

# Registration Statement (Standalone) (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 and Unsubordinated Debentures, with a Debentureholders' Representative, Namely,

**"THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 2/2020 TRANCHE 1 DUE 2023"**

and

**"THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 2/2020 TRANCHE 2 DUE 2025"**

(collectively, the "Debentures")

to Institutional Investors

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**Issue Price: 100 percent.**

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"The Debentures of Nam Ngum 2 Power Company Limited No. 2/2020 Tranche 1 Due 2023" ("**Tranche 1 Debentures**") and "The Debentures of Nam Ngum 2 Power Company Limited No. 2/2020 Tranche 2 Due 2025" ("**Tranche 2 Debentures**," and together with Tranche 1 Debentures, the "**Debentures**"), will be issued in registered form. Tranche 1 Debentures have a tenor of 3 years and Tranche 2 Debentures have a tenor of 5 years. A total of up to 1,000,000 units of the Debentures will be issued, with a nominal value of Baht 1,000 each. Tranche 1 Debentures and Tranche 2 Debentures will be offered in an aggregate total principal amount of up to Baht 400,000,000 and Baht 600,000,000, respectively. Interest on Tranche 1 Debentures and Tranche 2 Debentures will accrue at the rate of 3.20 percent per annum and 3.60 percent per annum, respectively, from and including the issue date of the Debentures and shall be paid semi-annually in arrears on 30 March and 30 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 11 September 2020. The Issuer will arrange for the credit rating agency as approved by the Office 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.

### Lead Arranger

**Bangkok 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

29 September 2020

Date of filing of the registration statement and draft prospectus: 31 August 2020

Effective date of the registration statement and draft prospectus: 25 September 2020

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>.

**Warning: Understand the product characteristics, conditions of return on investment and risks before deciding to invest. 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 Factsheet 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 Lead Arranger 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 FACTSHEET

"THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 2/2020 TRANCHE 1 DUE 2023" ("Tranche 1 Debentures")  
and

"THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 2/2020 TRANCHE 2 DUE 2025" ("Tranche 2 Debentures,"  
and together with Tranche 1 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

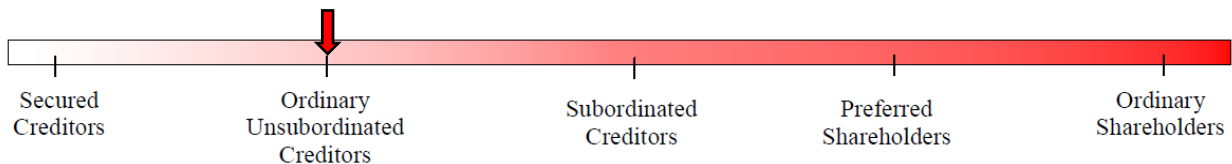
Type of Instruments	Name-Registered, Unsecured and Unsubordinated with a Debentureholders' Representative.	Denomination	Thai Baht
Credit Rating	<input type="checkbox"/> None <input type="checkbox"/> Issuer <input type="checkbox"/> Guarantor <input checked="" type="checkbox"/> Issue <p>The Debentures were assigned credit ratings of 'A' (with Stable outlook) according to reports published by TRIS Rating Co., Ltd. on 11 September 2020.</p> <p>The Issuer will arrange for the credit rating agency as approved by the Office 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>	Type of Offering	<input type="checkbox"/> PO <input checked="" type="checkbox"/> PP (II)* <input type="checkbox"/> PP (HNW)** <input type="checkbox"/> PP (II&HNW)  * Institutional Investors ** High Net Worth Investors
Offering Size	(1) Tranche 1 Debentures: Up to Baht 400,000,000 (four hundred million); and (2) Tranche 2 Debentures: Up to	Number of units of Debentures	(1) Tranche 1 Debentures: Up to 400,000 (four hundred thousand) units; and (2) Tranche 2 Debentures: Up to

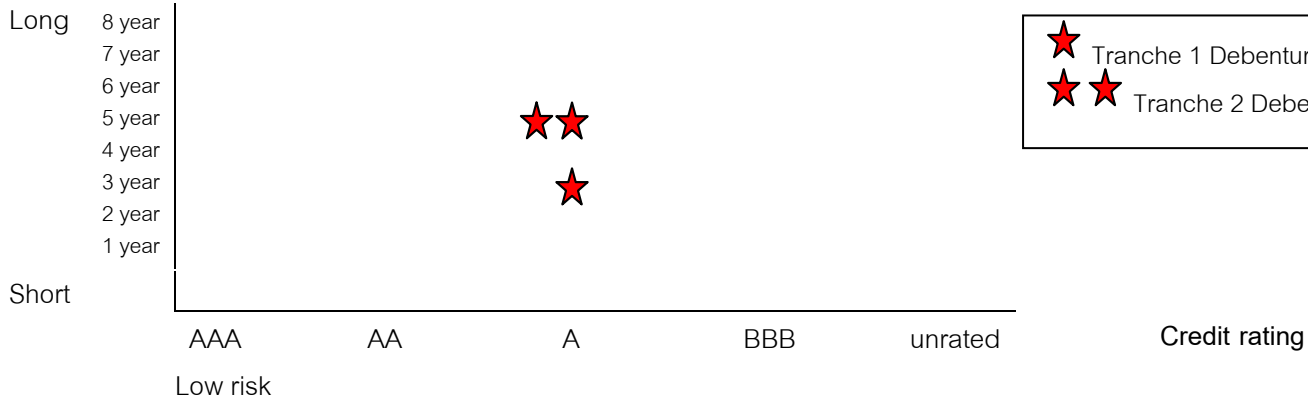
	Baht 600,000,000 (six hundred million)		600,000 (six hundred thousand) units
Par Value per Unit	Baht 1,000	Issue Price per unit	Baht 1,000
Total Offering Size	Up to Baht 1,000,000,000 (one billion)	Total number of units of Debentures	Up to 1,000,000 (one million) units
Interest Rate	<input checked="" type="checkbox"/> Fixed rate (1) Tranche 1 Debentures: 3.20 (three point two zero) percent per annum; and (2) Tranche 2 Debentures: 3.60 (three point six zero) percent per annum <input type="checkbox"/> Floating rate The calculation of the interest payable in respect of the Debentures is based on the basis that 1 (one) year has 365 (three hundred and sixty five) days and the amount of interest shall be calculated 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). The withholding tax shall be applied in accordance with the applicable laws.	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 9.4 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>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	30 September 2020	Subscription Period	29 September 2020
Maturity Date	(1) Tranche 1 Debentures: 30 September 2023; and (2) Tranche 2 Debentures: 30 September 2025	Tenor	(1) Tranche 1 Debentures: 3 (three) years from the Issue Date; and (2) Tranche 2 Debentures: 5 (five) years from the Issue Date



<b>Interest Period</b>	Interest on the Debentures shall be payable semi-annually on every 30 March and 30 September of each year, with the last Interest Payment Date on the Maturity Date.	<b>First Interest Payment Date</b>	30 March 2021
<b>Lead Arranger</b>	Bangkok Bank Public Company Limited	<b>Registrar</b>	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
<b>Debentureholders' Representative</b>	Bangkok Bank Public Company Limited or any other person duly appointed as replacement debentureholders' representative	<b>Paying Agent</b>	Bank of Ayudhya Public Company Limited or any other person duly appointed as replacement paying agent
<b>Issuer's Representative in Thailand</b>	The Legists Group	<b>Guarantee/Collateral</b>	None
<b>Transfer Restriction (if any)</b>	<p>The offering of the Debentures will be made to the institutional investors pursuant to the Notification of the Capital Market Supervisory Board regarding rules on approval for foreign businesses to offer for sale of newly-issued Baht-denominated 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. Please see more details in the Condition 4.3 of the Conditions.</p> <p>The transfer restriction of the Debentures has also been: (i) acknowledged by the Bank of The Lao People's Democratic Republic; and (ii) endorsed and acknowledged by the Lao Securities Commission Office that no Debenture will be transferred to any person other than the Qualified Investors.</p>		
<b>Covenant on Maintenance of Financial Ratio (if any)</b>	<p>The Issuer shall ensure that the ratio of Debt to Equity, in accordance with its Financial Statement, shall not exceed 3:1 as at the last day of the fourth quarter of each year. Please see more details, including the definitions of the terms "Debt," "Equity" and "Financial Statements" in the draft of the Conditions attached as Appendix 1 of the Registration Statement and Draft Prospectus.</p>		

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



**Risks of the Instrument****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.
- 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 2 (two) 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 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

### 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 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 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.

#### Risk in respect of difficulty in enforcing Debentureholders' rights under the Debentures across multiple jurisdictions.

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 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.

Risk in respect of the Issuer exercising the right to redeem the Debentures before the Maturity Date The Issuer may exercise its right to redeem the Debentures in whole, but not in part, for taxation reasons in accordance with the terms and conditions set out in Condition 9.4. 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 9.4 in the draft of the Conditions attached as Appendix 1 of the Registration Statement and Draft Prospectus.

#### Risk from the epidemic situation of coronavirus 2019 (COVID-19)

Given the situation of the COVID-19 virus outbreak, this situation will not have a significant impact on the Company's operations according to the nature of the production and distribution of electricity from hydroelectric power business.

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 3.3.6 (Interest rate risks on an investment in the Debentures) and Item 3.3.7 (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 6 (Representations, Warranties and Covenants of the Issuer) There are additional covenants from those found in the Sample Conditions, such as, 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 6(d)\*. In addition, there is no negative covenant prohibiting the Issuer from creating any guarantee or encumbrance over assets and/or significant income in business operations of the Issuer; and there is no negative covenant prohibiting the Issuer from mergers and acquisitions, but the Issuer is prohibited on selling or disposal of its property or asset that is material to its business operation which would have material adverse effect on the Issuer's ability to perform payment obligation or which is not in the normal course of business of the Issuer under Condition 6(f).
- Condition 9 (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 9.4.
- Condition 12 (Events of Default) Certain events of default in the Sample Conditions are not identified as an Event of Default under the Conditions, such as, if debts under the Debentures or any material Issuer's obligations under the Conditions become invalid or enforceable; or if the Issuer admits inability to pay its debts as they fall due, suspend making payments thereof or commence negotiations with its creditors with a view of rescheduling its indebtedness, these will not constitute Events of Default.
- Condition 13 (Meetings of Debentureholders) There are additional terms and conditions to the Sample Conditions such as having a written resolution instead of holding a meeting of Debentureholders.

\* 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, and send any amendments thereto no later than 31st of March of the following year. If there is any change in Lao PDR law regarding to this issue, the Issuer will inform by way of posting on the website [www.ckpower.co.th](http://www.ckpower.co.th). Please see more details in the draft of the Conditions attached as Appendix 1 of the Registration Statement and Draft Prospectus.

### 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. 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 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.

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 debentures. The proceeds from debentures issuance are expected to be utilized within October 2020.

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

Unit: Thousand Baht (unless otherwise indicated)

Information	Year 2018	Year 2019	For 6-month ended 30 June 2020
Total assets	27,779,137	25,692,309	24,989,034
Total liabilities	16,776,843	14,904,786	14,892,997
Shareholders' Equity	11,002,294	10,787,523	10,096,037
Total Income	3,961,184	3,414,615	952,794
Total Expenses	1,838,362	1,976,676	891,745
Net Profit	1,462,075	753,207	(206,991)
Net Profit Margin Ratio (percent)	36.9	22.1	(21.9)
Debt to Equity Ratio (times)	1.5	1.4	1.5
Debt to Equity Ratio in accordance with the Conditions (times)*	1.2	1.2	1.3
Interest Coverage Ratio (ICR) (times)**	5.2	3.7	2.7
Net Debt to EBITDA Ratio (times)**	4.2	5.0	8.5
Debt Service Coverage Ratio (DSCR) (times)**	2.0	1.4	1.1
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)	0.1	0.2	0.1
Loan from Financial Institution to Total Debt Ratio (times)	0.4	-	-
Current Ratio (time)	1.6	1.1	1.1
Quick Ratio (time)	1.2	0.8	0.8
Average Collection Period (day)**	40.5	57.0	100.4

\* 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

\*\* Full year adjustment

## 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

2. For any complaints, please contact:

**Bangkok Bank Public Company Limited**

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

Telephone: 0-2230-2295





## 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 2019

In 2019, the Company reported Total Revenues of Baht 3,414.6 million, a decrease of Baht 546.6 million or 13.8% compared to the previous year. Revenue from Sales of Electricity of NN2PC decreased from the drop in electricity sales volume during 2019 due to lower-than-average water inflow to the reservoir, especially during 3Q19, whereas water inflow in 2018 was a record high. As a result, NN2PC adopted a conservative water management approach to ensure that the remaining water in the reservoir would be sufficient to produce electricity as planned for the entire year in 2019.

Total Cost of Sales of Electricity in 2019 was Baht 1,775.7 million, increased by Baht 140.6 million or 8.6% compared to the previous year mainly driven by NN2PC’s recognition wheeling charges since 2Q19 according to the amount of electricity sold through Nabong Substation following the signing of Nabong Substation Lease Agreement. Administrative Expenses during 2019 was Baht 200.0 million, decreased by Baht 2.9 million or 1.4% compared to the previous year primarily due to effective cost management. Finance Cost increased during 2019 primarily from the one-time recognition of NN2PC’s deferred financial fees of Baht 56.7 million following the full repayment of its long-term loan from financial institutions in March 2019 and the recognition of interest expenses related to Nabong Substation after its construction completion at the end of 2018; partially offset by financial cost saving from refinancing the long-term loan with debentures at lower interest rates.

These resulted in Net Profit of Baht 753.2 million, a decrease of Baht 708.9 million or 48.5% compared to the previous year.



### **For the six-month period ended 30 June 2020**

In 1H 2020, the Company reported Total Revenues of Baht 946.2 million, decreased by Baht 1,100.7 million or 53.8% compared to the previous year. Revenue from Sales of Electricity of NN2PC declined in 1H 2020 compared to 1H 2019, driven by the decrease in electricity sales volume following lower-than-average water inflow to the reservoir. As a result of the low water inflow, NN2PC adopted a conservative water management approach to ensure that the remaining water in the reservoir would be sufficient to produce electricity as planned for the entire year. On a quarter on quarter basis, the water inflow in Q2 2020 was higher than that in Q1 2020 following more rain fall in Lao PDR.

In 1H 2020, Total Cost of Sales of Electricity was Baht 805.1 million, decreased by Baht 124.1 million or 13.4% compared to 1H 2019, mainly driven by the decline in Wheeling Charge and Royalty Fee following the decrease in Revenue from Sales of Electricity and effective Operation and Maintenance Cost management during 1H 2020. Administrative Expenses in 1H 2020 was Baht 86.7 million, decreased by Baht 13.3 million or 13.3% from 1H 2019 helped primarily by the Company's effective cost management and the decline in traveling and administrative activities during 1H 2020 due to COVID-19 situation. Finance Cost during 1H 2020 declined, mainly due to debentures issuance in March 2019 and 2020 and lower interest rate compared to 1H 2019.

These resulted in Net Loss of Baht 207.0 million, a decline of Baht 818.7 million or 133.8% from the Baht 611.7 million Net Profit in 1H 2019.

### **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
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

- Risk in respect of difficulty in enforcing Debentureholders' rights under the Debentures across multiple jurisdictions
- Risk in relation to exchange control
- 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
- Risk in respect of the Issuer exercising the right to redeem the Debentures before the Maturity Date
- Risks from the epidemic situation of coronavirus 2019 (COVID-19)

#### 4. OFFERING INFORMATION

The Company intends to issue and 2 tranches of name-registered, unsubordinated and unsecured debentures with a debentureholders' representative being debentures no. 2 of Nam Ngum 2 Power Company Limited in the year 2020 (the "**Debentures**")

Tranche 1 Debentures have a tenor of 3 years and Tranche 2 Debentures have a tenor of 5 years. A total of up to 1,000,000 units of the Debentures will be issued, with a nominal value of Baht 1,000 each. Tranche 1 Debentures and Tranche 2 Debentures will be offered in an aggregate total principal amount of Baht 400,000,000 and Baht 600,000,000, respectively. Interest on Tranche 1 Debentures and Tranche 2 Debentures will accrue at the rate of 3.20 percent per annum and 3.60 percent per annum, respectively.

The Debentures will be offered to institutional investors pursuant to the Notification of 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 amended.

The Debentures were assigned credit ratings of 'A' (with Stable outlook) according to reports published by TRIS Rating Co., Ltd. on 11 September 2020.

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

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



## PART 3 DESCRIPTION OF THE ISSUER

### 1. GENERAL INFORMATION

#### 1.1 General Information of the Company

<b>Company Name</b>	:	Nam Ngum 2 Power Company Limited
<b>Incorporation Date</b>	:	21 May 2008
<b>Type of Business</b>	:	Production and distribution of electricity from hydroelectric power.
<b>Head Office</b>	:	215 Lanexang Avenue, Ban Xieng Yuen, Chanthabouly District, Vientiane, Lao PDR.
<b>Registered Capital</b>	:	880,900,000 ordinary shares, at the par value of Baht 10 per share, fully paid-up, being the total registered and paid-up capital of Baht 8,809,000,000
<b>Telephone Number</b>	:	(+856-21) 251-718
<b>Facsimile Number</b>	:	(+856-21) 215-500
<b>Use of Proceeds</b>	:	For the repayment or refinancing of its existing debenture NNPC200A

#### 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 26 March 2011, and thereafter the Commercial Operation Date (“COD”) on 1 January 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 Missions

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

### 1.5 Key Milestones

Date	Major Development
5 March 2020	: The Company issued Baht 600 Million Unsecured, Unsubordinated Debentures no.1/2020 in a Private Placement offering to no more than 10 specific investors for the repayment of its existing Debentures.
7 March 2019	: The Company issued Baht 6,000 Million Unsecured, Unsubordinated Debentures no. 1/2019 to repay all outstanding loans from the financial institutions to reduce the financial cost.
8 February 2019	: TRIS Rating affirmed NN2's corporate rating of "A/Stable Outlook" and also upgraded NN2's issue rating for all debenture series to "A/Stable Outlook".
1 January 2019	: NN2 entered into the Nabong Substation Lease Agreement with the Government of the Lao PDR after completion of the upgrade of the voltage and the construction of the Nabong Substation.
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 minus a margin per annum.



