depreciation	1,081,465	1,081,331
Operation and maintenance of power plant and transmission systems	248,165	328,065
Royalty	113,338	130,291
Watershed and livelihood expenses	21,193	24,330
Salary and other employee benefits	37,965	44,787
Directors' remuneration	12,420	12,420
Traveling expenses	21,444	36,372
Consultant expenses	14,627	33,609
Management fee charged by the Parent Company of the Group	141,594	137,447
Insurance expenses	53,199	59,390
Write-off project costs during construction phase	-	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%.

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Deferred tax relating to		
Unrealised loss from cash flow hedges	2,632	23,052
	<u>2,632</u>	<u>23,052</u>

7. Earnings per share

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

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

	<u>2017</u>	<u>2016</u>
Profit (Baht)	533,522,072	617,644,622
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	Equipment, furniture and office equipment	Motor vehicles	Total
Cost					
1 January 2016	29,429,113	21,496	54,603	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
Additions	-	1,370	3,703	8,715	13,788
Transfer in	-	-	27,592	-	27,592
Write off	-	-	(2,224)	-	(2,224)
31 December 2017	29,429,113	24,914	90,605	60,411	29,605,043
Accumulated depreciation					
1 January 2016	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
Depreciation for the year	1,072,776	1,829	4,782	2,078	1,081,465
Write off	-	-	(2,172)	-	(2,172)
31 December 2017	7,261,823	7,662	42,912	38,932	7,351,329
Net book value					
31 December 2016	23,240,066	17,711	21,232	14,842	23,293,851
31 December 2017	22,167,290	17,252	47,693	21,479	22,253,714

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. Intangible assets

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	-	-
Acquisition of computer software - at cost	41,703	-
Net book value at end of year	<u>41,703</u>	<u>-</u>

10. Project costs during construction phase

As at 31 December 2017 and 2016, the balance of project costs during construction phase represents the upgrade and construction of the Nabong Substation Project.

11. Long-term restricted bank deposits

The Company has pledged and assigned rights of claim on bank accounts with outstanding balances as at 31 December 2017 totalling approximately Baht 922 million (2016: Baht 735 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.

12. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Trade receivable - related party	416,902	483,426
Other receivable - related parties	4,216	141
Advance	362	-
Interest receivable	2,370	3,799
Total trade and other receivables	<u>423,850</u>	<u>487,366</u>

13. Other current assets

	(Unit :Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Prepaid expenses	26,819	39,507
Others	2,788	568
Total	<u>29,607</u>	<u>40,075</u>

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

Cash at bank and on hand

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Cash	501	501
Bank deposits	1,037,013	1,165,469
	<u>1,037,514</u>	<u>1,165,970</u>

As at 31 December 2017 and 2016, 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 2017 totalling approximately Baht 923 million (2016: Baht 1,019 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 2017 totaling approximately Baht 351 million (2016: Baht 214 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.

15. Issued capital

	(Unit :Thousand Baht)	
	<u>2017</u>	<u>2016</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>

16. 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.

17. Long-term loans from financial institutions

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Long-term loans	11,026,371	16,390,482
Less: Current portion of long-term loans		
Loans principals	(1,043,005)	(592,692)
Accrued interest expenses	(186,016)	(43,040)
	<u>(1,229,021)</u>	<u>(635,732)</u>
Long-term loans, net of current portion	<u>9,797,350</u>	<u>15,754,750</u>

Movements in the long-term loans account during the year ended 31 December 2017 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2017	16,717,768
Add: Additional borrowings during the year	1,527,470
Less: Repayment	(6,531,254)
Unrealised gain from exchange rate	(61,293)
Unrealised gain from cash flow hedges	(469,039)
	<u>11,183,652</u>
Less: Transaction costs	(343,297)
Balance as at 31 December 2017	<u>10,840,355</u>
Add: Accrued interest expenses as at 31 December 2017	186,016
Total long-term loans from financial institutions as at 31 December 2017	<u>11,026,371</u>

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

- 1) Tranche 1 Facility: Baht 10,897 million and USD 136 million to refinance the existing long-term loans.
- 2) Tranche 2 Facility: Baht 1,720 million and USD 39 million to fund the upgrade and construction of Nabong Substation Project.
- 3) Guarantee Facility: A bank guarantee of USD 25 million provided to guarantee the Company's obligations under the Power Purchase Agreement with the Electricity Generating Authority of Thailand.
- 4) Working Capital Facility: Baht 50 million set aside as a reserve to fund the issue of letters of guarantee, and to make payment of various costs that arise in the normal course of business.

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

In October 2017, the Company made early partial repayment of loans under the Tranche 1 Facility amounting to Baht 6,000 million.

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 the long-term loans from financial institutions to paid up share capital 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 2017, the Company had fully drawn down the Tranche 1 Facility and Baht 241 million and USD 4 million of the Tranche 2 Facility had not yet been drawn down including Working Capital Facility of Baht 50 million.

