

PART 2

EXECUTIVE SUMMARY

1. COMPANY INFORMATION

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

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

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

2. COMPANY FINANCIAL POSITION

In 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. This is mainly due to the water inflow in 2017 was 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. As a result, reported Electricity Sales Volume during 2017 was decreased by 251.5 GWh or 11.9% compared to the previous year and the strengthening of Thai Baht against US Dollars affected the Company’s revenue which partially received in US Dollars.

Total Cost of Sales of Electricity decreased by Baht 76.2 million or 18.3% compared to the previous year mainly due to the decline in Operation and Maintenance Costs as a result of the Company’s effective operation cost management, 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 results 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

3. RISKS FACTORS

Investor should carefully consider the risks identified below and all other information contained in this Prospectus, including our financial statements and related notes, before making an investment decision. If any of the following risks, as well as other risks and uncertainties that are not currently known or that the Company currently thinks are immaterial, are actually realized, our business, financial condition and results of operations could be materially and adversely affected. The Company realizes the significance of risk management from the perspective of electricity production and distribution business.

1. Operational Risks

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

2. Financial Risks

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

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

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

4. OFFERING INFORMATION

The Company intends to issue and offer name-registered, unsecured, unsubordinated and amortized debentures, with a debentureholders' representative and the issuer's right to early redemption namely "The Amortized Debentures of Nam Ngum 2 Power Company Limited No. 1/2018 with the issuer's right to early redemption" (the "**Debentures**") The Debentures have a tenor of 12 years. A total of up to 3,000,000 units of the Debentures will be issued, with a nominal value of Baht 1,000 each. The Debentures will be offered in an aggregate total principal amount of up to Baht 3,000,000,000. Interest on the Debentures will accrue at the rate of 3.98 percent per annum.

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 5 March 2018.

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.)