<b>Date</b>	<b>Major Development</b>
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

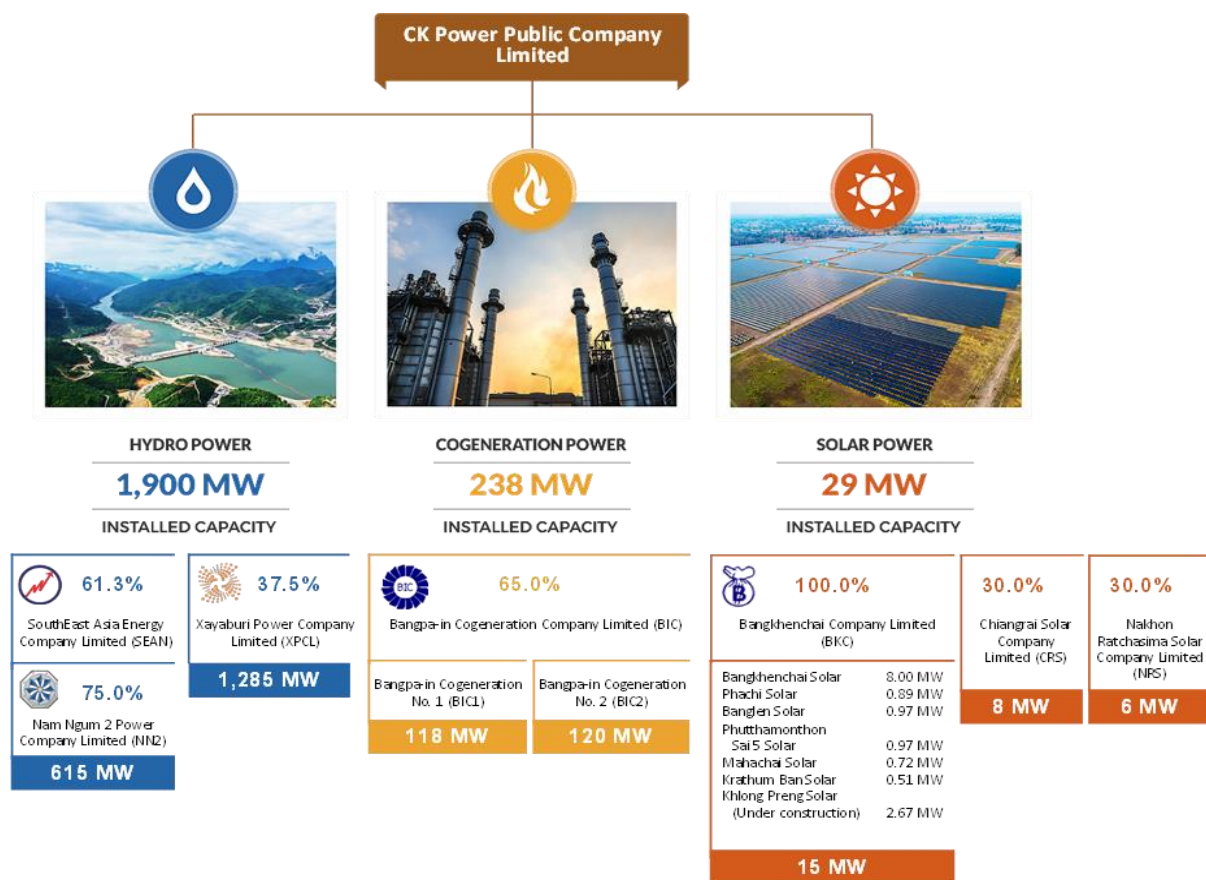
## 2. BUSINESS OPERATION

### 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**

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 x 205 MW)
Spillway Capacity (PMF)	: 8,263 m <sup>3</sup> /s
PWW Length	: 600 m.
Diameter	: 10.7 m.
Penstock Length	: 3 x 265 m.

Summary of important technical information of NN2HPP is as follows:

1. Reservoir

Reservoir Area	: 5,640 km <sup>2</sup>
Yearly averaged discharge capacity	: 6,270 MCM
Full supply level	: 378.75 masl
Maximum flood level	: 375 masl
Reservoir area (full supply level)	: 122 km <sup>2</sup>
Storage (full supply level)	: 6,774 MCM
Minimum operating level	: 345 masl
Storage (minimum operating level)	: 3,780 MCM
Active storage	: 2,994 MCM
2. Dam

Type	: Concrete face rockfill
Crest length	: 485 m
Crest level	: 381 masl
Height from foundation	: 181 m
Width of concrete face	: 0.30 – 0.90 m
3. Headrace Tunnel

Type	: Concrete-lined divided into three tunnels
Diameter	: 11.7 m
Length of the first tunnel	: 1,141 m
Length of the second tunnel	: 1,263 m
Height (above the penstock)	: 209.1 masl
4. Tailrace Canal

Amount	: 3 units
Diameter	: 5.35 m
Length	: 212 m



The PPA designated 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 water volume at NN2HPP exceeds the forecasted amount, thereby, in such month, enabling NN2HPP to generate electricity in excess of the target designated in (a) and (b) as declared to EGAT in advance. The excess electricity will be considered as 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 Concession Agreement (“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 NN2PC’s business:

*Unit: Baht Million*

Business Segment	Full Year 2017		Full Year 2018		Full Year 2019		1H 2019		1H 2020	
	THB mn	%	THB mn	%	THB mn	%	THB mn	%	THB mn	%
Revenue from sale of electricity	3,318.3	99.7%	3,949.3	99.7%	3,048.0	89.3%	1,923.6	94.0%	768.6	80.7%
Interest Income under Finance Lease Agreement	-	-	-	-	348.9	10.2%	117.6	5.7%	170.3	17.9%
Other income	9.1	0.3%	11.9	0.3%	17.7	0.5%	5.7	0.3%	13.9	1.4%
<b>Total</b>	<b>3,327.4</b>	<b>100.0%</b>	<b>3,961.2</b>	<b>100.0%</b>	<b>3,414.6</b>	<b>100.0%</b>	<b>2,046.9</b>	<b>100.0%</b>	<b>952.8</b>	<b>100.0%</b>

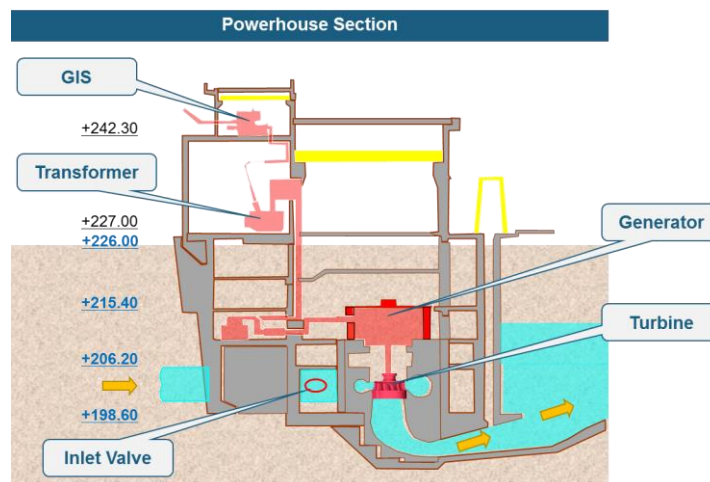
Tariff Structure:

Year	PE Tariff			SE Tariff	EE Tariff
	USD per kWh	THB per kWh	THB equivalent per kWh*	THB per kWh	THB per kWh
2011 – 2012	0.02475	0.9630	1.7303	1.2530	1.0600
2013 – 2018	0.02475	0.9650	1.7323	1.2550	1.0620
2019 Thereafter	0.02668	1.0410	1.8681	1.3530	1.1450

\*Assume exchange rate of Baht 31 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 is released from the reservoir down through tunnels towards the powerhouse at 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 NN2HPP, 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 2017 to 1H 2020 was as follows:

	2017		2018		2019		1H 2020	
	Month-end Water (masl)	Water Inflow (MCM)	Month-end Water (masl)	Water Inflow (MCM)	Month-end Water (masl)	Water Inflow (MCM)	Month-end Water (masl)	Water Inflow (MCM)
January	370.9	131	364.3	143	367.0	174	353.8	74
February	368.7	93	364.2	112	363.9	152	353.1	60
March	361.7	123	359.9	107	358.1	147	352.0	105
April	356.4	132	354.5	150	351.3	116	352.3	160
May	351.1	176	349.8	320	345.3	141	351.3	164
June	345.5	298	352.7	802	343.4	203	350.5	304
July	356.1	1,341	372.2	2,550	347.7	388		
August	362.7	1,162	375.3	3,636	358.8	1,177		
September	363.0	736	372.6	1,694	361.4	654		
October	363.1	482	370.9	494	359.7	249		
November	363.2	254	370.4	302	357.5	147		
December	364.1	178	368.4	226	355.2	142		
<b>Total</b>		<b>5,104</b>		<b>10,535</b>		<b>3,689</b>		<b>867</b>

MCM = Million Cubic Meter, masl = meters above mean sea level

## 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 NN2HPP 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 unavailability.

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

### **3. RISKS FACTORS**

The Company recognizes 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's business.

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. The raw material in electricity production of hydroelectric power plant 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 of 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 designing the hydroelectric power plant 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, NN2PC may consider declaring such year as a drought year so that no fine due to electricity production shortfall will be imposed. According to the PPA, a drought year may be declared twice throughout the entire period of the Agreement.

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 the Primary Energy (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 2019, the amount of water flowing into the project was relatively low, causing a shortfall of PE of 543.5 million units of electricity compared to the PE target, and a shortfall of SE of 87.8 million units of electricity compared to the SE target. These shortfalls of electricity were 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.

NN2PC continues to closely monitor the pattern of changing seasons and coordinates with TEAM Consulting Engineering and Management Co., Ltd., as the water management expert, to 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 plant requires personnel with considerable experience and expertise given the high investment cost. 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 may 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, which have 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. For preventive maintenance plans, NN2PC implements partial overhaul and major overhaul plans every six years and twelve years, respectively. Moreover, an independent consultant is engaged to measure the efficiency and stability in various aspects of the hydroelectric power plant and the Company regularly follows up on relevant reports to enhance the

availability of the power plant. In addition, the Company continues to look for third-party experts to provide knowledge sharing and staff training services to the Company to enhance its hydroelectric power project management capability. 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 insurance policies to cover potential damages. The 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 (CA), the concession period in relation to generation assets is 25 years from the COD. The Company's main source of revenues, which is the sales of electricity to EGAT under the PPA, is therefore subject to the CA's 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.

NN2PC believes that the risk in respect of Concession Agreement is low as exporting electricity to the neighbouring country including Thailand is one of the most important drivers of Lao PDR's economy, which is consistent with the country's objective of being the "Battery of Asia". Lao PDR also benefits from the Concession Agreement through the collections of Royalty Fee and Tax from NN2PC.

### **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 the 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 debentures’ terms and conditions and closely coordinates with the lending banks and Debentureholders’ representative in order to minimize risks of breaching the terms and conditions. Moreover, the Company has a policy to (1) maintain minimum cash balance to cover approximately one year of operating expenses, (2) systematically reserve cash for repayment of its loan and debentures’ interest and principal, (3) manage the excess cash by investing in bank deposits and highly liquid short-term investments with reliable financial institutions, and (4) arrange for credit availability as well as maintain good working relationships with commercial banks when fund is needed.



On 7 August 2020, the Company secured a Baht 1,000 million committed facility with a commercial bank in Thailand in order to support and enhance its liquidity management ability.

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

Part of NN2PC's revenue is in USD currency since a certain portion of the tariff is denominated in USD according to the PPA with EGAT. The Company's financial performance is, therefore, exposed to risk of exchange rate fluctuation between USD and Baht to a certain degree. In 2017, 2018, 2019 and 1H 2020, the Company recorded USD revenues in the amount of USD 45.27 million, USD 49.01 million, USD 44.68 million and USD 10.91 million, respectively.

## **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**

In the case where the Issuer has existing secured debt, since the holders of the Debentures do not share the security and collateral granted to secure the secured debt of the Issuer, the rights of holders of the Debentures would 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, the Debentureholders' 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 the Debentureholders that there will be sufficient funds to pay amounts due on the Debentures.

As at 30 June 2020, the Issuer has fully repaid its loan from financial institutions and has no outstanding secured debt.

### **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 Risk in respect of difficulty in enforcing Debentureholders’ rights under the Debentures across multiple jurisdictions**

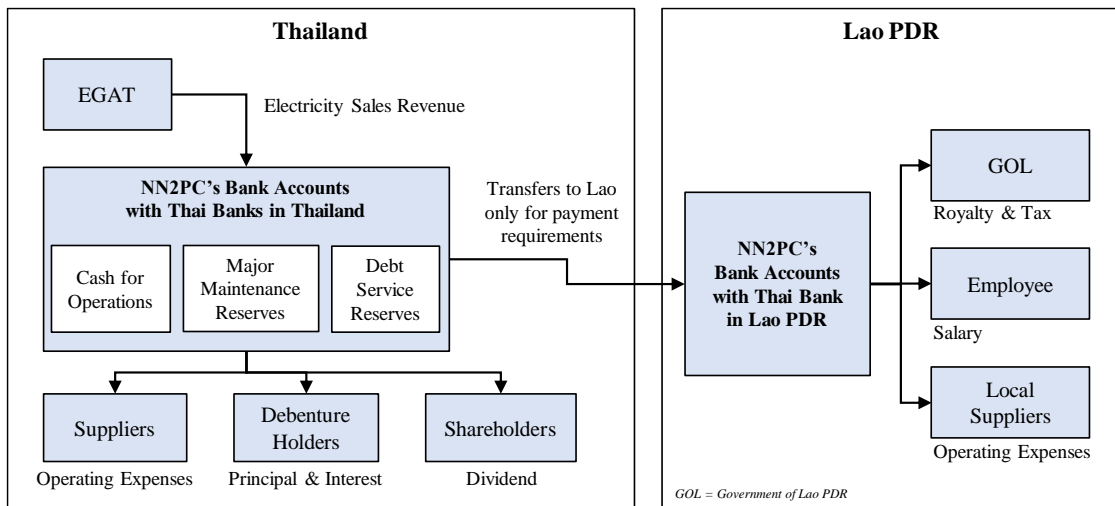
The Debentures will be issued by the Issuer, which is incorporated under the law of the Lao PDR. The Debentures and the Debentureholders’ Representative

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 different 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.

While NN2PC is a company registered in Lao PDR, the majority of its financial transactions are originated and settled in Thailand through Thai financial institutions because the construction of NN2HPP was initially structured and financed by Thai financial institutions. As shown in the figure below, electricity revenue proceeds from EGAT was paid directly into NN2PC's bank accounts opened with Thai banks in Thailand. Payments of interest and principal of loan/debentures, dividends, and part of operating expenses are paid from NN2PC's accounts in Thailand. For royalty fees, taxes, and operating expenses including employee compensations, which occur in Lao PDR, the Company transfers the payment amount to its bank accounts opened with Thai bank in Laos PDR for further payment processing as required.



### 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.

The Company also believes that the risk in respect of GOL’s intervention remains low as exporting electricity to the neighbouring country including Thailand is one of the most important drivers of Lao PDR’s economy, consistent with the country’s objective of being the “Battery of Asia”.

### 3.3.6 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.

### 3.3.7 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.

### **3.3.8 Risk in respect of the Issuer exercising the right to redeem the Debentures before the Maturity Date**

The Issuer may exercise its right to redeem the Debentures in whole, but not in part, for taxation reasons in accordance with the terms and conditions set out in Condition 9.4. 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 in the draft of the Conditions attached as Appendix 1 of the Registration Statement and Draft Prospectus.

## **3.4 Risks from the epidemic situation of coronavirus 2019 (COVID-19)**

Given the situation of the COVID-19 virus outbreak, this situation will not have a significant impact on the Company's operations according to the nature of the production and distribution of electricity from hydroelectric power business.

## **3.5 Risks in relation to Instrument**

### **3.5.1 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.

### **3.5.2 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.

### 3.5.3 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. 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.

### 3.6 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

### 1.1 Fixed Assets

As at 30 June 2020, the Company used the following fixed assets in the business operations with net book values as follows:

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

Location	Net Book Value (Baht Million)	Ownership	Encumbrance
Lao PDR	18,598.3	Owner	None

#### 1.1.2 Property, plant and equipment

No.	Item	Location	Net Book Value (THB mn)	Ownership	Encumbrance
1	Leasehold building improvements	No. 215 Lanexang Avenue, Ban Xieng Yuen, Chanthabouly District, Vientiane Province, Lao PDR	24.2	Owner	None
2	Furniture and office supplies	Lao PDR	44.7	Owner	None
3	Vehicles	Lao PDR	20.3	Owner	None
<b>Total property, plant and equipment</b>			<b>89.2</b>		

#### 1.1.3 Long-Term Lease Agreements

The Company entered into a long-term lease agreement 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

- 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 minimum impacts to the environment, community, and society, consistent with the Company's mission to be responsible to environment, community and all stakeholders.

Over the past 7 years of NN2HPP operation, 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 rewarding and sustainable life. 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 has been made available to villagers, with the goal of bringing each family's annual income to USD 1,800 per year by 2020. Villagers can choose from vocational training in farming, handicraft making, beauty treatments, automotive and motorcycle repair and many others. This training helps villagers to both provide services to their neighbors and build a sustainable future for their families.
- **Better Education:** Elementary and secondary schools were built for the communities, making education accessible for all children of the communities.
- **Better Health:** Medical facilities staffed by professional doctors, nurses and pharmacists were constructed, providing quality and affordable health care to all villagers.
- **Better Environment:** Implementations 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 and the Company has continuously maintained good relationship with its employees.

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 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.

In addition to technical competencies, the Company also aims to develop business competency to enhance its employees' knowledge of capital market in order to understand how the Company can make positive impact to the market. 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.



## **5. LEGAL DISPUTES**

As at 30 June 2020, 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. GENERAL INFORMATION AND OTHER RELATED INFORMATION

<b>The Issuer</b>	<b>Nam Ngum 2 Power Company Limited</b> 215 Lanexaog Avenue, Ban Xieng Yuen, Chanthabouly District, Vientiane, Lao PDR
<b>The Issuer's Representative in Thailand:</b>	<b>The Legists Group</b> Offices of N&K Ltd. 990 Abdulrahim Place, 9th Floor, Room No. 901-1, Rama IV Road, Silom, Bangrak, Bangkok 10500
<b>Financial Institutions in Thailand:</b>	<b>Bangkok Bank Public Company Limited</b> 333 Silom Road, Bangkok 10500
<b>Lead Underwriter:</b>	<b>Bangkok Bank Public Company Limited</b> 333 Silom Road, Bangkok 10500
<b>Registrar of Debentures:</b>	<b>Thailand Securities Depository Co., Ltd.</b> 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand Tel: (66 2) 009 9000 Fax: (66 2) 009 9991
<b>Debentureholders' Representative:</b>	<b>Bangkok Bank Public Company Limited</b> 333 Silom Road, Bangkok 10500
<b>Legal Advisors:</b>	Legal Advisors in connection with the Bond transaction:  <i>As to laws of Thailand</i> <b>Baker &amp; McKenzie Ltd.</b> 25th Floor, Abdulrahim Place 990 Rama IV Road Bangkok 10500, Thailand  <i>As to laws of Lao PDR</i> <b>South East Asia Law Office Co., Ltd</b> 179 Phayasi Road, Sithan Neau, Sikhottabong District, Vientiane Capital, Lao PDR.



<b>Auditor:</b>	<b>EY Office Limited</b> 33 <sup>rd</sup> Floor, Lake Radjada Office Complex 193/136-137 Rahadapisek Road Klongtoey, Bangkok 10100
<b>Financial Advisor:</b>	None
<b>Language</b>	The documents of the Issuer including but not limited to Registration Statement, Prospectus and Financial Statements will be in English.