18. Debentures

	(Unit: Thousand Baht)
Debentures	5,997,505
Less: Current portion of debentures	(50,018)
Debentures, net of current portion	<u>5,947,487</u>

Movements in the debentures account during the year ended 31 December 2017 are summarised below

	(Unit: Thousand Baht)
Balance as at 1 January 2017	-
Add: Issuance of debentures during the year	6,000,000
Additional accrued interest expenses during the year	50,018
	<u>6,050,018</u>
Less: Deferred debenture issuing costs	(52,513)
Balance as at 31 December 2017	<u>5,997,505</u>

On 5 October 2017, the Company issued and offered the debentures No. 1/2017 as the Extraordinary General Meeting of Shareholders resolution of the Company No. 1/2017 on 25 July 2017 which are detailed as follows:

(Unit: Thousand Baht)					
Debentures	Life	Date of issue	Maturity date	Interest rate	Amount
				(% per annum)	
Tranche 1	3 Years	5 October 2017	5 October 2020	2.59	1,000,000
Tranche 2	7 Years	5 October 2017	5 October 2024	3.48	1,400,000
Tranche 3	10 Years	5 October 2017	5 October 2027	3.69	3,600,000
	Total				<u>6,000,000</u>

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

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

19. 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.

20. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Trade payables - related parties	93,835	106,550
Trade payables - unrelated parties	5,876	15,907
Project payables - related parties	53,162	114,898
Project payables - unrelated parties	1,485	4,765
Amounts due to related party	5,469	5,326
Other payables - unrelated parties	17,367	8,624
Accrued expenses	11,149	10,833
Total trade and other payables	<u>188,343</u>	<u>266,903</u>

21. 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>Relationships</u>	<u>2017</u>	<u>2016</u>
<u>Transactions with the Parent</u>			
<u>Company of the Group</u>			
Management fee		147	138
Project administrative ⁽¹⁾		47	47
<u>Transactions with related parties</u>			
Revenue from sales of electricity	Major shareholder of a shareholder of the Parent Company	3,318	3,815
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	355	439

		(Unit: Million Baht)	
		<u>2017</u>	<u>2016</u>
<u>Relationships</u>			
<u>Transactions with related parties</u>			
Administrative expenses	Major shareholder of a shareholder of the Company, Common shareholder of the Parent Company, A shareholder of the Parent Company	-	1
Project cost and administration ⁽¹⁾	Common shareholder of the Parent Company, Major shareholder of a shareholder of the Parent Company	1,346	858

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

The balances of the accounts as at 31 December 2017 and 2016 between the Company and those related parties are as follows:

		(Unit: Thousand Baht)	
		<u>2017</u>	<u>2016</u>
<u>Relationships</u>			
<u>Trade and other receivables - related parties (Note 12)</u>			
<u>Trade receivable - related party</u>			
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	416,902	483,426
		416,902	483,426
<u>Other receivable - related parties</u>			
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	131	141
- Nam Theun 1 Power Company Limited	Common shareholder of the Company	4,085	-
		4,216	141
Trade and other receivables - related parties		421,118	483,567
<u>Advance for project costs - related party</u>			
- CH. Karnchang (Lao) Company Limited	Common shareholder of the Parent Company	-	100,269

		(Unit: Thousand Baht)	
		<u>2017</u>	<u>2016</u>
		<u>Relationships</u>	
<u>Trade and other payables - related parties (Note 20)</u>			
Trade payable - related parties			
- CK Power Public Company Limited	Parent Company of the Group	7,574	6,084
- PT Sole Company Limited	A shareholder of the Parent Company	6,398	8,413
- Electricité du Laos	Major shareholder of a shareholder of the Company	1,664	1,708
- The Government of the Lao People's Democratic Republic	A group of shareholder of the Company	63,703	68,929
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	14,496	21,416
		<u>93,835</u>	<u>106,550</u>
Other payables - related parties			
a) <u>Project payables - related parties</u>			
- CH. Karnchang (Lao) Company Limited	Common shareholder of the Parent Company	49,184	110,668
- CK Power Public Company Limited	Parent company of the Group	3,978	4,230
		<u>53,162</u>	<u>114,898</u>
b) <u>Amounts due to related party</u>			
- CK Power Public Company Limited	Parent Company of the Group	5,469	5,326
		<u>5,469</u>	<u>5,326</u>
Trade and other payables - related parties		<u>152,466</u>	<u>226,774</u>
<u>Retention payable - related party</u>			
- PT Sole Company Limited	A shareholder of the Parent Company	674	674
<u>Other long-term liabilities - related party (Note 19)</u>			
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	182,570	169,688

Directors and management's benefits

During the year ended 31 December 2017, the Company had short-term employee benefit expenses of its directors and management amounting to Baht 20.3 million (2016: Baht 29.0 million).