## 7. CAPITAL STRUCTURE

### 7.1 Registered and Paid in Capital

As at June 30, 2020, 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

### 7.2 Equity Structure

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

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

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

#### 7.3.1 Debentures

As of June 30, 2020, Company has the debentures with the outstanding of Baht 14.4 billion as follows:

##### 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)
Outstanding of Debentures	:	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. NNPC240A

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)
Outstanding of Debentures	:	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. NNPC270A

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)
Outstanding of Debentures	:	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. NNPC303A

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)
Outstanding of Debentures	:	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

## 5. NNPC223A

Debenture Name	:	THE AMORTIZED DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2019 TRANCHE 1 DUE 2022
Debenture Type	:	Unsecured, Unsubordinated and Amortized Debentures
Number of Debentures Offered	:	3,200,000 (three million two hundred thousand) units
Nominal Amount	:	Baht 1,000 (one thousand) per unit
Value of Debentures Offered	:	Baht 3,200,000,000 (three thousand two hundred million)
Outstanding of Debentures	:	Baht 2,000,000,000 (two thousand million)
Issue Date	:	7 March 2019
Tenor	:	3 (three) years
Maturity Date	:	7 March 2022
Interest Rate	:	3.18 (three point one 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. NNPC233A

Debenture Name	:	THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2019 TRANCHE 2 DUE 2023
Debenture Type	:	Unsecured, Unsubordinated Debentures
Number of Debentures Offered	:	800,000 (eight hundred thousand) units
Nominal Amount	:	Baht 1,000 (one thousand) per unit
Value of Debentures Offered	:	Baht 800,000,000 (eight hundred million)
Outstanding of Debentures	:	Baht 800,000,000 (eight hundred million)
Issue Date	:	7 March 2019
Tenor	:	4 (four) years
Maturity Date	:	7 March 2023
Interest Rate	:	3.44 (three point four four) percent per annum
Registrar	:	Thailand Securities Depository Company Limited
Debentureholders' Representative	:	Bangkok Bank Public Company Limited
Paying Agent	:	Bank of Ayudhya Public Company Limited

## 7. NNPC273A

Debenture Name	:	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
Debenture Type	:	Unsecured, Unsubordinated and Amortized Debentures
Number of Debentures Offered	:	2,000,000 (two million) units
Nominal Amount	:	Baht 1,000 (one thousand) per unit
Value of Debentures Offered	:	Baht 2,000,000,000 (two thousand million)
Outstanding of Debentures	:	Baht 2,000,000,000 (two thousand million)



Issue Date	:	7 March 2019
Tenor	:	8 (eight) years
Maturity Date	:	7 March 2027
Interest Rate	:	3.88 (three point eight 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

## 8. NNPC253A

Debenture Name	:	THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 1/2020 DUE 2025
Debenture Type	:	Unsecured and Unsubordinated Debentures
Number of Debentures Offered	:	600,000 (six hundred thousand) units
Nominal Amount	:	Baht 1,000 (one thousand) per unit
Value of Debentures Offered	:	Baht 600,000,000 (six hundred million)
Outstanding of Debentures	:	Baht 600,000,000 (six hundred million)
Issue Date	:	5 March 2020
Tenor	:	5 (five) years
Maturity Date	:	5 March 2025
Interest Rate	:	2.45 (two point four five) percent per annum
Registrar	:	Thailand Securities Depository Company Limited
Debentureholders' Representative	:	Bangkok Bank Public Company Limited
Paying Agent	:	Bank of Ayudhya Public Company Limited

### 7.3.2 Bills of Exchange and Promissory Notes

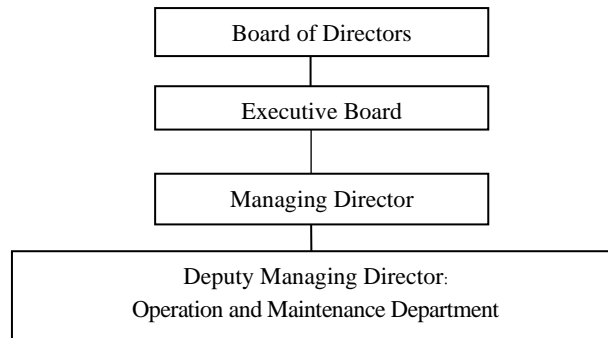
As of June 30, 2020, the Company did not have any outstanding bills of exchange or Promissory Notes.

### 7.4 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.

## 8. ORGANIZATION STRUCTURE

The Management Structure of Nam Ngum 2 Power Company Limited (“the Company”) as at June 30, 2020 was as follows:



### 8.1 Board of Directors

#### 8.1.1 The Structure of the Board of Directors

As at June 30, 2020, the Company’s Board of Directors consisted of 13 directors, six of whom are executive directors, with names and numbers of meeting attendances as follows:

Name	Position	Total Number of Meetings in 2020 <sup>1</sup>	
		The Board of Directors’ Meeting	The Executive Committee’s Meeting
Dr. Virabongsa Ramangkura	Chairman of the Board of Directors	2/2	
Mr. Plew Trivisvavet	Chairman of the Executive Committee	2/2	2/2
Mr. Supong Chayutsahakij	Director	2/2	
Mr. Narong Sangsuriya	Director	2/2	
	Executive Committee		2/2
Mr. Prasert Marittanaporn	Director	2/2	
Mr. Thanawat Trivisvavet	Director	2/2	
	Executive Committee		2/2
Mr. Nimit Lekcharoensuk	Director	2/2	
	Executive Committee		2/2
Mrs. Wadeerat Charoencoop	Director	2/2	
Mr. Van Hoang Dau	Director	0/1	
	Executive Committee		0/1
Mr. David Van Dau <sup>2</sup>	Director	1/1	
	Executive Committee		1/1
Mr. Milton William Shlapak	Director	1/2	
Dr. Bounleua SINXAYVOLAVONG	Director	1/2	
Dr. Bounsalong SOUTHIDARA	Director	1/2	
Mr. Vorapote Uchoepaiboonvong <sup>2</sup>	Director	1/1	
	Executive Committee		1/1
	Managing Director		
Mr. Wisate Chungwatana <sup>2</sup>	Director	1/1	
	Executive Committee		1/1
	Managing Director		

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

<sup>2</sup> The Board of Directors’ Meeting No. 1/2020 on February 20, 2020 resolved to approve the appointment of Mr. David Van Dau as director to replace Mr. Van Hoang Dau who resigned the position, and Mr. Wisate Chungwatana as director to replace Mr. Vorapote Uchoepaiboonvong with effect from March 1, 2020.

### **8.1.2 Authorized Signatory Directors of the Company**

The Company is incorporated in Lao PDR and has 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, Mr. Wisate Chungwatana, jointly sign and affix the Company's seal; or
2. Either Mr. Plew Trivisvavet or Mr. Narong Sangsuriya or Mr. Thanawat Trivisvavet or Mr. Wisate Chungwatana, and another director, totaling two directors, and jointly sign and affix the Company's seal.

### **8.1.3 Duties and Responsibilities of the Board of Directors**

The Company's Board of Directors 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 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.

#### **8.1.4 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.

## **8.2 Management Structure**

### **8.2.1 The Company's Management Structure**

The Company's management structure is as follows:

<b>Name</b>	<b>Position</b>
Mr. Wisate Chungwatana	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.

## 8.2.2 Personnel Development Policy

Management of the Company recognizes the importance of skills and capabilities developments of both staff operating at power plant and support staff, since all employee are the key drivers that enable the Company to achieve business objectives and directions set out by the management. The Company is aware that sustainable development and growth of the Company start from having competent personnel, who can apply knowledge, capabilities and experiences into practice without compromising the development of ethics and sense of accountability towards their own duties, colleagues and society. The Company sets out personnel development policy in various key aspects as follows:

### (1) Development of Competency

The Company encourages their staff to attend valuable training courses from external experts, both local and overseas courses, which will enhance their knowledge and skills in their work performance. For local training courses, the human resource department will select and propose training courses to executives in each unit, and also welcome staff to propose any interesting training courses for consideration and support by the Company. For overseas training courses, the respective units will propose overseas courses as appropriate and necessary for management to consider. The Company has a dedicated annual budget for staff training courses.

In addition, 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, both in Thailand and in other countries, which have contents and details useful to the Company's business operations,

### (2) Career Advancement Opportunity

The Company recognizes the importance of clear management structure to ensure that the structure for each line of work within the Company enable staff to see clear path for career advancement. The Company regularly reviews and rearrange the management structure in order to promote highly capable and competent staff to become executives. The Company uses KPIs as main performance assessment tool, together with assessment of employee's key success factors, behavior, and overall potential in order to effectively drive and develop staff, with an aim of ensuring that the staff will be developed to become good and competent citizens. Moreover, as another channel to develop and secure career advancement for staff, since the Company is part of a group of companies, staff in one company has the opportunity to pursue their career advancement in another company within the group.

### (3) Determination of Succession Plan

The Company recognizes the importance of succession planning to ensure continuation of business and operations for sustainable growth of the Company. The Company has a policy to identify quality personnel within the organization for appointment as successor before seeking recruitment externally. The Company also incorporate the use of KPIs as performance evaluation tool to consider staff's abilities



and work behavior as one of the factors in selecting and promoting personnel to executive positions.

(4) Work Safety

The Company has developed its management systems in accordance with International Organization for Standardization (“ISO”) to ensure a safe working environment for all employee. NN2HPP, operated by NN2PC has received the ISO 9001: 2015 standard certification from AJA Registrars Ltd. The certificate has been granted to the operation and maintenance of NN2HPP under the scope of Electricity Generating and Distribute by Hydro Power Plant. NN2HPP is regarded as EGAT’s first overseas project to receive the ISO 9001: 2015 certification.

(5) Anti-corruption

The Company gives 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 provides its 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 with 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 faced no material labor dispute.



## **9 FINANCIAL DATA**

### **9.1 Financial information as of, and for the years ended 31 December 2017, 2018 and 2019**

The following tables set forth our selected financial information. The selected financial information as of, and for the years ended 31 December 2017, 2018 and 2019 set forth below has been derived from our audited financial statements as of, and for the years ended 31 December 2017, 2018 and 2019 and related notes included elsewhere in this prospectus. Our financial statements as of, and for the years ended 31 December 2017, 2018 and 2019 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, 31 December 2017, 2018 and 2019 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.



**Statement of Comprehensive Income for the years ended  
31 December 2017, 2018 and 2019**

*(Unit: Thousand Baht)*

	<b>For the Years Ended 31 December</b>		
	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Profit or Loss:</b>			
<b>Operating income</b>			
Revenue from sales of electricity	3,318,336	3,949,289	3,048,030
Interest Income under Finance Lease Agreement	-	-	348,885
Other income	9,089	11,895	17,700
<b>Total operating income</b>	<b>3,327,425</b>	<b>3,961,184</b>	<b>3,414,615</b>
<b>Operating expenses</b>			
Cost of sales of electricity	(1,562,392)	(1,635,134)	(1,775,718)
Administrative expenses	(221,483)	(202,851)	(199,992)
Loss on exchange	(122,253)	(377)	(966)
<b>Total operating expenses</b>	<b>(1,906,127)</b>	<b>(1,838,362)</b>	<b>(1,976,676)</b>
<b>Profit before finance costs</b>	<b>1,421,298</b>	<b>2,122,822</b>	<b>1,437,939</b>
Finance costs	(871,556)	(616,459)	(672,836)
<b>Profit before income tax expense</b>	<b>549,742</b>	<b>1,506,363</b>	<b>765,103</b>
Income tax expenses	(16,220)	(44,288)	(11,896)
<b>Profit for the year</b>	<b>533,522</b>	<b>1,462,075</b>	<b>753,207</b>
<b>Other comprehensive income:</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
<b>Cash flow hedges</b>			
Reclassification during the year to profit or loss	51,575	(15,232)	-
Unrealized gain from cash flow hedges	417,464	166,718	1,126
Add (less): Income tax effect	(20,421)	(2,518)	(114)
Actuarial gain	2,302	-	-
<b>Other comprehensive income for the year</b>	<b>450,920</b>	<b>148,969</b>	<b>1,012</b>
<b>Total comprehensive income for the year</b>	<b>984,442</b>	<b>1,611,044</b>	<b>754,219</b>



**Statement of Financial Position as of  
31 December 2017, 2018 and 2019**

*(Unit: Baht Thousand)*

	<b>31 December 2017</b>	<b>31 December 2018</b>	<b>31 December 2019</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment, net	22,253,714	21,188,641	19,204,240
Intangible assets	41,703	43,317	38,982
Right-of-use assets	-	-	26,161
Finance lease receivable – related party, net of current portion	-	-	3,914,994
Project costs during construction phase	2,550,885	3,121,920	-
Long-term restricted bank deposits	922,328	975,733	400,000
Deferred tax assets	2,632	114	-
Other non-current assets	3,000	3,000	3,000
<b>Total non-current assets</b>	<b>25,774,262</b>	<b>25,332,725</b>	<b>23,587,378</b>
<b>Current assets</b>			
Spare parts and supplies	12,087	11,234	8,825
Trade and other receivables	423,489	464,214	500,727
Current portion of finance lease receivable – related party	-	-	90,565
Other current assets	29,968	35,449	22,574
Cash at bank and on hand	1,037,514	1,428,349	1,482,241
Short-term restricted bank deposits	351,282	507,166	-
<b>Total current assets</b>	<b>1,854,340</b>	<b>2,446,412</b>	<b>2,104,931</b>
<b>Total assets</b>	<b>27,628,602</b>	<b>27,779,137</b>	<b>25,692,309</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital	8,809,000	8,809,000	8,809,000
Retained earnings	1,480,996	2,106,216	1,890,433
Statutory reserve	88,090	88,090	88,090
Cash flow hedge reserve	(149,981)	(1,012)	-
<b>Total equity</b>	<b>10,228,105</b>	<b>11,002,294</b>	<b>10,787,523</b>
<b>Non-current liabilities</b>			
Lease liabilities – net of current portion	-	-	25,105
Long-term loans from financial institutions, net of current portion	9,797,350	6,035,997	-
Debentures, net of current portion	5,947,487	8,934,746	12,214,069
Provision for long-term employee benefits	1,153	1,447	1,767
Other long-term liabilities- related party	182,570	270,752	289,602
<b>Total non-current liabilities</b>	<b>15,928,560</b>	<b>15,242,943</b>	<b>12,530,543</b>
<b>Current liabilities</b>			
Trade and other payables	188,343	176,366	130,566
Current portion of lease liabilities	-	-	1,055
Current portion of long-term loans from financial institutions	1,229,021	1,263,740	-
Current portion of debentures	50,018	80,440	2,239,556
Retention payable	704	1,478	1,648
Income tax payable	2,456	10,063	-
Other current liabilities	1,395	1,814	1,417
<b>Total current liabilities</b>	<b>1,471,937</b>	<b>1,533,900</b>	<b>2,374,242</b>
<b>Total liabilities</b>	<b>17,400,497</b>	<b>16,776,843</b>	<b>14,904,786</b>
<b>Total equity and liabilities</b>	<b>27,628,602</b>	<b>27,779,137</b>	<b>25,692,309</b>



**Cash Flow Statement for the years ended  
31 December 2017, 2018 and 2019**

*(Unit: Baht Thousand)*

	<b>For the Years Ended 31 December</b>		
	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Cash flows from operating activities</b>			
Profit from operating activities	549,742	1,506,363	765,102
Adjustment to reconcile profit to net cash flows:			
Depreciation and amortization	1,081,465	1,092,708	1,051,856
Amortization of interest rate reduction fee	2,100	2,100	26,657
Unrealized (gain) loss on exchange	35,503	14,232	(1,359)
Loss on equipment write-off	52	7,374	(296)
Provision for long-term employee benefits	250	294	320
Interest income	-	-	(348,885)
Interest expenses	865,176	609,902	390,651
Operating profit before working capital changes	2,534,288	3,232,973	1,884,046
(Increase)/decrease in:			
Trade and other receivables	62,724	(44,306)	(33,526)
Spare parts and supplies	(1,887)	852	1,708
Other current assets	37,668	80,563	259,319
Increase/(decrease) in:			
Trade and other payables	(27,366)	48,426	(33,630)
Retention payable	(14)	774	169
Other current liabilities	(257)	419	(396)
Other long-term liabilities	-	73,117	-
Cash flows from operating activities	2,605,156	3,392,819	2,077,690
Cash paid for income tax expense	(18,562)	(36,681)	(23,294)
<b>Net cash flows from operating activities</b>	<b>2,586,594</b>	<b>3,356,138</b>	<b>2,054,396</b>
<b>Cash flows from investing activities</b>			
Decrease (increase) in short-term restricted bank deposits	(141,063)	(157,373)	507,166
Decrease (increase) in long-term restricted bank deposits	(207,801)	(57,101)	575,732
Cash receipt from finance lease receivable - related party, principal	-	-	83,115
Cash receipt from finance lease receivable - related party, interest	-	-	348,885
Increase in project costs during construction phase	(1,443,100)	(459,234)	(7,389)
Increase in advance for project costs	-	-	-
Increase in plant and equipment	(13,806)	(30,250)	(33,071)
Proceed from sales of equipment	-	-	5,193
Increase in intangible assets	(26,210)	(21,923)	(530)
Cash paid for interest capitalised as part of project costs during construction phase	(94,038)	(150,296)	(1,763)
<b>Net cash flow from (used in) investing activities</b>	<b>(1,926,019)</b>	<b>(876,177)</b>	<b>1,477,338</b>
<b>Cash flows from financing activities</b>			
Increase (decrease) in long-term loans from financial institutions	(5,003,784)	(3,666,765)	(7,358,992)
Cash paid for principal and interest of lease liabilities	-	-	(1,552)
Cash receipt from issuance of debentures	6,000,000	3,000,000	5,400,000
Cash paid for loan arrangement fee	(2,816)	(206)	-
Cash paid for debenture issuing cost	(54,853)	(24,450)	(39,460)
Cash paid for interest expenses	(659,300)	(553,220)	(509,076)



	For the Years Ended 31 December		
	2017	2018	2019
Dividend payment	(1,057,080)	(836,855)	(968,990)
<b>Net cash flows used in financing activities</b>	<b>(777,833)</b>	<b>(2,081,495)</b>	<b>(3,478,070)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(117,259)</b>	<b>398,466</b>	<b>53,664</b>
Effect of exchange rate changes on cash and cash equivalents	(11,197)	(7,631)	228
Cash and cash equivalents at beginning of year	1,165,970	1,037,514	1,428,349
<b>Cash and cash equivalents at end of year</b>	<b>1,037,514</b>	<b>1,428,349</b>	<b>1,482,241</b>

**Supplemental cash flow information**

Non-cash transactions

Increase in project costs during construction phase from project payables	791	644	-
Increase in intangible assets from other payables	15,493	-	-
Transfer spare parts and supplies to equipment	27,592	-	-
Increase in equipment from other payables	-	-	309
Transfer project costs during construction phase to finance lease receivable - related party	-	-	3,121,346
Transfer assets of hydroelectric power project under concession agreement to finance lease receivable - related party	-	-	962,073
Transfer plant, equipment, spare part and supplies to finance lease receivable - related party	-	-	5,255



## **9.2 Financial information as of, and for the six-month period ended 30 June 2019 and 2020**

The following tables set forth our selected financial information. The selected financial information as of, and for the six-month periods ended 30 June 2019 and 2020 set forth below has been derived from our reviewed interim financial statements as of, and for the six-month periods ended 30 June 2019 and 2020 and related notes included elsewhere in this prospectus. Our financial statements as of, and for the six-month periods ended 30 June 2019 and 2020 have been reviewed 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 reviewed interim financial statements as of, and for the six-month periods ended 30 June 2019 and 2020 have been prepared in accordance with Thai Financial Reporting Standards.



**Statement of Comprehensive Income for the six-month period ended  
30 June 2019 and 2020**

*(Unit: Baht Thousand)*

	<b>For the Six-Month Period Ended June 30</b>	
	<b>2019</b>	<b>2020</b>
<b>Profit or Loss:</b>		
<b>Operating income</b>		
Revenue from sales of electricity	1,923,618	768,555
Interest Income under Finance Lease Agreement	117,630	170,280
Other income	5,675	13,959
<b>Total operating income</b>	<b>2,046,923</b>	<b>952,794</b>
<b>Operating expenses</b>		
Cost of sales of electricity	(929,154)	(805,129)
Administrative expenses	(100,027)	(86,616)
Loss on exchange	(2,600)	-
<b>Total operating expenses</b>	<b>(1,031,781)</b>	<b>(891,745)</b>
<b>Profit before finance costs</b>	<b>1,015,142</b>	<b>61,049</b>
Finance costs	(388,344)	(280,140)
<b>Profit before income tax expense</b>	<b>626,798</b>	<b>(219,091)</b>
Income tax expenses	(15,105)	12,100
<b>Profit for the year</b>	<b>611,693</b>	<b>(206,991)</b>
<b>Other comprehensive income:</b>		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
<b>Cash flow hedges</b>		
Reclassification during the year to profit or loss	-	-
Unrealized gain from cash flow hedges	1,126	-
Add (less): Income tax effect	(114)	-
Actuarial gain	-	-
<b>Other comprehensive income for the year</b>	<b>1,012</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>612,705</b>	<b>(206,991)</b>





**Statement of Financial Position as of  
31 December 2019 and 30 June 2020**

*(Unit: Baht Thousand)*

	<b>31 December 2019</b>	<b>30 June 2020</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Plant and equipment, net	19,204,240	18,687,513
Intangible assets	38,982	36,555
Right-of-use assets	26,161	25,476
Finance lease receivable – related party, net of current portion	3,914,994	3,865,336
Project costs during construction phase	-	-
Long-term restricted bank deposits	400,000	400,000
Deferred tax assets	-	-
Other non-current assets	3,000	3,001
<b>Total non-current assets</b>	<b>23,587,378</b>	<b>23,017,881</b>
<b>Current assets</b>		
Spare parts and supplies	8,825	9,581
Trade and other receivables	500,727	457,419
Current portion of finance lease receivable – related party	90,565	94,503
Other current assets	22,574	99,176
Cash at bank and on hand	1,482,241	1,310,474
Short-term restricted bank deposits	-	-
<b>Total current assets</b>	<b>2,104,931</b>	<b>1,971,153</b>
<b>Total assets</b>	<b>25,692,309</b>	<b>24,989,034</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Issued capital	8,809,000	8,809,000
Retained earnings	1,890,433	1,198,947
Statutory reserve	88,090	88,090
Cash flow hedge reserve	-	-
<b>Total equity</b>	<b>10,787,523</b>	<b>10,096,037</b>
<b>Non-current liabilities</b>		
Lease liabilities – net of current portion	25,105	25,449
Long-term loans from financial institutions, net of current portion	-	-
Debentures, net of current portion	12,214,069	12,324,003
Provision for long-term employee benefits	1,767	1,962
Other long-term liabilities- related party	289,602	299,499
<b>Total non-current liabilities</b>	<b>12,530,543</b>	<b>12,650,913</b>
<b>Current liabilities</b>		
Trade and other payables	130,566	101,583
Current portion of lease liabilities	1,055	886
Current portion of long-term loans from financial institutions	-	-
Current portion of debentures	2,239,556	2,138,245
Retention payable	1,648	-
Income tax payable	-	-
Other current liabilities	1,417	1,370
<b>Total current liabilities</b>	<b>2,374,242</b>	<b>2,242,084</b>
<b>Total liabilities</b>	<b>14,904,786</b>	<b>14,892,997</b>
<b>Total equity and liabilities</b>	<b>25,692,309</b>	<b>24,989,034</b>



**Cash Flow Statement for the six-month period ended  
30 June 2019 and 2020**

*(Unit: Baht Thousand)*

	<b>For the Six-Month Periods Ended 30 June</b>	
	<b>2019</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Profit from operating activities	626,798	(219,091)
Adjustment to reconcile profit to net cash flows:		
Depreciation	554,760	523,463
Amortization of interest rate reduction fee	16,669	9,934
Unrealized (gain) loss on exchange	18,563	6,067
Loss on equipment write-off	1,997	135
Provision for long-term employee benefits	172	195
Interest income	(117,630)	(170,280)
Interest expenses	117,736	266,149
Operating profit before working capital changes	1,219,065	416,572
(Increase)/decrease in:		
Trade and other receivables	(58,883)	41,947
Spare parts and supplies	476	(756)
Other current assets	226,883	(64,503)
Increase/(decrease) in:		
Trade and other payables	91,553	(29,017)
Retention payable	-	-
Other current liabilities	(1,447)	(1,695)
Other long-term liabilities	-	-
Cash flows from operating activities	1,477,647	362,548
Cash paid for income tax expense	(18,919)	-
<b>Net cash flows from operating activities</b>	<b>1,458,728</b>	<b>362,548</b>
<b>Cash flows from investing activities</b>		
Decrease (increase) in short-term restricted bank deposits	507,166	-
Decrease (increase) in long-term restricted bank deposits	975,733	-
Cash receipt from finance lease receivable - related party, principal	-	216,000
Cash receipt from finance lease receivable - related party, interest	-	-
Increase in project costs during construction phase	(7,389)	-
Increase in advance for project costs	-	-
Increase in plant and equipment	(20,846)	(4,122)
Proceed from sales of equipment	891	465
Increase in intangible assets	(460)	-
Cash paid for interest capitalised as part of project costs during construction phase	(1,763)	-
<b>Net cash flow used in investing activities</b>	<b>1,453,332</b>	<b>212,343</b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in long-term loans from financial institutions	(7,358,992)	-
Cash paid for principal and interest of lease liabilities	-	-
Cash receipt from issuance of debentures	6,000,000	-
Cash paid for loan arrangement fee	-	-
Cash paid for debenture issuing cost	(39,460)	-
Cash paid for interest expenses	(240,581)	(258,003)
Dividend payment	(792,810)	(484,495)
<b>Net cash flows used in financing activities</b>	<b>(2,431,843)</b>	<b>(742,498)</b>



	<b>For the Six-Month Periods Ended 30 June</b>	
	<b>2019</b>	<b>2020</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>480,2117</b>	<b>(167,607)</b>
Effect of exchange rate changes on cash and cash equivalents	(15,493)	(4,160)
Cash and cash equivalents at beginning of year	1,428,349	1,482,241
<b>Cash and cash equivalents at end of year</b>	<b>1,893,073</b>	<b>1,310,474</b>

**Supplemental cash flow information**

Non-cash transactions

Increase in project costs during construction phase from project payables	-	-
Increase in intangible assets from other payables	-	-
Transfer spare parts and supplies to equipment	-	-
Increase in equipment from other payables	2,719	102
Transfer project costs during construction phase to finance lease receivable - related party	3,121,346	-
Transfer assets of hydroelectric power project under concession agreement to finance lease receivable - related party	928,625	-
Transfer plant, equipment, spare part and supplies to finance lease receivable - related party	2,428	-

## 10 MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL DATA

### 10.1 Business Overview

Nam Ngum 2 Power Company Limited 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 and Commercial Operation Date of Nam Ngum 2 Hydroelectric Power Project were 26 March 2011 and 1 January 2013, respectively.

### 10.2 Analysis for the Year-Ended December 31, 2019

#### 10.2.1 Analysis of Operating Results

*Unit: Baht Million*

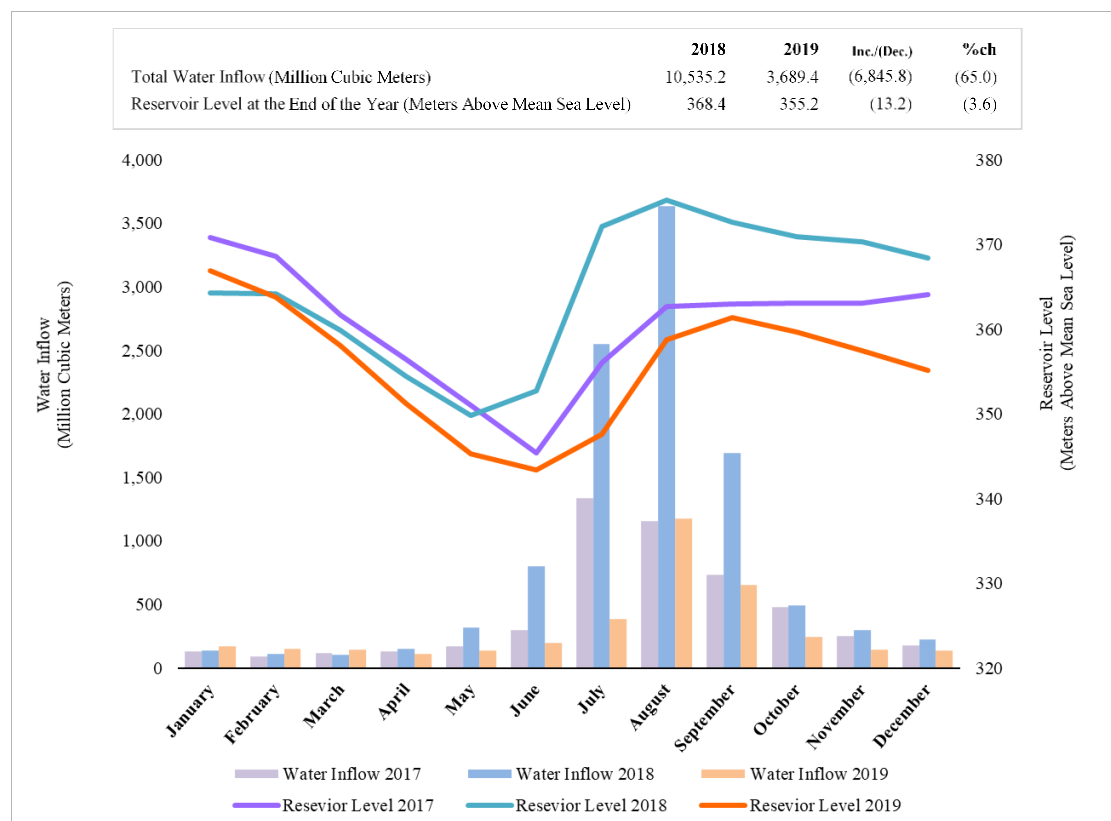
Description	For the Year Ended 31 December		Changes	
	2018	2019	Increase / (Decrease)	%
Revenue from Sales of Electricity	3,949.3	3,048.0	(901.3)	(22.8)
Interest Income under Finance Lease Agreement	-	348.9	348.9	-
Other Incomes	11.9	17.7	5.8	48.7
<b>Total Revenues</b>	<b>3,961.2</b>	<b>3,414.6</b>	<b>(546.6)</b>	<b>(13.8)</b>
Depreciation	(1,081.0)	(1,034.5)	(46.5)	(4.3)
Operation and Maintenance Cost	(342.2)	(338.9)	(3.3)	(1.0)
Wheeling Charge	-	(216.9)	216.9	-
Royalty Fee	(133.1)	(104.9)	(28.2)	(21.2)
Others	(78.8)	(80.5)	1.8	2.3
<b>Total Cost of Sales of Electricity</b>	<b>(1,635.1)</b>	<b>(1,775.7)</b>	<b>140.6</b>	<b>8.6</b>
<b>Gross Profit</b>	<b>2,326.1</b>	<b>1,638.9</b>	<b>(687.2)</b>	<b>(29.5)</b>
Administrative Expenses	202.9	200.0	(2.9)	(1.4)
Foreign Exchange Gain / (Loss)	(0.4)	(1.0)	(0.6)	156.3
<b>Earnings Before Interest and Tax</b>	<b>2,122.8</b>	<b>1,437.9</b>	<b>(684.9)</b>	<b>(32.3)</b>
Financial Cost	(616.5)	(672.8)	56.3	9.1
Income Tax Expenses	(44.2)	(11.9)	(32.3)	(73.1)
<b>Net Profit</b>	<b>1,462.1</b>	<b>753.2</b>	<b>(708.9)</b>	<b>(48.5)</b>

In 2019, the Company reported Total Revenues of Baht 3,414.6 million, a decrease of Baht 546.6 million or 13.8% compared to the previous year and Net Profit of Baht 753.2 million, a decrease of Baht 708.9 million or 48.5% compared to the previous year, the details of which are as follows:

### a) Revenue from Sales of Electricity

Revenue from Sales of Electricity of NN2PC decreased from the drop in electricity sales volume during 2019 due to lower-than-average water inflow to the reservoir, especially during 3Q19, whereas water inflow in 2018 was a record high. As a result, NN2PC adopted a conservative water management approach to ensure that the remaining water in the reservoir would be sufficient to produce electricity as planned for the entire year in 2019.

### Water Inflow and Reservoir Level



### Electricity Sales Volume

Unit: GWh

Description	Year		Changes	
	2018	2019	Increase / (Decrease)	%
Primary Energy	1,980.1	1,674.5	(305.5)	(15.4)
Secondary Energy	130.1	4.2	(125.9)	(96.8)
Excess Energy	343.9	-	(343.9)	-
Test Energy	0.8	6.2	5.4	635.7
<b>Total Electricity Sales</b>	<b>2,454.9</b>	<b>1,684.9</b>	<b>(770.0)</b>	<b>(31.4)</b>

**b) Cost of Sales of Electricity**

Total Cost of Sales of Electricity in 2019 was Baht 1,775.7 million, increased by Baht 140.6 million or 8.6% compared to the previous year mainly driven by NN2PC's recognition wheeling charges since 2Q19 according to the amount of electricity sold through Nabong Substation following the signing of Nabong Substation Lease Agreement.

Depreciation decreased from the reclassification of assets related to Nabong Substation to Finance Lease Receivable, while Royalty Fee declined consistent with the decrease in Revenue from Sales of Electricity.

**c) Administrative Expenses**

2019 Administrative Expenses was Baht 200.0 million, decreased by Baht 2.9 million or 1.4% compared to the previous year primarily due to effective cost management.

**d) Finance Cost**

Finance Cost increased during 2019 primarily from the one-time recognition of NN2PC's deferred financial fees of Baht 56.7 million following the full repayment of its long-term loan from financial institutions in March 2019 and the recognition of interest expenses related to Nabong Substation after its construction completion at the end of 2018; partially offset by financial cost saving from refinancing the long-term loan with debentures at lower interest rates.

**e) Income Tax Expenses**

Income Tax Expenses declined consistent with the decline in the Company's financial performance.

## **10.2.2 Analysis of Financial Position**

**a) Assets**

As at 31 December 2019, Total Assets of the Company was Baht 25,692.3 million, decreased by Baht 2,086.8 million or 7.5% from the end of 2018 mainly driven by the decrease in cash and cash equivalents and restricted bank deposits by Baht 1,029.0 million due to the repayment of all outstanding loans from financial institutions and the decrease in hydropower plant under concession agreement and plant and equipment from depreciation.

## b) Liabilities

As at 31 December 2019, Total Liabilities was Baht 14,904.8 million, decreased by Baht 1,872.1 million or 11.2% from the end of 2018 primarily from full repayment of loans to financial institutions by using cash on hand and proceeds from debentures issuance.

## c) Shareholders' Equity

As at 31 December 2019, Total Shareholders' Equity was Baht 10,787.5 million, decreased by Baht 214.8 million or 2.0% from the end of 2018 due to net impact from the recognition of net profit for the year of Baht 753.2 million, offset by dividend payment of Baht 969.0 million.

## d) Significant Financial Ratio

<b>Profitability Ratios</b>	<b>2018</b>	<b>2019</b>	<b>Changes</b>
Gross Profit Margin (%)	58.7%	48.0%	(10.7%)
EBITDA Margin (%)	81.2%	72.9%	(8.3%)
Net Profit Margin (%)	36.9%	22.1%	(14.9%)
<b>Leverage Ratios</b>	<b>2018</b>	<b>2019</b>	<b>Changes</b>
Debt to Equity Ratio (Times)	1.5	1.4	(0.1)
Debt to Equity Ratio in accordance with Terms & Conditions (Times) <sup>(1)</sup>	1.2	1.2	(0.1)
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)	0.1	0.2	0.1
Loan from Financial Institution to Total Debt Ratio (Times)	0.4	-	(0.4)
Interest Coverage Ratio (Times)	5.2	3.7	(1.5)
Net Debt to EBITDA Ratio (Times)	4.2	5.0	0.9
Debt Service Coverage Ratio (DSCR) (Times)	2.0	1.4	(0.6)
<b>Liquidity Ratios</b>	<b>2018</b>	<b>2019</b>	<b>Changes</b>
Current Ratio (Times)	1.6	1.1	(0.5)
Quick Ratio (Times)	1.2	0.8	(0.4)
Average Collection Period (Days)	40.5	57.0	16.5

**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 2019, profitability ratio decreased from 2018 mainly due to the decline in financial performance of the Company following the decrease in electricity sales.

Debt to Equity Ratios improved in 2019 driven by the full repayment of long-term loan from financial institution, whereas Interest Coverage, Net Debt to EBITDA and DSCR ratios weakened following the decline in financial performance.

Current and Quick Ratios weakened from 2018 driven mainly by the decline in cash balance as the Company used its cash to repay loan from financial institution, while Collection Days increased following the decline in revenue from sales of electricity in 2019.

### 10.3 Analysis for the six-month period ended June 30, 2020

#### 10.3.1 Analysis of Operating Results

Unit: Baht Million

Description	For the Six-month Periods Ended 30 June		Changes	
	2019	2020	Increase / (Decrease)	%
Revenue from Sales of Electricity	1,923.6	768.6	(1,155.0)	(60.0)
Interest Income under Finance Lease Agreement	117.6	170.3	52.7	44.8
Other Incomes	5.7	7.3	1.6	28.1
<b>Total Revenues</b>	<b>2,046.9</b>	<b>946.2</b>	<b>(1,100.7)</b>	<b>(53.8)</b>
Depreciation	(548.6)	(515.0)	(33.6)	(6.1)
Operation and Maintenance Cost	(184.8)	(166.8)	(18.0)	(9.7)
Wheeling Charge	(87.9)	(53.5)	(34.4)	(39.1)
Royalty Fee	(64.5)	(27.3)	(37.2)	(57.7)
Others	(43.4)	(42.5)	(0.9)	(2.0)
<b>Total Cost of Sales of Electricity</b>	<b>(929.2)</b>	<b>(805.1)</b>	<b>(124.1)</b>	<b>(13.4)</b>
<b>Gross Profit</b>	<b>1,117.7</b>	<b>141.1</b>	<b>(976.6)</b>	<b>(86.8)</b>
Administrative Expenses	(100.0)	(86.7)	(13.3)	(13.3)
Foreign Exchange Gain / (Loss)	(2.6)	6.6	9.2	353.9
<b>Earnings Before Interest and Tax</b>	<b>1,015.1</b>	<b>61.0</b>	<b>(954.1)</b>	<b>(94.0)</b>
Financial Cost	(388.3)	(280.1)	(108.2)	(27.9)
Income Tax Expenses	(15.1)	12.1	(27.2)	(180.1)
<b>Net Profit</b>	<b>611.7</b>	<b>(207.0)</b>	<b>(818.7)</b>	<b>(133.8)</b>

In 1H 2020, the Company reported Total Revenues of Baht 946.2 million, decreased by Baht 1,100.7 million or 53.8% compared to the previous year and Net Loss of Baht 207.0 million, a decline of Baht 818.7 million or 133.8% from the Baht 611.7 million Net Profit in 1H 2019.