22. Dividend payment

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Interim dividends No. 1/2017	The Board of Directors Meeting on 17 February 2017	616.6	0.7
Interim dividends No. 2/2017	The Board of Directors Meeting on 27 September 2017	440.5	0.5
Total dividend for the year 2017		1,057.1	1.2
Interim dividends No. 1/2016	The Board of Directors Meeting on 26 August 2016	2,554.6	2.9
Total dividend for the year 2016		2,554.6	2.9

23. Financial instruments

Financial risk management and policies

The Company's principal financial instruments comprise loans from financial institutions, debentures, 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.

23.1 Credit risk

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

Bank deposits

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

As at 31 December 2017, total cash at banks of the Company amounted to Baht 2,311 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.

23.2 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 2017 the Company has financial liabilities due within one year amounting to Baht 2,066 million, long-term loans from financial institutions and debentures and expected interest payment due within 2 to 5 years amounting to Baht 8,276 million, and long-term loans from financial institutions, debentures, expected interest payment and other long-term liabilities to related party due in over 5 years amounting to Baht 13,006 million.

23.3 Interest rate risk

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

The Company manage its interest rate risk by having a balanced portfolio of variable rate and fixed rate loans and debentures. Totalling Baht 10,840 million and Baht 5,947 million, respectively. 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 2017 and 2016 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 2017			Total	Interest rate (% p.a.)
	Fixed interest rates	Floating interest rate	Non-interest bearing		
Financial assets					
Trade and other receivables	-	-	424	424	
Cash at bank and on hand	-	1,030	7	1,037	0.05 to 0.50
Short-term restricted bank deposits	-	351	-	351	0.05 to 0.375
Long-term restricted bank deposits	505	417	-	922	0.05 to 1.05
	<u>505</u>	<u>1,798</u>	<u>431</u>	<u>2,734</u>	
Financial liabilities					
Long-term loans from financial institutions	-	10,840	-	10,840	MLR-1.0 and LIBOR+3.25
Debentures	5,947	-	-	5,947	2.59 to 3.69
Other long-term liabilities - related party	-	-	183	183	
Trade and other payables	-	-	424	424	
	<u>5,947</u>	<u>10,840</u>	<u>607</u>	<u>17,394</u>	

(Unit: Million Baht)

As at 31 December 2016					
	Fixed	Floating	Non-interest		
	interest rates	interest rate	bearing	Total	Interest rate
					(% p.a.)
Financial assets					
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>	
Financial liabilities					
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>	

Interest-rate risk sensitivity for the year ended 31 December 2017, if interest rates had been 50 basis points higher/(lower), with all other variables held constant, profit would have decreased/increased by Baht 84 million.

23.4 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 2017 and 2016 are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate as at 31 December	
	2017	2016	2017	2016	2017	2016
	(Million)		(Million)		(Baht per 1 foreign currency unit)	
US dollar	33.5	30.0	165.0	147.6	32.8472	36.0025
JPY	-	-	-	46.2	0.2936	0.3113

As at 31 December 2017, 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 2017, 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 (4) million and equity would have increased/(decreased) by Baht 212 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 2017, USD 129 million.

For the year ended 31 December 2017, the Company has no ineffectiveness from cash flow hedge requiring recognition through profit or loss and therefore recognised an unrealised gain of Baht 469 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 2017, 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>2017</u>	<u>2016</u>
In up to 1 year	8	5
In over 1 and up to 5 years	29	29
In over 5 years	92	100

23.5 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 and debentures 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 and debentures are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. Based on this evaluation, the carrying amount of such long-term loans and debentures were not materially different from their calculated fair values.

23.6 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 and condition of debentures.

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 and debentures to its net interest bearing debt to equity ratio, which is bear interest debt, less cash and cash equivalents, short-term and long-term restricted bank deposits divided by equity. The Company intends to maintain this ratio at less than 2.5 times.

As at 31 December 2017, the long-term loans from financial institutions to paid up share capital ratio in the Company's financial statements is 1.27:1 (2016: 1.90:1) and the net interest bearing debt to equity ratio in the Company's financial statements is 1.42:1.

24. Commitments and contingent liabilities

24.1 Capital commitments

As at 31 December 2017, 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 4.1 million and USD 2.1 million. (2016: Baht 333.3 million and USD 23.1 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 43.5 million. (2016: Baht 85.8 million and CHF 0.1 million)
- c) The Company has commitments in respect of consultancy agreement with the other company on preparation of ERP system implementation in organisation amounting to Baht 5.3 million.

24.2 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 2017, future minimum lease payments required under this operating lease contract were as follows.

(Unit: Thousand USD)

	As at 31 December	
	<u>2017</u>	<u>2016</u>
Payable within:		
1 year	58 (equivalent to Baht 2 million)	58 (equivalent to Baht 2 million)
2 - 5 years	230 (equivalent to Baht 8 million)	230 (equivalent to Baht 8 million)
More than 5 years	633 (equivalent to Baht 21 million)	691 (equivalent to Baht 25 million)

24.3 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 47.5 million and Baht 12.1 million per month (2016: Baht 105.7 million and Baht 12.1 million per month).

24.4 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 2018 is approximately Baht 9.1 million per month.
- b) The Company has commitment in respect of the Agreement on Operation and Maintenance of Transmission Systems for Nam Ngum 2 Hydroelectric Power Project with a related party, until the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project, with the service fee as specified in the agreement and subject to increase on an annual basis at the rate specified in the agreement. The service fee for 2018 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 2018 is approximately Baht 4.4 million per month.

24.5 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.

24.6 Bank guarantees

As at 31 December 2017, there were outstanding bank guarantees of USD 25.0 million (equivalent to Baht 821.2 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 (2016: USD 25.0 million).

25. Events after the reporting period

Dividend payment

On 20 February 2018, the Board of Directors's Meeting of the Company No. 1/2018 passed a resolution to pay a dividend of Baht 0.40 per share, or a total of Baht 352 million, to the shareholders of the Company in respect of the profit from July to December 2017. The resolution will be proposed to the Annual General Meeting of Shareholders of the Company for the year 2018 for approval.

NAM NGUM 2 POWER CO., LTD

No. 17/2019
8 February 2019

CORPORATES

Company Rating:	A
Issue Ratings:	
Senior unsecured	A
Outlook:	Stable

Last Review Date: 05/03/18

Company Rating History:

Date	Rating	Outlook/Alert
26/07/17	A	Stable

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RATIONALE

TRIS Rating affirms the company rating on Nam Ngum 2 Power Co., Ltd. (NN2PC) at "A". At the same time, TRIS Rating assigns the rating of "A" to NN2PC's proposed issues of up to Bt6,000 million in senior unsecured debentures. The proceeds from the proposed debenture issuance will be used to pay off the outstanding project loans.

In addition, TRIS Rating upgrades the rating of NN2PC's outstanding senior unsecured debentures to "A" from "A-". The upgrade follows the full repayment of project loans, which results in discharge of the respective security to the lenders, including the first rank mortgages on the project assets. This lessens the disadvantage for unsecured creditors.

The ratings reflect the company's solid contractual framework, reliable cash flows received from a long-term power purchase agreement (PPA) with the Electricity Generating Authority of Thailand (EGAT; rated "AAA" by TRIS Rating), the experienced management team, and the proven technology used in the hydroelectric power plant. However, the ratings are constrained by the uncertain flow of water from the Nam Ngum river and the sovereign risk of the Lao People's Democratic Republic (Lao PDR; rated "BBB+/Negative" by TRIS Rating).

KEY RATING CONSIDERATIONS

Contractual framework mitigates major risks

The contractual framework embedded in the Nam Ngum 2 power project mitigates major risks of the project. A long-term PPA with EGAT mitigates market risk. The PPA is on a take-or-pay basis. EGAT is obliged to purchase up to 2,310 gigawatt-hour (GWh) (the Annual Supply Target) of power from NN2PC. The Annual Supply Target breaks down into Primary Energy (PE; 2,218 GWh) and Secondary Energy (SE; 92 GWh).

The concession agreement with the government of Lao (GOL) mitigates the risks of money transferability and currency convertibility. The concession agreement states NN2PC has the right to receive and hold its revenue accounts outside the Lao PDR. As a result, the revenue received from EGAT is paid to NN2PC's account in Thailand.

Experienced management team and proven technology

The operational risk is minimized because EGAT operates the power plant. NN2PC holds an operation and maintenance agreement (OMA) with EGAT covering the entire term of the PPA. EGAT has extensive experience and expertise in operating hydroelectric power plants in Thailand. In addition, NN2PC also contracted with EGAT for major maintenance Services. Since the date of initial operation in March 2011 to 2017, the plant availability factor has been higher than 96%. In 2018, the plant availability factor was 92% due to the partial overhaul.

The technology used in the hydroelectric power plant is proven, and this technology helps enhance the reliability of the plant. NN2PC's plant contains three Francis turbines, manufactured by Toshiba. Each turbine is connected to a 205-megawatt (MW) synchronous generator. The combined capacity of these units is 615 MW.

Hydrology risk remains, but PPA makes it manageable

The volume of water flowing into the hydroelectric plant may vary year by year. However, the PPA contains a mechanism to smooth out the cash flows for the project. The mechanism allows NN2PC to sell more electricity than the Annual Supply Target in wet years, and then receive compensation for the extra sales in dry year. Whenever NN2PC sells an amount of electricity below the Annual Supply Target, the shortfall can be added to the Annual Supply Target in the following years.