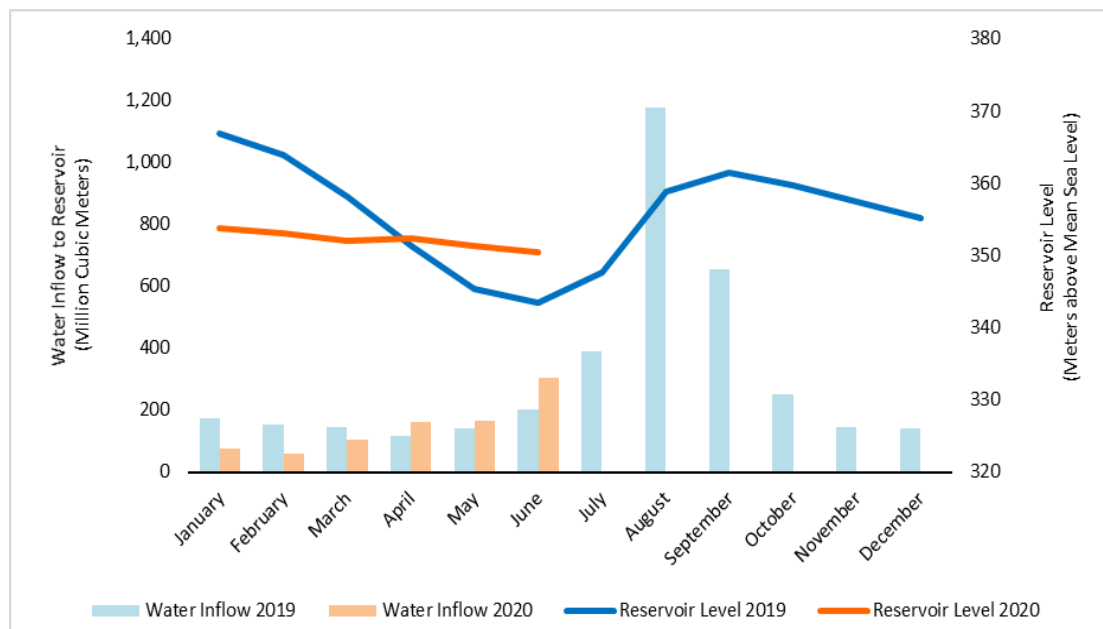
#### a) Revenue from Sales of Electricity

Revenue from Sales of Electricity of NN2PC declined in 1H of 2020 compared to 1H 2019, driven by the decrease in electricity sales volume following lower-than-average water inflow to the reservoir. As a result of the low water inflow, NN2PC adopted a conservative water management approach to ensure that the remaining water in the reservoir would be sufficient to produce electricity as planned for the entire year.



On a quarter on quarter basis, the water inflow in Q2 2020 was higher than that in Q1 2020 following more rain fall in Lao PDR.

### Water Inflow and Reservoir Level



### Electricity Sales Volume

Unit: GWh

Description	For the Six-month Periods Ended 30 June		Changes	
	2019	2020	Increase / (Decrease)	%
Primary Energy	1,022.9	409.0	(613.9)	(60.0)
Secondary Energy	-	-	-	-
Excess Energy	-	-	-	-
Test Energy	3.6	-	(3.6)	(100.0)
<b>Total Electricity Sales</b>	<b>1,026.5</b>	<b>409.0</b>	<b>(617.5)</b>	<b>(60.2)</b>

#### b) Cost of Sales of Electricity

In 1H 2020, Total Cost of Sales of Electricity was Baht 805.1 million, decreased by Baht 124.1 million or 13.4% compared to 1H 2019, mainly driven by the decline in Wheeling Charge and Royalty Fee following the decrease in Revenue from Sales of Electricity and effective Operation and Maintenance Cost management during 1H2020.

Depreciation Expenses was lower than that of the same period last year as there was no depreciation for Nabong Substation in 2020.

**c) Administrative Expenses**

1H 2020 Administrative Expenses was Baht 86.7 million, decreased by Baht 13.3 million or 13.3% from 1H 2019 helped primarily by the Company's effective cost management and the decline in traveling and administrative activities during 1H 2020 due to COVID-19 situation.

**d) Finance Cost**

Finance Cost during 1H 2020 declined, mainly due to debentures issuance in March 2019 and 2020 and lower interest rate compared to 1H 2019.

**f) Income Tax Expenses**

Income Tax Expenses declined following weekend financial performance of 1H 2020.

**10.3.2 Analysis of Financial Position**

**a) Assets**

As at 30 June 2020, Total Assets was Baht 24,989.0 million, decreased by Baht 703.3 million or 2.6% from the end of 2019 mainly driven by the decline in fixed assets from depreciation.

**b) Liabilities**

As at 30 June 2020, Total Liabilities was Baht 14,893.0 million, decreased by Baht 11.8 million or 0.1% from the end of 2019, mainly driven by redemption of debentures during the period.

**c) Shareholders' Equity**

As at 30 June 2020, Total Shareholders' Equity was Baht 10,096.0 million, decreased by Baht 691.5 million or 6.4% from the end of 2019 due to the recognition of net loss of 1H 2020 and dividend payment.

#### d) Significant Financial Ratio

<b>Profitability Ratios</b>	<b>1H 2019</b>	<b>1H 2020</b>	<b>Changes</b>
Gross Profit Margin (%)	54.6%	14.9%	(39.7%)
EBITDA Margin (%)	76.7%	61.8%	(14.9%)
Net Profit Margin (%)	29.9%	(21.9%)	(51.8%)
<b>Leverage Ratios</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>Changes</b>
Debt to Equity Ratio (Times)	1.4	1.5	0.0
Debt to Equity Ratio in accordance with Terms & Conditions (Times) <sup>(1)</sup>	1.2	1.3	0.1
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)	0.1	0.1	0.1
Loan from Financial Institution to Total Debt Ratio (Times)	-	-	-
Interest Coverage Ratio (Times) <sup>(2)</sup>	5.5	2.7	(2.8)
Net Debt to EBITDA Ratio (Times) <sup>(3)</sup>	3.5	8.5	5.0
Debt Service Coverage Ratio (DSCR) (Times) <sup>(2)</sup>	2.0	1.1	(0.9)
<b>Liquidity Ratios</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>Changes</b>
Current Ratio (Times)	1.7	1.1	(0.6)
Quick Ratio (Times)	1.6	0.8	(0.8)
Average Collection Period (Days) <sup>(3)</sup>	57.5	100.4	42.9

**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.

(2) For the six-month periods ended 30 June

(3) For the trailing 12-month periods ended 30 June

In 1H 2020, profitability ratio declined year-on-year mainly due to the decline in financial performance of the Company following the decrease in electricity sales.

1H 2020 Debt to Equity Ratios remained relatively stable compared to 1H 2019. Interest Coverage Ratio, Net Debt to EBITDA Ratio and DSCR Ratio weakened following the decline in financial performance.

Current and Quick Ratios during 1H 2020 declined from 1H 2019 mainly due to the decline in cash balance following the decline in financial performance, while Collection Days increased following the decline in revenue from sales of electricity in during 1H 2020.



## 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

<b>Issuer</b>	: Nam Ngum 2 Power Company Limited
<b>Debenture Name</b>	: 1. "The Debentures of Nam Ngum 2 Power Company Limited No. 2/2020 Tranche 1 Due 2023" (" <b>Tranche 1 Debentures</b> ") 2. "The Debentures of Nam Ngum 2 Power Company Limited No. 2/2020 Tranche 2 Due 2025" (" <b>Tranche 2 Debentures</b> ")
<b>Debenture Type</b>	: Name-Registered, Unsecured and Unsubordinated Debentures with a Debentureholders' Representative
<b>Lead Arranger</b>	: Bangkok Bank Public Company Limited
<b>Debentureholders' Representative</b>	: Bangkok Bank Public Company Limited
<b>Registrar</b>	: Thailand Securities Depository Company Limited
<b>Paying Agent</b>	: Bank of Ayudhya Public Company Limited
<b>The Issuer's Contact Person in Thailand</b>	: The Legists Group Offices of N&K Ltd.
<b>Legal Advisor (as to Thai law)</b>	: Baker & McKenzie Ltd.
<b>Legal Advisor (as to Lao PDR law)</b>	: South East Asia Law Office Co., Ltd.
<b>Number of Debentures offered</b>	: The total number of the Debentures offered is up to 1,000,000 (one million) units, divided into: 1. Tranche 1 Debentures: up to 400,000 (four hundred thousand) units; and 2. Tranche 2 Debentures: up to 600,000 (six hundred thousand) units.



<b>Value of Debentures offered</b>	: The total value of the Debentures offered is up to Baht 1,000,000,000 (one billion), divided into: 1. Tranche 1 Debentures: up to Baht 400,000,000 (four hundred million); and 2. Tranche 2 Debentures: up to Baht 600,000,000 (six hundred million).
<b>Currency</b>	: The Debentures are denominated in Baht.
<b>Nominal Amount</b>	: Baht 1,000 per unit
<b>Offering Price</b>	: Baht 1,000 per unit
<b>Subscription Period</b>	: 29 September 2020
<b>Tenor</b>	: 1. Tranche 1 Debentures: 3 (three) years from the Issue Date 2. Tranche 2 Debentures: 5 (five) years from the Issue Date
<b>Issue Date</b>	: 30 September 2020
<b>Maturity Date</b>	: Tranche 1 Debentures: 30 September 2023 Tranche 2 Debentures: 30 September 2025
<b>Interest Rate</b>	: 1. Tranche 1 Debentures: 3.20 (three point two zero) percent per annum; and 2. Tranche 2 Debentures: 3.60 (three point six zero) percent per annum.
<b>Default Interest Rate</b>	: Interest Rate plus 2 (two) per cent per annum
<b>Credit Rating</b>	: The Debentures were assigned a credit rating of 'A' (with Stable outlook) according to reports published by TRIS Rating Co., Ltd. on 11 September 2020.  The Issuer will arrange for the credit rating agency as approved by the Office of the Securities and Exchange Commission (the " <b>Office of the SEC</b> ") 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.
<b>Governing Law</b>	: The Debentures are governed by and construed in accordance with the laws of Thailand.
<b>Registration with the ThaiBMA</b>	: 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 Bond Market Association (" <b>ThaiBMA</b> "), 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

<b>Interest Calculation</b>	: The amount of interest payable in respect of any Debenture for any Interest Period shall be calculated by multiplying (a) the
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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 (if any)) 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 7th (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 8.2 of the Conditions.

- Interest Payment** : Interest on the Debentures at the interest rate stated under Condition 2 of the Conditions 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 30 March and 30 September of each year throughout the term of the Debentures, with the first Interest Payment Date being 30 March 2021 and the last Interest Payment Date being the Maturity Date, unless there is an early redemption made by the Issuer.
- Interest Period** : (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.
- (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.
- 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. A Debentureholder 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** : 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.

**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. A Debentureholder 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 9.4 of the Conditions.

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

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

### 1.3 Material Terms under the Conditions

**Covenants of the Issuer** : The Issuer undertakes to comply with the following covenants for so long as any debt under the Debentures remains outstanding:

- (a) 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.
- (b) the Issuer shall arrange 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 for the Debentures is not provided as an investment advice to buy, sell or hold any of the Debentures offered. Such credit rating may be changed or withdrawn at any time by the Credit Rating Agency.
- (c) the Issuer shall ensure that the ratio of Debt to Equity (the "**Debt to Equity Ratio**"), in accordance with its Financial Statements, shall not exceed 3:1 (three to one) as at the last day of the fourth quarter of each year.

For the purpose of Condition 6(c) of the Conditions;

"**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 Statements and bank guarantees, and indebtedness relating to lease agreements.

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

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

- (d) the Issuer shall arrange for a report setting out the Debt to Equity Ratio in accordance with Condition 6(c) 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 Statements 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.

- (e) 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;
- (f) 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; and
- (g) 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.
- (h) upon the occurrence of any event of default (as provided in Condition 12.1 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.
- (i) 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)).
- (j) 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.

- (k) the Issuer shall, in accordance with applicable Thai laws and regulations, deliver to the SEC and the Debentureholders' Representative, and make available by way of posting on the website [www.ckpower.co.th](http://www.ckpower.co.th) (or a replacement website to be designated by the Issuer), copies of English translations of its audited annual consolidated financial statements within, if applicable, the same period as that required under applicable laws or regulations, but in any case, shall be no later than 180 (one hundred and eighty) days from the end of the financial year of the Issuer. If, after the Issue Date, such submission period to the SEC or method for the submission is changed under the applicable laws or regulations, the Issuer shall comply with the new submission period, method for the submission or requirements according to such amended applicable laws or regulations, as the case may be.
- (l) the Issuer shall not apply proceeds derived from the issuance of Debentures for any purposes other than as indicated in the prospectus.

Any change to the utilization of proceeds derived from the issuance of Debentures shall be as follows:

(1) *in the case of any change which has no material effect*

The Issuer shall obtain approval from its board of directors and disclose the change to the SEC via the SEC's website. In this regard, the change which has no material effect includes:

- (1.1) change to the allocation of amounts between items that have been disclosed in the prospectus;
- (1.2) change to the time period for the utilization of proceeds that has been disclosed in the prospectus;
- (1.3) change of the purpose of utilization of proceeds that has not been disclosed in the prospectus, which falls under any of the following conditions:
  - (1.3.1) utilization of proceeds is related to the business disclosed in the prospectus and the amount of the change does not exceed 30 (thirty) percent of the total amount derived from the issuance of the Debentures;



(1.3.2) any cases other than (1.3.1), the amount of the change does not exceed 15 (fifteen) percent of the total amount derived from the issuance of the Debentures.

*(2) in the case of any change which has a material effect*

The Issuer shall obtain approval from its shareholders meeting.

**Events of Default**

- : 1. The occurrence of any of the following events shall constitute an event of default (each, an "**Event of Default**") under the Debentures:
- (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 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;
  - (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 the 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 the 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 the 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 the 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 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;
- (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 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;

- (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).
2. If any Event of Default occurs, the Debentureholders' Representative may use its sole discretion as it deems appropriate requesting the Issuer to make payment under the Debentures or institute legal proceedings against the Issuer, or the Debentureholders' Representative may call a Debentureholders' meeting within 45 (forty five) days from the date it has become aware of an Event of Default to request a resolution to enforce payments under the Debentures from the Issuer or institute legal proceedings against the Issuer.

If any damage occurs, the Debentureholders' Representative will make a claim for such damages on behalf of all Debentureholders within 90 (ninety) days from the date such right may be exercised.

In this regard, the Debentureholders' Representative must send a demand notice ("**Notice of Demand**") to the Issuer within 45 (forty five) days from the date it is aware of an Event of Default or the date of the resolution of the Debentureholders' meeting.

3. Without prejudice to Condition 12.2 of the Conditions, if
- (a) there is an occurrence of an event in Condition 12.1(a), Condition 12.1(i) or Condition 12.1(j) of the Conditions;
  - (b) there is an occurrence of an Event of Default other than those specified in Condition 12.3(a) of the Conditions, which
    - (1) the Debentureholders' Representative, within its discretion, deems appropriate within 15 (fifteen) days after it becomes aware of an Event of Default, unless the Debentureholders' Representative has sent a notice calling the Debentureholders' meeting according to Condition 12.3(b)(3) of the Conditions within 15



(fifteen) days from the date it becomes aware of an Event of Default; or

- (2) the Debentureholders' Representative has received a notice in writing from one or more Debentureholder(s) together holding not less than 50 (fifty) percent of the total outstanding principal amount of the Debentures; or
- (3) the Debentureholders' Representative has received a resolution of the Debentureholders' meeting, whereby the Debentureholders' Representative must call the Debentureholders' meeting within 45 (forty-five) days from the date it becomes aware of an Event of Default.

the Debentureholders' Representative shall deliver a notice to the Issuer to demand all payment under the Debentures, which is yet to be immediately due and payable, and specifying an Event of Default that has occurred ("**Acceleration Notice**") within 5 (five) Business Days from the date it has become aware of an Event of Default specified in Condition 12.3(a) or from the end of the discretion period specified in Condition 12.3(b)(1) of the Conditions or from the date of receipt of notice specified in Condition 12.3(b)(2) of the Conditions or from the date of the Debentureholders' meeting specified in Condition 12.3(b)(3) of the Conditions, as the case may be.

If an Event of Default is continuing until the date the Acceleration Notice has been delivered or deemed delivered to the Issuer, all payment under the Debentures which was yet to be immediately due and payable are deemed immediately due and payable. The Issuer shall pay the principal amount together with all accrued interest under the Conditions to the Debentureholders within the time specified by the Debentureholders' Representative in the Acceleration Notice to the Issuer to make such payment. In the case where the Issuer defaults in payment of any amount to any Debentureholder, if not evidenced apparently otherwise or proved clearly to the contrary, it shall be presumed that such default in payment have occurred to all Debentures.

4. Once the Debentureholders' Representative has delivered the Notice of Demand in Condition 12.2 of the Conditions or the Acceleration Notice in Condition 12.3 of the Conditions,
  - (a) the Debentureholders' Representative must take action to cause the Issuer to pay all debts that remain outstanding and unpaid under the Debentures as soon

as practicable, including taking any legal proceedings against the Issuer to the extent permitted by law; and

- (b) each Debentureholder will be entitled to institute legal proceedings against the Issuer directly to enforce its rights under the Debentures only if debts under the Debentures remain unpaid to it after the expiration of the Acceleration Notice given by the Debentureholders' Representative under Condition 12.3 of the Conditions, and, at the time the Debentureholder institutes such legal proceeding, the Debentureholders' Representative has not yet institute legal proceedings against the Issuer to enforce repayment thereof by the Issuer.

**Powers, Duties and Responsibilities of the Debentureholders' Representative**

- :
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 the Conditions, in the Debentureholders' Representative Appointment Agreement or in any applicable law. Without prejudice to the immediately preceding sentence, the Debentureholders' Representative shall not be responsible for any loss or damage arising from actions taken in accordance with the resolution of the Debentureholders' meeting.
  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 the Conditions. The Debentureholders' Representative's powers, duties and responsibilities include (but are not limited to) the following:
    - (a) to act in accordance with the 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 the 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:



- (1) amending or modifying the 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;
  - (2) amending or modifying the 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
  - (3) providing a waiver or exemption in respect of any event specified in Condition 12.1 of the Conditions at any time, the occurrence of which would otherwise require the Debentureholders' Representative to proceed in accordance with Condition 12.2, Condition 12.3 and/or Condition 12.4 of the Conditions 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) consider any information, documents, reports received, specifying whether the Issuer is in non-compliance with the Conditions or there is an Event of Default, as well as to monitor the Issuer's and compliance with, and performance of, its obligations under the Conditions and promptly notify the Debentureholders if an Event of Default has occurred, discovered, informed or notified by the Issuer. Also, 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;
- (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 the Conditions and the Debentures;
- (e) to convene meetings of Debentureholders as required under the 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 the 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, the Conditions, the Debentureholders' Representative Appointment Agreement, the Registrar Appointment Agreement, 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, and such disqualification is not cured within 60 (sixty) days from the date being so disqualified, to immediately inform the Issuer in writing of such disqualification upon the expiration of that period, in order for the Issuer to nominate a person to be appointed as the Debentureholders' Representative, and convene a Debentureholders' meeting pursuant to Condition 13.1(b)(iii) of the Conditions without delay.
3. The Debentureholders' Representative shall perform its duties and obligations in good faith for the interest and benefit of the Debentureholders as could be expected from a professional entity acting as a debentureholders' representative in accordance with the 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 even if it appears later that such recommendation, opinion, advice or information is faulty or false.
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.
5. The Debentureholders' Representative has the right to require the Issuer to compensate any expenses incurred by the Debentureholders' Representative for its performance under the Conditions or has the right to demand the Issuer to comply with the Conditions for the benefits of the

Debentureholders, including the expenses in relation to legal proceedings and hiring consultants and experts.

- Amendment to the Conditions** :
- (a) Except as specified in Conditions 14.2(b)(i) and 14.2(b)(ii) of the Conditions, any amendment to the Conditions requires the approval of the Issuer and the Debentureholders' meeting in accordance with Annex B to the Conditions.
  - (b) The Debentureholders' Representative may amend any Conditions as specified in Conditions 14.2(b)(i) and 14.2(b)(ii) of the Conditions. The Debentureholders' Representative shall promptly inform the Issuer in writing of the amendment to the Conditions made by the Debentureholders' Representative pursuant to Condition 18 of the Conditions.
  - (c) 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

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 below), 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**" 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 referred to above (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 Lead Arranger 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**" as defined in the Notification No. KorChor. 5/2552.

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) - *Removed* - (pursuant to the the Notification of the Securities and Exchange Commission No. KorChor. 4/2562 re: *Determination of Definitions of Institutional Investors, Ultra High Net-Worth Investors, and High Net-Worth Investors (No. 2)* dated 4 April 2019)

- (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 or derivatives fund managers under the Notification of the Capital Market Supervisory Board on Personnel in the Capital Market Business; and
- (25) any other investors as specified by the Office of the SEC.

### 3.2 Lead Arranger

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

333 Silom Road

Bangrak

Bangkok 10500

Telephone: +66 2230 2295, +66 2626 3646

Fax: +66 2231 4617

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

The Issuer has appointed the Lead Arranger whose name and address are as specified in Clause 3.2 above as lead arranger to the Debenture transaction. In respect of the arrangement for the offering and sale of the Debentures, the Lead Arranger agrees to manage, arrange and procure subscriptions by Institutional Investors in accordance with and subject to the terms and conditions specified in a placement agreement entered into between the Issuer and the Lead Arranger.

### 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 996,900,000 (nine hundred ninety six million and nine hundred thousand baht).

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

- Registration statement filing fee THB 100,000
- Other expenses\* THB 3,000,000

\* 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 the Lead Arranger (as specified in Clause 3.2) during business hours and days of the Lead Arranger from 29 September 2020.
- (b) The subscription period of the Debentures is 29 September 2020 (the "**Subscription Period**"), during business hours/days of the office of the 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](http://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 the Lead Arranger at its office specified in Clause 3.2 or its other offices providing subscription service during the business hours/days of the Lead Arranger during the Subscription Period.
- (c) In subscribing for the Debentures, 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.
- (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 the Issue Date of the Debentures, crossed "A/C Payee Only" and made payable to the following accounts namely:

"Subscription Account for Debentures of Nam Ngum 2 Power Company Limited No. 2/2020"
  - (2) cash payment or wire transfer or payment through BAHTNET SYSTEM by no later than 10.00 a.m. on the Issue Date of the Debentures; 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:

"Subscription Account for Debentures of Nam Ngum 2 Power Company Limited No. 2/2020"
- (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 3 (three) months old or otherwise as specified by the 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 3 (three) months old or otherwise as specified by the 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.
- (f) Subscriptions for the Debentures shall be made at the office of the 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 the 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 Lead Arranger 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.

### **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. The allotment of the Debentures will be performed by the Lead Arranger 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 Lead Arranger. The Lead Arranger may allocate any amount of the Debentures to any Qualified



Investors or may refuse to allocate the Debentures subscribed by any subscribers as it deems appropriate.

(c) **Cancellation of Subscription**

- (1) The 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 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 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 Lead Arranger 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 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 Debentureholder and the applicable tax rates will depend on various factors such as 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) Company or Juristic Partnership who is a resident of Thailand

A Debentureholder, which is a company or a juristic partnership established pursuant to the laws of Thailand (including a mutual fund that is a juristic person 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:



(A) Interest

Interest received by a Resident Corporate Debentureholder which is a company or a juristic partnership 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.

Interest received by the Resident Corporate Debentureholder which is a mutual fund that is a juristic person established pursuant to the laws of Thailand is subject to 15 percent withholding tax. The mutual fund will be exempt from including such interest as revenue for the purpose of calculating corporate income tax in the case that a refund of withholding tax or tax credit is not requested whether in whole or in part.

(B) 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, unless the Resident Corporate Debentureholder is a mutual fund that is a juristic person established pursuant to the laws of Thailand there is no need to include such capital gains in the revenue for the purpose of calculating corporate income tax.

(ii) Company or Juristic Partnership who is not a resident of Thailand

A Debentureholder, which is a company or a juristic partnership established pursuant to a foreign law (including a mutual fund that is a juristic person 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:

(A) 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.

(B) 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) 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 DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 2/2020**  
**TRANCHE 1 DUE 2023" AND**  
**"THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 2/2020**  
**TRANCHE 2 DUE 2025"**

The following is the text of the terms and conditions (these "**Conditions**") of "The Debentures of Nam Ngum 2 Power Company Limited No. 2/2020 Tranche 1 Due 2023" ("**Tranche 1 Debentures**") and "The Debentures of Nam Ngum 2 Power Company Limited No. 2/2020 Tranche 2 Due 2025" ("**Tranche 2 Debentures**") and together with Tranche 1 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. 01/BOL dated 16 September 2020 issued by the BOL to the Issuer; and (ii) endorsed and acknowledged by the Lao Securities Commission Office (the "**LSCO**") under the Certificate No. 177/LSCO dated 21 September 2020 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:

"**Acceleration Notice**" has the meaning given to it in Condition 12.3.

"**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 3.5.

"**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.

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

**"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 30 September 2020 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.

**"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) percent per annum.

**"Event of Default"** means any of the events specified in Condition 12.1.

**"Financial Statements"** has the meaning given to it in Condition 6(c).

**"Interest Payment Date"** means every 30 March and 30 September of each year throughout the term of the Debentures, with the first Interest Payment Date being 30 March 2021 and the last Interest Payment Date being the Maturity Date.

**"Interest Period"** means:

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

**"Issue Date"** means the issue date of the Debentures which is 30 September 2020.

**"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 19.

"**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, 30 September 2023; and
- (b) in relation to Tranche 2 Debentures, 30 September 2025.

"**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.

"**Non-Qualified Person**" has the meaning given to it in Condition 4.3(c).

"**Notice of Demand**" has the meaning given to it in Condition 12.2.

"**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 30 September 2020 or the agreement appointing a new Paying Agent to replace the existing Paying Agent (if any).

"**Qualified Debentureholder**" has the meaning given to it in Condition 4.3(c).

"**Qualified Investors**" has the meaning given to it in Condition 4.3(a).

"**Record Date**" has the meaning given to it in Condition 3.5.

"**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, 29 September 2020.

"**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 Debentures of Nam Ngum 2 Power Company Limited No. 2/2020 Tranche 1 Due 2023"

"**Tranche 2 Debentures**" means "The Debentures of Nam Ngum 2 Power Company Limited No. 2/2020 Tranche 2 Due 2025"

"**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 The Debentures are issued in registered form, unsecured and unsubordinated, with a debentureholders' representative. The interest rate and tenor of each tranche of Debentures are as follows:

- (a) Tranche 1 Debentures carry interest at the rate of 3.20 (three point two zero) percent per annum with a tenor of 3 (three) years from the Issue Date; and
- (b) Tranche 2 Debentures carry interest at the rate of 3.60 (three point six zero) percent per annum with a tenor of 5 (five) years from the Issue Date.

2.2 On the Issue Date, there are in aggregate [●] ([●]) units of Debentures, with a par value of Baht 1,000 (one thousand baht) each, and an aggregate total principal amount of Baht [●] ([●] baht), comprising of:

- (a) [●] ([●]) units of Tranche 1 Debentures or a total principal amount of Baht [●] ([●] baht); and
- (b) [●] ([●]) units of Tranche 2 Debentures or a total principal amount of Baht [●] ([●] 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 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 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 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, unless there is a duly objection is made under the law.
- 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 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.
- 3.5 (a) Unless otherwise specified in these Conditions or unless the applicable laws or regulation state otherwise, the Issuer will cause the Registrar to close the Register Book on the 14th (fourteenth) day prior to any Interest Payment Date, the Maturity Date, any date fixed for payment of any benefits, 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, the Debentureholders' Representative and/or the Debentureholders (as the case may be) in order to determine the rights of the Debentureholders to receive or utilize any benefits as the Debentureholders (the "**Closing Date**"). If the Closing Date falls on a day that is not a Business Day, the Register Book shall be closed on the next Business Day, and in such case, the period between the Closing Date to each relevant Interest Payment Date, the Maturity Date, any date fixed for any meeting of the Debentureholders or any other date for any other purpose as specified above shall be less than 14 (fourteen) days.
- The Registrar shall not register any transfer of the Debentures on the Closing Date. A Business Day immediately preceding the Closing Date is hereinafter referred to as a "**Record Date**". In any event, the Issuer will notify or cause the Registrar to notify the ThaiBMA at least 7 (seven) days before the Record Date.
- (b) 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 Issuer or the Debentureholders' meeting, provided that such change: (i) must be in compliance with the rules and regulations of ThaiBMA or any other relevant authorities or notifications, and (ii) shall not adversely affect materially the rights and benefits of the Debentureholders. The Registrar must notify the change to the date and time for the closure of the Register Book to the Issuer and the Debentureholders prior to making such change.

## 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" as defined under 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 referred to above (the "**Qualified Investors**").

(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 Registrar will not accept a registration of transfer of any Debentures which is contrary to these Conditions, provisions of law or court orders.

#### 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. COVENANTS OF THE ISSUER

The Issuer undertakes to comply with the following covenants for so long as any debt under the Debentures remains outstanding:

- (a) 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.
- (b) the Issuer shall arrange 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 for the Debentures is not provided as an investment advice to buy, sell or hold any of the Debentures offered. Such credit rating may be changed or withdrawn at any time by the Credit Rating Agency.
- (c) the Issuer shall ensure that the ratio of Debt to Equity (the "**Debt to Equity Ratio**"), in accordance with its Financial Statements, 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 6(c);

"**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 Statements and bank guarantees, and indebtedness relating to lease agreements.

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

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

- (d) the Issuer shall arrange for a report setting out the Debt to Equity Ratio in accordance with Condition 6(c), 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 Statements 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.
- (e) 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;
- (f) 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; and

- (g) 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.
- (h) upon the occurrence of any event of default (as provided in Condition 12.1) 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.
- (i) 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)).
- (j) 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.
- (k) the Issuer shall, in accordance with applicable Thai laws and regulations, deliver to the SEC and the Debentureholders' Representative, and make available by way of posting on the website [www.ckpower.co.th](http://www.ckpower.co.th) (or a replacement website to be designated by the Issuer), copies of English translations of its audited annual consolidated financial statements within, if applicable, the same period as that required under applicable laws or regulations, but in any case, shall be no later than 31st March of the following year. 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.
- (l) the Issuer shall not apply proceeds derived from the issuance of Debentures for any purposes other than as indicated in the prospectus.

Any change to the utilization of proceeds derived from the issuance of Debentures shall be as follows:

(1) *in the case of any change which has no material effect*

The Issuer shall obtain approval from its board of directors and disclose the change to the SEC via the SEC's website. In this regard, the change which has no material effect includes:

- (1.1) change to the allocation of amounts between items that have been disclosed in the prospectus;

- (1.2) change to the time period for the utilization of proceeds that has been disclosed in the prospectus;
- (1.3) change of the purpose of utilization of proceeds that has not been disclosed in the prospectus, which falls under any of the following conditions:
  - (1.3.1) utilization of proceeds is related to the business disclosed in the prospectus and the amount of the change does not exceed 30 (thirty) percent of the total amount derived from the issuance of the Debentures;
  - (1.3.2) any cases other than (1.3.1), the amount of the change does not exceed 15 (fifteen) percent of the total amount derived from the issuance of the Debentures.

(2) *in the case of any change which has a material effect*

The Issuer shall obtain approval from its shareholders meeting.

## **7. INTEREST**

### **7.1 *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.

### **7.2 *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 (if any)) 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 7th (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 8.2.

### **7.3 *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 Maturity Date or any accelerated payment 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 12.2.
- (b) In such event, Condition 7.2 shall apply *mutatis mutandis* and the Interest Rate used in Condition 7.2 shall be replaced by the Default Interest Rate.

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

### **8.1 *Payment Methods***

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

### **8.2 *Time of Payment and Non-Business Days***

The Issuer shall make payment under these Conditions to Debentureholders within 5:00 p.m. of the relevant payment due date. If any payment date under these Conditions (including, but not limited to the Maturity Date and the Interest Payment Date) falls on a day that is not a Business Day, the relevant amount due and payable shall be paid on the next Business Day (and no interest shall be calculated with respect to any such postponement except for the final Interest Payment Date), with the same force and effect as if made on the original payment date. In respect of the final Interest Payment Date, interest shall accrue in accordance with these Conditions until, but excluding, the actual date of payment.

### 8.3 *Distribution of payments*

All amounts paid by the Issuer upon the occurrence of Event of Default shall be applied in the following order of priority:

- (a) first, in payment of all reasonable costs and expenses, and liabilities incurred by the Debentureholders' Representative in performing its duties and obligations in respect of the Debentures, including the costs and expenses relating to the enforcement of payment under the Debentures.
- (b) secondly, the remuneration of the Debentureholders' Representative in respect of the Debentures;
- (c) thirdly, the interest of the Debentures (if any) accrued and unpaid up to the date of payment;
- (d) fourthly, the outstanding amount of the principal of the Debentures; and
- (e) fifthly, the balance (if any) to be paid to the Issuer, without unreasonable delay.

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

### 9.1 *Redemption*

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.

### 9.2 *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.

### 9.3 *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.

### 9.4 *Redemption for Taxation Reasons*

- (a) Subject to Condition 9.4(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 18 (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 10.2 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 9.4(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 9.4(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. TAXATION**

- 10.1 Notwithstanding Condition 10.2 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.
- 10.2 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.

## **11. 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.

## **12. EVENTS OF DEFAULT**

- 12.1 The occurrence of any of the following events shall constitute an event of default (each, an "**Event of Default**") under the Debentures:
  - (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;

- (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).

12.2 If any Event of Default occurs, the Debentureholders' Representative may use its sole discretion as it deems appropriate requesting the Issuer to make payment under the Debentures or institute legal proceedings against the Issuer, or the Debentureholders' Representative may call a Debentureholders' meeting within 45 (forty five) days from the date it has become aware of an Event of Default to request a resolution to enforce payments under the Debentures from the Issuer or institute legal proceedings against the Issuer.

If any damage occurs, the Debentureholders' Representative will make a claim for such damages on behalf of all Debentureholders within 90 (ninety) days from the date such right may be exercised.

In this regard, the Debentureholders' Representative must send a demand notice ("**Notice of Demand**") to the Issuer within 45 (forty five) days from the date it is aware of an Event of Default or the date of the resolution of the Debentureholders' meeting.

12.3 Without prejudice to Condition 12.2, if

- (a) there is an occurrence of an event in Condition 12.1(a), Condition 12.1(i) or Condition 12.1(j);
- (b) there is an occurrence of an Event of Default other than those specified in Condition 12.3(a), which
  - (1) the Debentureholders' Representative, within its discretion, deems appropriate within 15 (fifteen) days after it becomes aware of an Event of Default, unless the Debentureholders' Representative has sent a notice calling the Debentureholders' meeting according to Condition 12.3(b)(3) within 15 (fifteen) days from the date it becomes aware of an Event of Default; or
  - (2) the Debentureholders' Representative has received a notice in writing from one or more Debentureholder(s) together holding not less than 50 (fifty) percent of the total outstanding principal amount of the Debentures; or
  - (3) the Debentureholders' Representative has received a resolution of the Debentureholders' meeting, whereby the Debentureholders' Representative must call the Debentureholders' meeting within 45 (forty-five) days from the date it becomes aware of an Event of Default.

the Debentureholders' Representative shall deliver a notice to the Issuer to demand all payment under the Debentures, which is yet to be immediately due and payable, and specifying an Event of Default that has occurred ("**Acceleration Notice**") within 5 (five) Business Days from the date it has become aware of an Event of Default specified in Condition 12.3(a) or from the end of the discretion period specified in Condition 12.3(b)(1) or from the date of receipt of notice specified in Condition 12.3(b)(2) or from the date of the Debentureholders' meeting specified in Condition 12.3(b)(3), as the case may be.

If an Event of Default is continuing until the date the Acceleration Notice has been delivered or deemed delivered to the Issuer, all payment under the Debentures which was yet to be immediately due and payable are deemed immediately due and payable. The Issuer shall pay the principal amount together with all accrued interest under these Conditions to the Debentureholders within the time specified by the Debentureholders' Representative in the Acceleration Notice to the Issuer to make such payment. In the case where the Issuer defaults in payment of any amount to any Debentureholder, if not evidenced apparently otherwise or proved clearly to the contrary, it shall be presumed that such default in payment have occurred to all Debentures.

12.4 Once the Debentureholders' Representative has delivered the Notice of Demand in Condition 12.2 or the Acceleration Notice in Condition 12.3,

- (a) the Debentureholders' Representative must take action to cause the Issuer to pay all debts that remain outstanding and unpaid under the Debentures as soon as practicable, including taking any legal proceedings against the Issuer to the extent permitted by law; and
- (b) each Debentureholder will be entitled to institute legal proceedings against the Issuer directly to enforce its rights under the Debentures only if debts under the Debentures remain unpaid to it after the expiration of the Acceleration Notice given by the Debentureholders' Representative under Condition 12.3, and, at the time the Debentureholder institutes such legal proceeding, the Debentureholders' Representative has not yet institute legal proceedings against the Issuer to enforce repayment thereof by the Issuer.

### **13. MEETINGS OF DEBENTUREHOLDERS**

13.1 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) percent 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 Notice of Demand or Acceleration Notice has been sent to the Issuer as specified in Condition 12.2 or Condition 12.3;
  - (ii) a proposal to amend material terms of these Conditions has been made pursuant to Condition 16.1;
  - (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 15.3(b); or
  - (iv) there is a significant event that, in the opinion of the Issuer or one or more of the Debentureholder(s) holding not less than 25 (twenty-five) percent of the total outstanding principal amount of the Debentures (via notice to the

Debentureholders' Representative) may affect the Debentureholders' interests or the Issuer's ability to comply with these Conditions.

- 13.2 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.
- 13.3 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.
- 13.4 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.
- 13.5 Any meeting of the Debentureholders under these Conditions shall be a joint meeting between the Debentureholders of all tranches of 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.
- 13.6 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.

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

- 14.1 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. Without prejudice to the immediately preceding sentence, the Debentureholders' Representative shall not be responsible for any loss or damage arising from actions taken in accordance with the resolution of the Debentureholders' meeting.
- 14.2 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 12.1 at any time, the occurrence of which would otherwise require the Debentureholders' Representative to proceed in accordance with Condition 12.2, Condition 12.3 and/or Condition 12.4 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) consider any information, documents, reports received, specifying whether the Issuer is in non-compliance with these Conditions or there is an Event of Default, as well as to monitor the Issuer's and compliance with, and performance of, its obligations under these Conditions and promptly notify the Debentureholders if an Event of Default has occurred, discovered, informed or notified by the Issuer. Also, 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;
- (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, 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, and such disqualification is not cured within 60 (sixty) days from the date being so disqualified, to immediately inform the Issuer in writing of such disqualification upon the expiration of that period, in order for the Issuer to nominate a person to be appointed as the Debentureholders' Representative, and convene a Debentureholders' meeting pursuant to Condition 13.1(b)(iii) without delay.
- 14.3 The Debentureholders' Representative shall perform its duties and obligations in good faith for the interest and benefit of the Debentureholders as could be expected from a professional entity acting as a debentureholders' representative 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 even if it appears later that such recommendation, opinion, advice or information is faulty or false.
- 14.4 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.
- 14.5 The Debentureholders' Representative has the right to require the Issuer to compensate any expenses incurred by the Debentureholders' Representative for its performance under these Conditions or has the right to demand the Issuer to comply with these Conditions for the benefits of the Debentureholders, including the expenses in relation to legal proceedings and hiring consultants and experts.