The Annual Supply Target is derived from a water inflow of 6,270 million cubic meters (mcm), the yearly average, calculated from the historical records kept during 1949-2003.

In 2018, the water flowed into Nam Ngum 2 reservoir has broken 70-year record with the volume of 10,535 mcm. As a result, NN2PC declared power generation totally 2,454 GWh, comprising of PE (1,980 GWh), SE (130 GWh), and excess energy (EE: 344 GWh). However, the company still had a cumulative shortfall of 879 GWh in PE and 178 GWh in SE to be added to the Annual Supply Target in later years, due to the lower generation during 2015-2017.

EBITDA increase due to better inflow

For the first nine months of 2018, NN2PC's earnings before interest, tax, depreciation, and amortization (EBITDA) increased by 25.2% to Bt2.5 billion mainly due to a higher inflow of water. TRIS Rating forecasts NN2PC's EBITDA will be in the range of Bt3.0-Bt3.5 billion per year during 2019-2021. This forecast is based on a 10% reduction from the historical average inflow of water. This amount of EBITDA is sufficient to cover the outstanding debts coming due. The company will repay debt of about Bt600 million in 2019, about Bt2.1 billion in 2020, and about Bt1.0 billion in 2021. The company plans to refinance debt due in 2020 of about Bt1.0 billion.

Expected to improve in capital structure

TRIS Rating expects the capital structure of NN2PC will gradually improve to stay below 50% in 2021. TRIS Rating believes NN2PC will not have any huge investment and expenditures, other than maintenance in the foresee future. The latest investment was the upgrade of Nabong power substation completed in 2018 with the investment cost of Bt3.12 billion. As of September 2018, the company's adjusted debt was Bt14.3 billion, with debt to capitalization ratio of 57.2%.

Strong liquidity profile

TRIS Rating believes NN2PC will maintain strong liquidity profile over the forecast period. This is based on our expectation that the company will have smooth operation to generate predictable cash flow. TRIS Rating expects NN2PC's funds from operations (FFO) will exceed Bt2.5 billion in 2019. In addition, the company held Bt2.06 billion in cash on hand as of September 2018. Cash on hand, plus FFO, is sufficient to cover loan repayments of about Bt600 million in 2019.

With the proceeds from the new debentures, NN2PC will pay off the outstanding project loans, which will lead to discharge of respective security to the lenders, including the first-ranked mortgages on the project assets. This will considerably improve unsecured creditors position with respect to priority claims on the company's assets.

After refinancing all project loans with debentures, NN2PC conservatively sets an internal policy to reserve cash at least Bt1.0 billion preparing for the next debt installment. These accounts serve as a protective cushion for the bondholders, in case operations do not reach expectations. NN2PC is also intent on maintaining a minimum cash on hand of about Bt700 million to cover operating expenses for about 12 months.

BASE-CASE ASSUMPTIONS

- TRIS Rating assumes 10% discount on the historical average water inflow of 6,270 mcm
- The capacity factor is expected to be in the range of 36%-40% during 2019 -2021
- The plants availability factor is expected to be higher than 96% during the forecast period
- Energy tariff is adjusted in accordance with the term of PPA
- Operating and maintenance (O&M) is expected to increase about 3% per annum

RATING OUTLOOK

The "stable" outlook reflects TRIS Rating's expectation that NN2PC will continue to receive stable cash flows from its power plant. The power units and water flows into the reservoir are expected to be managed well, enabling NN2PC to achieve the Annual Supply Targets throughout the PPA life.

RATING SENSITIVITIES

Any credit upside would be likely if NN2PC demonstrates stronger performance on a sustainable basis. The downside case may emerge if cash flow deteriorates or if NN2PC makes any large investments which deteriorate the company's financial

profile.

COMPANY OVERVIEW

NN2PC is one of the flagship companies of the power segment under the CH. Karnchang Group (the CK Group). NN2PC was incorporated in 2007, under the laws of the Lao PDR, to own and operate the Nam Ngum 2 hydroelectric power plant in the Lao PDR. The ultimate major shareholders of NN2PC comprise CK Power PLC (CKP; with a 42% stake), Ratchaburi Electricity Generating Holding PLC (RATCH; 25%), and EDL-Generation PLC (EDL-Gen; 25%).

The Nam Ngum 2 hydroelectric power plant has an installed capacity of 615 MW. It is located on the Nam Ngum river, 35 kilometers (km.) upstream from the 150-MW Nam Ngum 1 hydroelectric power plant. The construction of the power plant was completed on time within the budget of about Bt31 billion. The plant commenced initial operation in March 2011 and commenced commercial operation in January 2013.

KEY OPERATING PERFORMANCE

Table 1: Performance Statistics of Nam Ngum 2 Hydroelectric Power Plant

Plant Performance	2018	2017	2016	2015	2014
Electricity generation (GWh)	2,454	1,857	2,109	2,104	2,215
Total availability (%)	93.0	98.1	97.6	96.5	97.1
Planned outage (GWh)	347.7	20.1	106.4	60.3	81.9
Maintenance outage (GWh)	7.1	19.7	19.8	57.2	52.8
Short notice and forced outage (GWh)	1.0	5.9	1.0	8.4	24.9
Reservoir Management					
Water level at the end of period (masl)	368.4	364.1	371.1	372.4	373.7
Water inflow (mcm)	10,535	5,104	5,360	5,806	6,342
Reservoir stock at the end of period (mcm)	4,209	3,749	4,481	4,779	4,851

Note: Electricity generation = PE + SE + EE + Test Energy

GWh = gigawatt-hours

masl = meter above sea level

mcm = million cubic meters

Source: NN2PC

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS

Unit: Bt million

	Jan-Sep 2018	-----Year Ended 31 December -----			
		2017	2016	2015	2014
Total operating revenues	2,992	3,327	3,833	3,903	3,986
Operating income	2,454	2,627	2,991	2,955	3,159
Earnings before interest and taxes (EBIT)	1,638	1,423	1,864	1,910	2,066
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	2,456	2,505	2,946	2,997	3,155
Funds from operations (FFO)	1,839	1,522	2,077	2,101	2,166
Adjusted interest expense	582	967	855	896	989
Capital expenditures	545	1,577	915	24	25
Total assets	27,946	27,629	27,138	28,876	29,737
Adjusted debt	14,254	14,732	14,299	13,109	14,635
Adjusted equity	10,679	10,228	10,301	12,141	11,894
Adjusted Ratios					
Operating income as % of total operating revenues (%)	82.00	78.95	78.04	75.73	79.25
Pretax return on permanent capital (%)	7.07 *	5.27	6.77	6.61	6.95
EBITDA interest coverage (times)	4.22	2.59	3.44	3.34	3.19
Debt to EBITDA (times)	4.75 *	5.88	4.85	4.37	4.64
FFO to debt (%)	15.18 *	10.33	14.53	16.03	14.80
Debt to capitalization (%)	57.17	59.02	58.13	51.92	55.16

* Annualized with trailing 12 months

RELATED CRITERIA

- Key Financial Ratios and Adjustments, 5 September 2018
- Group Rating Methodology, 10 July 2015
- Sovereign Credit Rating, 8 October 2013
- Rating Methodology – Corporate, 31 October 2007

Nam Ngum 2 Power Co., Ltd. (NN2PC)

Company Rating:	A
Issue Ratings:	
NNPC200A: Bt1,000 million senior unsecured debentures due 2020	A
NNPC240A: Bt1,400 million senior unsecured debentures due 2024	A
NNPC270A: Bt3,600 million senior unsecured debentures due 2027	A
NNPC303A: Bt3,000 million senior unsecured debentures due 2030	A
Up to Bt6,000 million senior unsecured debentures due within 8 years	A
Rating Outlook:	Stable

TRIS Rating Co., Ltd.

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(ภาษาไทย)

ชื่อบริษัทผู้ออกหลักทรัพย์ : NAM NGUM 2 POWER COMPANY LIMITED
(ภาษาอังกฤษ)

ที่ปรึกษา : -
ทางการเงิน
(ถ้ามี)

ประเภทเอกสาร

69-DEBT-II-HNW

ลักษณะการยื่นคำขออนุญาต

รายครั้ง

ประเภทตราสาร

- หุ้นกู้ (Debenture)
- ตั๋วเงิน (Note)
- ตั๋วแลกเงิน (Bill of Exchange)
- พันธบัตร (Bond)
- ศุก (SUKUK)
- หุ้นกู้เพื่อการแปลงสินทรัพย์เป็นหลักทรัพย์ (Securitization Debenture)
- หุ้นกู้ที่มีอนุพันธ์แฝง (Structured Debenture)
- ตั๋วสัญญาใช้เงิน (Promissory Note)
- หุ้นกู้แปลงสภาพ (Convertible Debenture)
- ตราสารเงินกองทุน (Basel)

ลักษณะการเสนอขาย

PP - เสนอขายต่อผู้ลงทุนสถาบันหรือผู้ลงทุนรายใหญ่ (II&HNW)

รายละเอียดตราสารหนี้/ศุก

- THE AMORTIZED DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2019 TRANCHE 1 DUE 2022
- THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2019 TRANCHE 2 DUE 2023
- THE AMORTIZED DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2019 TRANCHE 3 DUE 2027 WITH THE ISSUER'S RIGHT TO EARLY REDEMPTION


การรับรองความถูกต้องของข้อมูลของบริษัทผู้ออกหลักทรัพย์ (Certification of the Accuracy of Information):