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

- 15.1 The Issuer has appointed Bangkok Bank Public Company Limited, with the principal office at 333 Silom Road, Silom, Bangrak, Bangkok 10500, Thailand e-mail address: dhr.grp@bangkokbank.com, to serve as the Debentureholders' Representative who is independent and is in full compliance with the qualifications of applicable law and such appointment has been approved by the SEC and the Debentureholders are deemed to have consented to the Issuer's appointment of Bangkok Bank Public Company Limited as the Debentureholders' Representative.
- 15.2 The Debentureholders' Representative shall be replaced if:
- (a) it is not qualified and/or has conflicts of interest to serve as the Debentureholders' Representative pursuant to the regulations of the Capital Market Supervisory Board, the Securities and Exchange Commission and the SEC and such lack of qualification cause the SEC to prohibit it from acting as the Debentureholders' Representative or suspend or revoke it from the list of persons who are qualified to act as a Debentureholders' Representative and/or the conflicts of interest are not waived by the SEC;
  - (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) percent 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.
- 15.3 Upon the occurrence of any events resulting in replacement 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 pass a resolution approving a replacement of the Debentureholders' Representative, and appoint another person nominated by the Issuer to assume the duties of the 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) percent 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.
- 15.4 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.
- 15.5 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.
- 16. AMENDMENT TO THESE CONDITIONS**
- 16.1 Except as specified in Conditions 14.2(b)(i) and 14.2(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.
- 16.2 The Debentureholders' Representative may amend any Conditions as specified in Conditions 14.2(b)(i) and 14.2(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 18.
- 16.3 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.

## **17. 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.

## **18. NOTICES**

### **18.1 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.

18.2 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.

### **18.3 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.

18.4 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.

## 19. THE ISSUER'S REPRESENTATIVE IN THAILAND

The Issuer has appointed The Legists Group, whose address is specified in Condition 18.3(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.

## 20. CURRENCY INDEMNITY

- 20.1 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.

- 20.2 The indemnity specified under this Condition 20 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.

## **21. GOVERNING LAW AND JURISDICTION**

- 21.1 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.
- 21.2 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.
- 21.3 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.
- 21.4 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.

## **22. Effectiveness of the Conditions**

These Conditions are effective from the Issue Date until the date on which all payments under the Debentures and these Conditions have been paid in full.

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

**as Issuer**

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

(Mr. Wisate Chungwatana)  
Authorized Signatory

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

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



Incorporated in the Lao People's Democratic Republic on [●]  
Company Registration No. [●]

## 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. 2/2020 TRANCHE [●] DUE [●]

Issue Date: 30 September 2020      Maturity Date: [●]      Term: [●] years      Nominal Amount: Baht 1,000 each      Total Offering Amount: [●] units      Total Issue Size: Baht [●]  
Interest Rate: [●] 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 the Debentures on the Maturity Date by: (i) issuing account-payee-only cheque in the name of the Debentureholder; or (ii) transferring funds into the bank account of the relevant Debentureholder opened with a commercial bank in Thailand, or such other way as may be agreed from time to time by the Issuer, the Debentureholders' Representative and the Registrar.

Name of Debentureholder [●]  
Debentureholder Registration No. [●]  
Issue Date of the Debenture Certificate [●]

No. of Debentures (Units) [●]  
Total Principal Amount (Baht) [●]

Debenture Certificate No. [●]

This Debenture Certificate is subject to the Terms and Conditions of the Debentures in relation to "The Debentures of Nam Ngum 2 Power Company Limited No. 2/2020 Tranche 1 Due 2023" and "The Debentures of Nam Ngum 2 Power Company Limited No. 2/2020 Tranche 2 Due 2025" (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" 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. 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 referred to above (the "**Qualified Investors**").

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. 01/BOL dated 16 September 2020 issued by the BOL to the Issuer; and (ii) endorsed and acknowledged by the Lao Securities Commission Office (the "**LSCO**") under the Certificate No. 177/LSCO dated 21 September 2020 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.

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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 30 March and on 30 September of each year throughout the term of the Debentures and the first payment of interest shall be made on 30 March 2021 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.
3. The closure of the Register Book  
 The Issuer shall cause the Registrar to close the Register Book on the 14th day prior to the Interest Payment Date, the Maturity Date, or the meeting date of the Debentureholders or any other date for any other purpose as specified in the Conditions in order to suspend the transfer of the Debentures for the purpose of determining the rights of the Debentureholders. If the closure date of the Register Book is not a Business Day, the Register Book shall be closed on the following Business Day.
4. Other details and conditions are as specified in the Conditions.

Please read	<ol style="list-style-type: none"> <li>(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.</li> <li>(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.</li> <li>(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.</li> </ol>
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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)	
	(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 Debentureholders' 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 2 (two) Debentureholders holding in aggregate not less than 25 (twenty-five) percent 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 2 (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 2 (two) Debentureholders holding in aggregate not less than 50 (fifty) percent 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 2 (two) Debentureholders holding in aggregate not less than 20 (twenty) percent 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 2 (two) Debentureholders holding in aggregate not less than 66 (sixty-six) percent 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 2 (two) Debentureholders holding in aggregate not less than 20 (twenty) percent 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) percent of all votes of the Debentureholders attending the meeting and casting their votes.
- (a) any amendment or waiver to these Conditions other than those matters specified in Clause 6.4;
  - (b) any matters in relation to Condition 6.3(a) or Condition 12.1(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) percent of all votes of the Debentureholders attending the meeting and casting their votes.
- (a) the repayment of Debentures by way of conversion of the Debentures into shares, other Debentures or other property of the Issuer or any person;
  - (b) any amendment to the Maturity Date or the due date for any payment in respect of the Debentures;
  - (c) any amendment to, reduction, cancellation, or change of the security, the amount of principal, interest and/or any other sum due or payable in respect of the Debentures;
  - (d) a change of the currency of any payment to be made in respect of the Debentures;
  - (e) any amendment to the requirements for the meeting of the Debentureholders in relation to quorum (Clause 3) and resolutions of the meeting (Clause 6); and
  - (f) any amendment to the Conditions to enable any actions relating to (a) to (e) above.
- 6.5 Any Debentureholder that has any conflict of interest with respect to any matter to be decided at a meeting of Debentureholders shall not be entitled to vote on such matter.

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

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

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**[DRAFT] DEBENTUREHOLDERS' REPRESENTATIVE  
APPOINTMENT AGREEMENT**

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dated

**[●] 2020**

by

**NAM NGUM 2 POWER COMPANY LIMITED**  
Issuer

and

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

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**THIS AGREEMENT** is made on [●] 2020,

**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 (as may be amended and supplemented from time to time) ("**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 Debentures of Nam Ngum 2 Power Company Limited No. 2/2020 Tranche 1 Due [●]" and "The Debentures of Nam Ngum 2 Power Company Limited No. 2/2020 Tranche 2 Due [●]" to be issued by the Issuer;

**"Event of Default"** means any of the events of default listed in condition 12.1 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 coordinate with the Registrar or the Paying Agent to 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, in accordance with condition 9.4 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 order set out in condition 8.3 of the Conditions.

### **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 [●] ([●]) percent 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](mailto: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) percent 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 three hundred and sixty-five (365) days, and rounding the result figure to six (6) decimal places (in case the seventh (7th) decimal place is equivalent to or more than five (5), the sixth (6th) decimal place shall be rounded up one (1) 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 email) to the contact details specified below:

Address: [587 Viriyathavorn Building, Suthisarn Road  
Dindang, Bangkok, 10400]  
Fax: [+662 691 9723]  
Email: [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.
- 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, provided that the Issuer shall be responsible to indemnify the Debentureholders' Representative under Clause 6 only for expenses incurred prior to the date of termination.

## **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 email or 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  
Email: [●]  
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]  
Email: [●]  
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  
Email: dhr.grp@bangkokbank.com  
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, seven (7) days after the dispatch; or

(c) if sent by courier, forty-eight (48) hours from the date of delivery to the courier service.

**13. OTHERS**

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

**14. GOVERNING LAW**

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

**EXECUTION**

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

**THE ISSUER**

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

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

Name: [●]  
Authorized Signatory

in the presence of

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

Name: [●] (witness)

**THE DEBENTUREHOLDERS' REPRESENTATIVE**

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

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

Name: Ms. Pornnit Dunnvatanachit  
Authorized Signatory

in the presence of

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

Name: Mr. Vichien chuenchomsaeng (witness)

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

Name: Ms. Santhita Thongma (witness)

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



Nam Ngum 2 Power Company Limited  
Review report and interim financial statements  
For the three-month and six-month periods ended  
30 June 2020

## **Independent Auditor's Report on Review of Interim Financial Statements**

To the Shareholders of Nam Ngum 2 Power Company Limited

I have reviewed the accompanying statement of financial position of Nam Ngum 2 Power Company Limited as at 30 June 2020, the related statements of comprehensive income for the three-month and six-month periods then ended, and the related statements of changes in shareholders' equity and cash flows for the six-month period then ended, and the summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Thai Financial Reporting Standards. My responsibility is to express a conclusion on these interim financial statements based on my review.

### **Scope of review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of Nam Ngum 2 Power Company Limited as at 30 June 2020, its financial performance for the three-month and six-month periods then ended, and its cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards.

*Chatchai Kasemsrithanawat*

Chatchai Kasemsrithanawat

Certified Public Accountant (Thailand) No. 5813

EY Office Limited

Bangkok: 31 July 2020

Nam Ngum 2 Power Company Limited

Statement of financial position

As at 30 June 2020

	<u>Note</u>	<u>30 June 2020</u> (Unaudited but reviewed)	<u>31 December 2019</u> (Audited)
(Unit: Thousand Baht)			
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	1,310,474	1,482,241
Current portion of finance lease receivable - related party	4	94,503	90,565
Trade and other receivables	4, 6	457,419	500,727
Spare parts and supplies		9,581	8,825
Deferred tax assets		12,100	-
Other current assets		87,076	22,573
<b>Total current assets</b>		<u>1,971,153</u>	<u>2,104,931</u>
<b>Non-current assets</b>			
Long-term restricted bank deposits		400,000	400,000
Finance lease receivable - related party, net of current portion	4	3,865,336	3,914,994
Assets of hydroelectric power project			
under concession agreement	7	18,598,305	19,108,399
Plant and equipment	8	89,208	95,841
Right-of-use assets	9	25,476	-
Intangible assets	10	36,555	38,982
Other non-current assets		3,001	3,001
<b>Total non-current assets</b>		<u>23,017,881</u>	<u>23,561,217</u>
<b>Total assets</b>		<u>24,989,034</u>	<u>25,666,148</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 30 June 2020

(Unit: Thousand Baht)

	<u>Note</u>	<u>30 June 2020</u> (Unaudited but reviewed)	<u>31 December 2019</u> (Audited)
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trade and other payables	4, 11	239,828	270,122
Current portion of lease liabilities	4, 9	886	-
Current portion of debentures	12	2,000,000	2,100,000
Other current liabilities		1,370	3,065
<b>Total current liabilities</b>		<u>2,242,084</u>	<u>2,373,187</u>
<b>Non-current liabilities</b>			
Lease liabilities - net of current portion	4, 9	25,449	-
Debentures - net of current portion	12	12,324,003	12,214,069
Provision for long-term employee benefits		1,962	1,767
Other long-term liabilities - related party	4, 13	299,499	289,602
<b>Total non-current liabilities</b>		<u>12,650,913</u>	<u>12,505,438</u>
<b>Total liabilities</b>		<u>14,892,997</u>	<u>14,878,625</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 30 June 2020

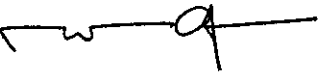
(Unit: Thousand Baht)

	Note	30 June 2020 (Unaudited but reviewed)	31 December 2019 (Audited)
<b>Shareholders' equity</b>			
Share capital			
Registered			
880,900,000 ordinary shares of Baht 10 each		8,809,000	8,809,000
Issued and fully paid up			
880,900,000 ordinary shares of Baht 10 each		8,809,000	8,809,000
Retained earnings			
Appropriated - statutory reserve	14	88,090	88,090
Unappropriated		1,198,947	1,890,433
<b>Total shareholders' equity</b>		<b>10,096,037</b>	<b>10,787,523</b>
<b>Total liabilities and shareholders' equity</b>		<b>24,989,034</b>	<b>25,666,148</b>

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



Mr.Thanawat Trivisvavet



Mr.Wisate Chungwatana

Director



(Unaudited but reviewed)

**Nam Ngum 2 Power Company Limited**  
**Statement of comprehensive income**  
**For the three-month period ended 30 June 2020**

		(Unit: Thousand Baht)	
	<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Profit or loss:</b>			
<b>Revenues</b>			
Revenue from sales of electricity	4	392,639	890,141
Other income			
Interest income	4	87,068	120,107
Others	4	1,227	23
<b>Total revenues</b>		<u>480,934</u>	<u>1,010,271</u>
<b>Expenses</b>			
Cost of sales of electricity	4	411,874	483,039
Administrative expenses	4	41,804	51,605
Loss on exchange		8,611	22,231
<b>Total expenses</b>		<u>462,289</u>	<u>556,875</u>
<b>Profit from operating activities</b>		18,645	453,396
Finance cost		(139,134)	(144,585)
<b>Profit (loss) before income tax</b>		(120,489)	308,811
Tax income (expenses)	15	6,005	(6,250)
<b>Profit (loss) for the period</b>		<u>(114,484)</u>	<u>302,561</u>
<b>Total comprehensive income for the period</b>		<u>(114,484)</u>	<u>302,561</u>
<b>Basic earnings (loss) per share</b>	16		
Earnings (loss) (Baht)		<u>(0.130)</u>	<u>0.343</u>
Weighted average number of ordinary shares (shares)		<u>880,900,000</u>	<u>880,900,000</u>

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

(Unaudited but reviewed)

Nam Ngum 2 Power Company Limited  
Statement of comprehensive income  
For the six-month period ended 30 June 2020

		(Unit: Thousand Baht)	
	Note	2020	2019
<b>Profit or loss:</b>			
<b>Revenues</b>			
Revenue from sales of electricity	4	768,555	1,923,618
Other income			
Interest income	4	175,212	123,170
Gain on exchange		6,594	-
Others	4	<u>2,433</u>	<u>135</u>
<b>Total revenues</b>		<u>952,794</u>	<u>2,046,923</u>
<b>Expenses</b>			
Cost of sales of electricity	4	805,129	929,154
Administrative expenses	4	86,616	100,027
Loss on exchange		-	2,600
<b>Total expenses</b>		<u>891,745</u>	<u>1,031,781</u>
<b>Profit from operating activities</b>		61,049	1,015,142
Finance cost		<u>(280,140)</u>	<u>(388,344)</u>
<b>Profit (loss) before income tax</b>		(219,091)	626,798
Tax income (expenses)	15	<u>12,100</u>	<u>(15,105)</u>
<b>Profit (loss) for the period</b>		<u>(206,991)</u>	<u>611,693</u>
<b>Other comprehensive income:</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Unrealised gain from cash flow hedges		-	1,126
Less: Income tax effect		-	(114)
<b>Other comprehensive income for the period</b>		-	<u>1,012</u>
<b>Total comprehensive income for the period</b>		<u>(206,991)</u>	<u>612,705</u>
<b>Basic earnings (loss) per share</b>	16		
Earnings (loss) (Baht)		<u>(0.235)</u>	<u>0.694</u>
Weighted average number of ordinary shares (shares)		<u>880,900,000</u>	<u>880,900,000</u>

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

(Unaudited but reviewed)

Nam Ngum 2 Power Company Limited

Statement of changes in shareholders' equity

For the six-month period ended 30 June 2020

(Unit: Thousand Baht)

	Issued and paid-up share capital		Retained earnings		Other component of equity		Total shareholders' equity
	share capital	Appropriated	Unappropriated	Other comprehensive income		Total	
				Unrealised gain (loss) from cash flow hedges	Unrealised gain (loss) from cash flow hedges		
<b>Balance as at 1 January 2019</b>	8,809,000	88,090	2,106,216	(1,012)		11,002,294	
Dividend payment (Note 17)	-	-	(792,810)	-		(792,810)	
Profit for the period	-	-	611,693	-		611,693	
Other comprehensive income for the period	-	-	-	1,012		1,012	
Total comprehensive income for the period	-	-	611,693	1,012		612,705	
<b>Balance as at 30 June 2019</b>	<b>8,809,000</b>	<b>88,090</b>	<b>1,925,099</b>	<b>-</b>	<b>-</b>	<b>10,822,189</b>	
<b>Balance as at 1 January 2020</b>	<b>8,809,000</b>	<b>88,090</b>	<b>1,890,433</b>	<b>-</b>	<b>-</b>	<b>10,787,523</b>	
Dividend payment (Note 17)	-	-	(484,495)	-		(484,495)	
Total comprehensive income for the period	-	-	(206,991)	-		(206,991)	
<b>Balance as at 30 June 2020</b>	<b>8,809,000</b>	<b>88,090</b>	<b>1,198,947</b>	<b>-</b>	<b>-</b>	<b>10,096,037</b>	

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



(Unaudited but reviewed)

Nam Ngum 2 Power Company Limited

Cash flow statement

For the six-month period ended 30 June 2020

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Profit (loss) before tax	(219,091)	626,798
Adjustments to reconcile profit (loss) to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	523,463	554,760
Amortisation of interest rate reduction fee and deferred debenture issuing cost	9,934	16,669
Loss on sales/write-off of equipment	135	1,997
Unrealised loss on exchange	6,067	18,563
Interest income	(170,280)	(117,630)
Interest expenses	266,149	117,736
Provision for long-term employee benefits	195	172
Profit from operating activities before changes in operating assets and liabilities	416,572	1,219,065
Operating assets (increase) decrease		
Trade and other receivables	41,947	(58,883)
Spare parts and supplies	(756)	476
Other current assets	(64,503)	226,883
Operating liabilities increase (decrease)		
Trade and other payables	(29,017)	91,553
Other current liabilities	(1,695)	(1,447)
Cash flows from operating activities	362,548	1,477,647
Cash paid for income tax expenses	-	(18,919)
<b>Net cash flows from operating activities</b>	<u>362,548</u>	<u>1,458,728</u>

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

(Unaudited but reviewed)

**Nam Ngum 2 Power Company Limited****Cash flow statement (continued)**

For the six-month period ended 30 June 2020

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities</b>		
Decrease in short-term restricted bank deposits	-	507,166
Decrease in long-term restricted bank deposits	-	975,733
Decrease in finance lease receivable - related party	216,000	-
Increase in project costs during construction phase	-	(7,389)
Increase in plant and equipment	(4,122)	(20,846)
Increase in intangible assets	-	(460)
Proceeds from sales of equipment	465	891
Cash paid for interest capitalised as part of project costs during construction phase	-	(1,763)
<b>Net cash flows from investing activities</b>	<u>212,343</u>	<u>1,453,332</u>
<b>Cash flows from financing activities</b>		
Decrease in long-term loans from financial institutions	-	(7,358,992)
Cash receipt from issuance of debenture	600,000	6,000,000
Repayment of debentures	(600,000)	-
Cash paid for debenture issuing cost	-	(39,460)
Cash paid for lease liabilities	(439)	-
Cash paid for interest from lease liabilities	(371)	-
Cash paid for interest expenses	(257,193)	(240,581)
Dividend paid	(484,495)	(792,810)
<b>Net cash flows used in financing activities</b>	<u>(742,498)</u>	<u>(2,431,843)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(4,160)</u>	<u>(15,493)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(171,767)	464,724
Cash and cash equivalents at beginning of period	<u>1,482,241</u>	<u>1,428,349</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>1,310,474</u></u>	<u><u>1,893,073</u></u>

**Supplemental cash flows information**

## Non-cash transactions

Increase in equipment from other payables	102	2,719
Transfer project cost during construction phase to finance lease receivable - related party	-	3,121,346
Transfer assets of hydroelectric power project under concession agreement to finance lease receivable - related party	-	928,625
Transfer plant and equipment to finance lease receivable - related party	-	1,726
Transfer spare parts and supplies to finance lease receivable - related party	-	702

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

**Nam Ngum 2 Power Company Limited**

**Notes to interim financial statements**

**For the three-month and six-month periods ended 30 June 2020**

**1. General information**

**1.1 Corporate information**

- a) Nam Ngum 2 Power Company Limited ("the Company") is a limited company incorporated under the laws of Lao People's Democratic Republic. The major shareholder of the Company is SouthEast Asia Energy Limited ("the Parent Company"), which is 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 generating and the 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.