ข้าพเจ้าได้สอบทานข้อมูลในแบบแสดงรายการข้อมูลการเสนอขายตราสารหนี้และร่างหนังสือชี้ชวนฉบับนี้ รวมทั้งเอกสารหลักฐานทั้งหมดที่จัดส่งผ่านระบบอิเล็กทรอนิกส์ของสำนักงานแล้ว และด้วยความระมัดระวังในฐานะ

- ผู้ที่มีอำนาจลงนามผูกพันหน่วยงาน
- กรรมการผู้มีอำนาจลงนามผูกพัน
- ผู้ที่ดำรงตำแหน่งบริหารสูงสุดที่ได้รับมอบอำนาจจากกรรมการผู้มีอำนาจลงนามผูกพัน
- ผู้ออกตราสารหนี้
- ผู้รับมอบอำนาจของผู้ออกตราสารหนี้

ของผู้ออกตราสารหนี้ ข้าพเจ้าขอรับรองว่า ข้อมูลดังกล่าวถูกต้องครบถ้วน ไม่เป็นเท็จ ไม่ทำให้ผู้อื่นสำคัญผิด หรือไม่ขาดข้อมูลที่ควรต้องแจ้งในสาระสำคัญ

ทั้งนี้ การรับรองความถูกต้องของข้อมูลข้างต้นครอบคลุมถึงข้อมูลของผู้ออกตราสารหนี้ตามที่ปรากฏในแหล่งข้อมูลที่ผู้ลงทุนสามารถตรวจสอบได้ตามที่ระบุไว้ในแบบแสดงรายการข้อมูลการเสนอขายตราสารหนี้และร่างหนังสือชี้ชวนฉบับนี้ ในการอ้างอิงแหล่งข้อมูลดังกล่าว ข้าพเจ้ามีความรับผิดชอบต่อความถูกต้องครบถ้วนของข้อมูลที่อ้างอิงนั้นเช่นเดียวกับการนำข้อมูลมาแสดงให้ปรากฏในแบบแสดงรายการข้อมูลการเสนอขายตราสารหนี้และร่างหนังสือชี้ชวนฉบับนี้

ชื่อ-นามสกุล	ตำแหน่ง	ลายมือชื่อ
นายวรพจน์ อุซุใหม่ยวงศ์	ผู้มีอำนาจลงนาม	

ประทับตราบริษัท (ถ้ามี)

หมายเหตุ:

- ให้ผู้มีอำนาจลงนามผูกพันหน่วยงานหรือกรรมการผู้มีอำนาจลงนามผูกพันนิติบุคคลหรือผู้ที่ดำรงตำแหน่งบริหารสูงสุดที่ได้รับมอบอำนาจจากกรรมการผู้มีอำนาจลงนามผูกพันของผู้ออกตราสารหนี้ พร้อมทั้งประทับตราบริษัท (ถ้ามี)
- กรณียื่นแบบ 69-DEBT-SP-2 ให้ลงนามโดยกรรมการผู้มีอำนาจลงนามผูกพันนิติบุคคลหรือผู้ที่ดำรงตำแหน่งบริหารสูงสุดที่ได้รับมอบอำนาจจากกรรมการผู้มีอำนาจลงนามผูกพันของผู้ออกตราสารหนี้หรือผู้ที่ดำรงตำแหน่งระดับบริหารตั้งแต่ผู้อำนวยการฝ่ายขึ้นไปหรือเทียบเท่าที่ได้รับมอบอำนาจจากกรรมการผู้มีอำนาจผูกพัน พร้อมทั้งประทับตราบริษัท (ถ้ามี) แสดงกรณีเป็นแบบ 69-DEBT-SP-2
- การประทับตราบริษัท ให้ประทับคู่กับการลงนามของผู้มีอำนาจตามที่หนังสือรับรองหรือหนังสือมอบอำนาจกำหนดไว้
- ในกรณีที่มีการมอบอำนาจ ให้ browse file หนังสือมอบอำนาจผ่านระบบอิเล็กทรอนิกส์ของสำนักงานด้วย
- หากในวันที่ยื่นแบบแสดงรายการข้อมูลและร่างหนังสือชี้ชวนต่อสำนักงาน มีเหตุจำเป็นที่ทำให้บุคคลใด ยังไม่สามารถลงลายมือชื่อได้ เมื่อเหตุดังกล่าวหมดสิ้นแล้ว ผู้เสนอขายตราสารหนี้ต้องจัดให้บุคคลนั้นลงลายมือชื่อทันที เว้นแต่เหตุที่ทำให้บุคคลดังกล่าวไม่สามารถลงลายมือชื่อได้เกิดจากการที่บุคคลดังกล่าว อยู่ในภาวะไม่สามารถรู้ผิดชอบหรือไม่สามารถบังคับตนเองได้ เนื่องจากเจ็บป่วยทางร่างกายหรือทางจิต ผู้เสนอขายตราสารหนี้ไม่จำเป็นต้องจัดให้บุคคลดังกล่าวลงลายมือชื่อในแบบแสดงรายการข้อมูลและร่างหนังสือชี้ชวน หรือเป็นกรณีอื่นใดที่มีเหตุจำเป็นและสมควรโดยได้รับการผ่อนผันจากสำนักงาน

การรับรองการปฏิบัติหน้าที่ของที่ปรึกษาทางการเงิน:

ข้าพเจ้าในฐานะที่ปรึกษาทางการเงินของผู้ออกตราสารหนี้ ขอรับรองว่าข้าพเจ้า

- ได้สอบทานข้อมูลในแบบแสดงรายการข้อมูลการเสนอขายตราสารหนี้และร่างหนังสือชี้ชวนฉบับนี้ รวมทั้งเอกสารหลักฐานทั้งหมดที่จัดส่งผ่านระบบอิเล็กทรอนิกส์ของสำนักงานแล้ว และด้วยความระมัดระวังในฐานะที่ปรึกษาทางการเงิน ข้าพเจ้าขอรับรองว่า ข้อมูลดังกล่าวถูกต้องครบถ้วน ไม่เป็นเท็จ ไม่ทำให้ผู้อื่นสำคัญผิด หรือไม่ขาดข้อมูลที่ควรต้องแจ้งในสาระสำคัญ
- ได้พิจารณานโยบายและแผนการประกอบธุรกิจของผู้ออกตราสารหนี้ในอนาคตแล้วเห็นว่า สมมติฐานได้จัดทำขึ้นอย่างสมเหตุสมผล และมีการอธิบายผลกระทบต่อผู้ออกตราสารหนี้หรือผู้ลงทุนอย่างชัดเจนเพียงพอ” (เฉพาะกรณีที่ผู้ออกตราสารหนี้มีการระบุนโยบายและแผนการประกอบธุรกิจของผู้ออกตราสารหนี้ในอนาคตในแบบแสดงรายการข้อมูลการเสนอขายตราสารหนี้และร่างหนังสือชี้ชวน)
- ในกรณีที่ที่ปรึกษาทางการเงินไม่สามารถตรวจสอบข้อมูลที่เกี่ยวข้องกับแบบแสดงรายการข้อมูลและร่างหนังสือชี้ชวนบางส่วน หรือเห็นว่าข้อมูลบางส่วนไม่ถูกต้องครบถ้วน โปรดระบุเงื่อนไขเพิ่มเติม
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- ในกรณีที่ที่ปรึกษาทางการเงินนำข้อมูลจากบุคคลอื่นที่มีความเชี่ยวชาญในด้านนั้นมาอ้างอิง โปรดระบุข้อความเพิ่มเติม
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ชื่อ-นามสกุล	ตำแหน่ง	ลายมือชื่อ

ประทับตราบริษัท (ถ้ามี)

หมายเหตุ:

- ให้ผู้มีอำนาจลงนามผูกพันที่ปรึกษาทางการเงินลงลายมือชื่อ พร้อมทั้งประทับตราบริษัท (ถ้ามี)
- การประทับตราบริษัท ให้ประทับคู่กับการลงนามของผู้มีอำนาจตามที่หนังสือรับรองหรือหนังสือมอบอำนาจกำหนดไว้
- ในกรณีที่มีการมอบอำนาจ ให้ browse file หนังสือมอบอำนาจผ่านระบบอิเล็กทรอนิกส์ของสำนักงานด้วย
- หากในวันที่ยื่นแบบแสดงรายการข้อมูลและร่างหนังสือชี้ชวนต่อสำนักงาน มีเหตุจำเป็นที่ทำให้บุคคลใด ยังไม่สามารถลงลายมือชื่อได้ เมื่อเหตุดังกล่าวหมดสิ้นแล้ว ผู้เสนอขายตราสารหนี้ต้องจัดให้บุคคลนั้นลงลายมือชื่อทันที เว้นแต่เหตุที่ทำให้บุคคลดังกล่าวไม่สามารถลงลายมือชื่อได้เกิดจากการที่บุคคลดังกล่าว อยู่ในภาวะไม่สามารถรู้ผิดชอบหรือไม่สามารถบังคับตนเองได้ เนื่องจากเจ็บป่วยทางร่างกายหรือทางจิต ผู้เสนอขายตราสารหนี้ไม่จำเป็นต้องจัดให้บุคคลดังกล่าวลงลายมือชื่อในแบบแสดงรายการข้อมูลและร่างหนังสือชี้ชวน หรือเป็นกรณีอื่นใดที่มีเหตุจำเป็นและสมควรโดยได้รับการผ่อนผันจากสำนักงาน

ชื่อผู้ติดต่อ

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