- b) On 26 May 2006, the Company and the branch of the Parent Company mutually entered into a service agreement with a related company for consultancy services relating to operation of machinery and maintenance for the Nam Ngum 2 Hydroelectric Power Project at the rate specified in the agreement. The first payment of the service fee will be made in the year in which the Initial Operation Date takes place.
- c) 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.

- d) 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.

- e) 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.

- f) 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.

- g) On 1 August 2019, the Company entered into the agreement on the Nabong substation upgrading and lease with the Government of the Lao People's Democratic Republic ("the GOL"), whereby the GOL is to lease assets of Nabong substation from the Company at rental rates as specified in the agreement. The contractual period of this agreement commences from 1 January 2019 to the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project.

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

## 1.2 Basis for preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2019) "*Interim Financial Reporting*", whereby the Company chooses to present the interim financial statements in the full format specified in Thai Accounting Standard No. 1 (revised 2019) "*Presentation of Financial Statements*".

The interim financial statements in Thai language are the official financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

## 1.3 New financial reporting standards that became effective in the current period

During the period, the Company has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are summarised below:

### Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The adoption of these standards not have any significant impact on the Company's financial statements.

### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Company adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 3.

## **2. Significant accounting policies**

### **a) Revenues and expenses recognition**

#### *Revenue from sales of electricity*

Revenue from sales of electricity from the hydroelectric power project is recognised based on the amount of electricity that the Company has agreed to sell to EGAT (actual amount of electricity delivered and amount available and awaiting delivery to EGAT) and the rates stipulated in the Power Purchase Agreement.

#### *Other revenues and expenses*

Other revenues and expenses are recognised on an accrual basis.

### **b) Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

**c) Finance lease receivables**

Finance lease receivables are stated at the net realisable value of which comprise of contract value of the finance lease receivables net of unearned income, and allowance for doubtful accounts (if any).

**d) 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.

**e) Project costs during construction phase**

All expenditures and other related expenses which are incurred during the construction of the hydroelectric power project to enable it to become operational are capitalised as assets. Such project costs during the construction phase includes, inter alia, project construction cost, direct project management cost, consulting fees, interests and other financing costs.

**f) Financial instruments**

***Classification and measurement***

Financial assets that are debt instruments are measured at fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification is driven by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets that are equity instruments are measured at fair value through profit or loss.

Financial liabilities are classified and measured at amortised cost.

Derivatives are classified and measured at fair value through profit or loss.

***Impairment of financial assets***

The Company recognises an allowance for expected credit losses on its financial assets measured at amortised cost and lease receivable without requiring a credit-impaired event to have occurred prior to the recognition. The Company accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables that do not contain a significant financing component and lease receivable, the Company applies a simplified approach to determine the lifetime expected credit losses.

### ***Hedge Accounting***

Cash flow hedges, a change in fair value of the effective portion of the hedging instrument is recognised in other comprehensive income, while a change in fair value of the ineffective portion of the hedging instruments is recognised in profit or loss.

#### **g) Assets of hydroelectric power project under concession agreement**

The Company capitalised all expenditures and other expenses related to the construction of the Nam Ngum 2 Hydroelectric Power Project as assets under the caption "Assets of hydroelectric power project under concession agreement" in the statement of financial position.

Assets of the hydroelectric power project under the concession agreement are stated at costs less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation of assets of the hydroelectric power project under the concession agreement are calculated by reference to their costs on the straight-line basis over estimated useful lives of 6 and 27 years, in accordance with the concession agreement. Depreciation is included in determining income.

#### **h) Plant and equipment and depreciation**

Plant and equipment are stated at costs less accumulated depreciation and allowance for loss on impairment of assets (if any).

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

Furniture and office equipment	5, 6, 10 and 20	years
Motor vehicles	5	years
Leased asset improvements	10 to 24	years

Depreciation is included in determining income.

No depreciation is provided on assets under construction.

#### **i) 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 are occurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.



**j) 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.

**k) Related party transactions**

Related parties comprise individuals or enterprises 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 or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel and directors with authority in the planning and direction of the operations of the Company.

**l) Leases**

***Right-of-use assets.***

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Company is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

### ***Lease liabilities***

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

### ***Short-term leases and Leases of low-value assets***

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

#### **m) Long-term leases - where the Company is the lessor**

Under lease agreement which the Company transfers the risks and rewards of ownership to the lessee, excluding legal ownership, is deemed finance lease. The Company recognises income from financial lease by using effective interest rate method over the lease term.

#### **n) Foreign currencies**

Transactions in foreign currency are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income. Gains and losses on exchange relevant to the construction of the hydroelectric power project are included as part of project costs during construction phase.

#### **o) Impairment of assets**

At the end of each reporting period, the Company performs impairment reviews in respect of its assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

**p) Employee benefits**

*Short-term employee benefits*

Salaries, wages and annual rewards 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. They treat 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 full in other comprehensive income.

**q) Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

**Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on calculation determined in accordance with the concession agreement.

**Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets 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 asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

**r) Hedge accounting**

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 the fair value of the cash flow hedging instrument in other comprehensive income. 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.

**s) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, either directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

**t) Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

**u) Use of accounting estimates**

Preparation of financial statements in conformity with Thai Financial Reporting Standards requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

**3. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards**

As described in Note 1.3 to the financial statements, during the current period, the Company has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts on the beginning balance of retained earnings of 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

	(Unit: Thousand Baht)		
	31 December 2019	<u>The impacts of</u> TFRS 16	<u>1 January 2020</u>
<b>Statement of financial position</b>			
<b>Assets</b>			
<b>Non-current assets</b>			
Right-of-use assets	-	26,161	26,161
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Current portion of lease liabilities	-	1,056	1,056
<b>Non-current liabilities</b>			
Lease liabilities, net of current portion	-	25,105	25,105
<b>Shareholders' equity</b>			
Retained earnings - unappropriated	1,890,433	-	1,890,433

### 3.1 Financial instruments

As at 1 January 2020, the Company has designated financial assets and liabilities were classified and measured in accordance with TFRS 9 by amortised cost.

### 3.2 Leases

Upon initial application of TFRS 16 the Company recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Company recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	(Unit: Thousand Baht)
Operating lease commitments as at 31 December 2019	26,593
Add: Option to extend lease term	7,684
Less: Deferred interest expenses	(8,116)
Lease liabilities as at 1 January 2020	<u>26,161</u>
Comprise of:	
Current lease liabilities	1,056
Non-current lease liabilities	25,105
	<u>26,161</u>

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Thousand Baht)
Land and land improvement	<u>26,161</u>
<b>Total right-of-use assets</b>	<u>26,161</u>

#### 4. Related party transactions

During the periods, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the three-month		For the six-month		Transfer pricing policy
	periods ended 30 June		periods ended 30 June		
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
Revenue from sales of electricity <sup>(1)</sup>	393	890	769	1,924	Contract price
Interest income	85	118	170	118	Effective interest rate over the lease term
Other income	1	-	2	-	Contract price
Cost of sales of electricity	125	221	238	331	Contract price
Administrative expenses	19	18	38	37	Contract price

<sup>(1)</sup> Due to an El Nino event, in order to reduce the risk of penalties due to a lack of water, the Company requested to exercise a Drought Year right in 2020 for the supply of electricity to the Electricity Generating Authority of Thailand (EGAT), effective from 1 January 2020 to 31 December 2020, in accordance with the Power Purchase Agreement made with EGAT dated 27 December 2007.

The balances of the accounts as at 30 June 2020 and 31 December 2019 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	<u>Relationships</u>	30 June	31 December
		<u>2020</u>	<u>2019</u>
(Audited)			
<b><u>Trade and other receivables - related parties (Note 6)</u></b>			
<b>Trade receivable - related party</b>			
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	313,660	416,601
<b>Other receivable - related parties</b>			
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	94	149
- The Government of the Lao People's Democratic Republic	A group of shareholder of the Company	140,998	81,564
- Nam Theun 1 Power Company Limited	Common shareholder of the Company	2,639	-
		<u>143,731</u>	<u>81,713</u>
Trade and other receivables - related parties		<u>457,391</u>	<u>498,314</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

Relationships	30 June	31 December
	2020	2019
		(Audited)
<b><u>Prepaid expenses - related party</u></b>		
- The Government of the Lao People's Democratic Republic	A group of shareholder of the Company	22,622

**Finance lease receivable - related party**

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

(Unit: Thousand Baht)

	30 June 2020	31 December 2019
		(Audited)
<b>Related party (A group of shareholder of the Company)</b>		
- The Government of the Lao People' Democratic Republic	3,959,839	4,005,559
Less: Current portion	(94,503)	(90,565)
Finance lease receivable - related party, net of current portion	<u>3,865,336</u>	<u>3,914,994</u>

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

As at 30 June 2020, the Company had receivable under the lease agreement on Nabong substation upgrading and 500 kV transmission lines which the period of this agreement is valid until the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project and interest is charged at effective interest rate over the lease term as follows:

(Unit: Thousand Baht)

	30 June 2020			
	Amounts of installments due under the contract			
	Less than			
	1 year	2 - 5 years	Over 5 years	Total
Finance lease receivable	432,000	1,728,000	5,688,000	7,848,000
Unearned interest income	(337,497)	(1,257,357)	(2,293,307)	(3,888,161)
Finance lease receivable - net	<u>94,503</u>	<u>470,643</u>	<u>3,394,693</u>	<u>3,959,839</u>



(Unaudited but reviewed)

(Unit: Thousand Baht)

	<u>Relationships</u>	30 June	31 December
		2020	2019
			(Audited)
<b><u>Trade and other payables - related parties</u></b>			
<b><u>(Note 11)</u></b>			
<b>Trade payable - related parties</b>			
- CK Power Public Company Limited	Parent Company of the Group	14,960	14,781
- PT Sole Company Limited	The related company's president is the Company's director	21,206	19,776
- Electricité du Laos	Major shareholder of a shareholder of the Company	1,545	4,400
- The Government of the Lao People's Democratic Republic	A group of shareholder of the Company	25,999	41,235
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	20,145	16,182
		<u>83,855</u>	<u>96,374</u>
<b>Other payables - related parties</b>			
- CK Power Public Company Limited	Parent Company of the Group	312	366
- Electricité du Laos	Major shareholder of a shareholder of the Company	11	13
		<u>323</u>	<u>379</u>
Total trade and other payables - related parties		<u>84,178</u>	<u>96,753</u>

**Lease liabilities - related party (Note 9)**

(Unit: Thousand Baht)

	30 June 2020	31 December 2019
		(Audited)
<b>Related party (A group of shareholder of the Company)</b>		
- The Government of the Lao People' Democratic Republic	26,335	-
Less: Current portion	(886)	-
Lease liabilities - related party, net of current portion	<u>25,449</u>	<u>-</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	<u>Relationships</u>	30 June	31 December
		2020	2019
(Audited)			
<u>Retention payable - related party</u>			
- PT Sole Company Limited	The related company's president is the Company's director	724	724
<u>Other long-term liabilities - related party</u>			
<u>(Note 13)</u>			
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	299,499	289,602

#### Directors and management's remuneration

During the three-month and six-month periods ended 30 June 2020, the Company had short-term employee benefits of its directors and management personnel totaling Baht 6.5 million and Baht 12.3 million, respectively (2019: Baht 4.9 million and Baht 10.7 million, respectively).

#### 5. Cash and cash equivalents

	(Unit: Thousand Baht)	
	30 June 2020	31 December 2019
		(Audited)
Cash	370	361
Bank deposits	1,310,104	1,481,880
Total	1,310,474	1,482,241

#### 6. Trade and other receivables

	(Unit: Thousand Baht)	
	30 June 2020	31 December 2019
		(Audited)
Trade receivable - related party	313,660	416,601
Other receivable - related parties	143,731	81,713
Interest receivable	28	2,413
Total trade and other receivables	457,419	500,727

**7. Assets of hydroelectric power project under concession agreement**

Movements of assets of hydroelectric power project under concession agreement account during the six-month period ended 30 June 2020 are summarised below.

(Unit: Thousand Baht)

<b>Cost</b>	
31 December 2019	28,086,877
30 June 2020	<u>28,086,877</u>
<b>Accumulated depreciation</b>	
31 December 2019	8,978,478
Depreciation for the period	510,094
30 June 2020	<u>9,488,572</u>
<b>Net book value</b>	
31 December 2019	<u>19,108,399</u>
30 June 2020	<u>18,598,305</u>

**8. Plant and equipment**

Movements of the plant and equipment account during the six-month period ended 30 June 2020 are summarised below.

(Unit: Thousand Baht)

	Leased asset improvements	Equipment, furniture and office equipment	Motor vehicles	Total
<b>Cost</b>				
31 December 2019	34,536	106,350	58,535	199,421
Acquisitions during period	901	3,323	-	4,224
Disposals/write-off	-	(900)	(2,745)	(3,645)
30 June 2020	<u>35,437</u>	<u>108,773</u>	<u>55,790</u>	<u>200,000</u>
<b>Accumulated depreciation</b>				
31 December 2019	10,278	59,205	34,097	103,580
Depreciation for the period	963	5,699	3,595	10,257
Depreciation on disposals/ write-off	-	(849)	(2,196)	(3,045)
30 June 2020	<u>11,241</u>	<u>64,055</u>	<u>35,496</u>	<u>110,792</u>
<b>Net book value</b>				
31 December 2019	<u>24,258</u>	<u>47,145</u>	<u>24,438</u>	<u>95,841</u>
30 June 2020	<u>24,196</u>	<u>44,718</u>	<u>20,294</u>	<u>89,208</u>

**9. Leases**

A reconciliation of the net book value of right-of-use assets for the six-month period ended 30 June 2020 is presented below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2020	26,161
Depreciation	(685)
Net book value as at 30 June 2020	<u>25,476</u>

A reconciliation of the net book value of lease liabilities for the six-month period ended 30 June 2020 is summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2020	26,161
Accretion of interest	371
Paid according to the lease agreement	(810)
Unrealised loss on exchange	613
Net book value as at 30 June 2020	<u>26,335</u>
Current portion of lease liabilities	886
Lease liabilities, net of current portion	25,449

**10. Intangible assets**

A reconciliation of the net book value of intangible assets which are computer software for the six-month period ended 30 June 2020 is presented below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2020	38,982
Amortisation	(2,427)
Net book value as at 30 June 2020	<u>36,555</u>

**11. Trade and other payables**

	(Unit: Thousand Baht)	
	30 June 2020	31 December 2019
		(Audited)
Trade payables - related parties	83,855	96,374
Trade payables - unrelated parties	3,958	17,750
Other payables - related parties	323	379
Other payables - unrelated parties	2,835	2,349
Accrued expenses	10,612	13,714
Accrued finance cost	138,245	139,556
Total trade and other payables	<u>239,828</u>	<u>270,122</u>

(Unaudited but reviewed)

## 12. Debentures

							(Unit: Thousand Baht)	
							30 June	31 December
Debentures	No.	Life	Date of issue	Maturity date	Interest rate	2020	2019	
							(Audited)	
						(% per annum)		
1	1/2017	3 Years	5 October 2017	5 October 2020	2.59	1,000,000	1,000,000	
2	1/2017	7 Years	5 October 2017	5 October 2024	3.48	1,400,000	1,400,000	
3	1/2017	10 Years	5 October 2017	5 October 2027	3.69	3,600,000	3,600,000	
4	1/2018	12 Years	30 March 2018	30 March 2030	3.98	3,000,000	3,000,000	
5	1/2019	3 Years	7 March 2019	7 March 2022	3.18	2,000,000	2,600,000	
6	1/2019	4 Years	7 March 2019	7 March 2023	3.44	800,000	800,000	
7	1/2019	8 Years	7 March 2019	7 March 2027	3.88	2,000,000	2,000,000	
8	1/2020	5 Years	5 March 2020	5 March 2025	2.45	600,000	-	
Total						14,400,000	14,400,000	
Less: Deferred debenture issuing costs						(75,997)	(85,931)	
Less: Current portion of debentures						(2,000,000)	(2,100,000)	
Debentures, net of current portion						<u>12,324,003</u>	<u>12,214,069</u>	

Movements in the debentures account during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2020	14,400,000
Add: Issuance of debentures during the period	600,000
Less: Repayment of debentures during the period	(600,000)
	<u>14,400,000</u>
Less: Deferred debenture issuing costs	(75,997)
Balance as at 30 June 2020	<u>14,324,003</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.

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

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

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

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

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

Debentures presented in item 8 of the above table, principal is to be paid in 5th year in March 2025.

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

### **13. Other long-term liabilities - related party**

The balance of other long-term liabilities is 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 obligation to repay to EGAT in 2022, in accordance with a condition in the Power Purchase Agreement. The Company recognises 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.

### **14. Statutory reserve**

Pursuant to Section 151 of the Law on Enterprises of Lao People's Democratic Republic, the Company is required to annually appropriate 10 percent of its net income, after deducting accumulated deficit brought forward (if any), to a statutory reserve, until the statutory reserve reaches half of the registered capital, unless otherwise specified in the Articles of Association of the Company. The statutory reserve is not available for dividend distribution.

On 25 April 2012, the 2012 Annual General Meeting of the Company's shareholders passed resolutions approving the amendment of the Articles of Association pertaining to dividend and reserve whereby the Company shall annually appropriate 10 percent of its net income, after deducting accumulated deficit brought forward (if any), to a statutory reserve, until the statutory reserve reaches 1 percent of the registered capital. Currently, the Company has already amended the Articles of Association.

**15. Income tax**

Interim income tax of the Company will be calculated by multiplying net income 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 3.0 percent.

**16. Earnings (loss) per share**

Basic earnings (loss) per share is calculated by dividing profit (loss) for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

**17. Dividend payment**

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Interim dividends No. 1/2020	The Board of Directors Meeting on 20 February 2020	484.5	0.6
		484.5	0.6
Interim dividends No. 1/2019	The Board of Directors Meeting on 14 February 2019	792.8	0.9
		792.8	0.9

**18. Commitments and contingent liabilities****18.1 Service agreements and other commitments**

As at 30 June 2020, the Company has commitments in respect of the following service agreements and other agreements:

- a) The Company has commitments in respect of consultancy, administration and other service agreements with a related company and other companies for the Nam Ngum 2 Hydroelectric Power Project totaling Baht 21.1 million and Baht 13.5 million per month (31 December 2019: Baht 30.9 million and Baht 13.5 million per month).
- b) The Company has commitment in respect of the Agreement on Operation and Maintenance of Dam and Powerhouse for Nam Ngum 2 Hydroelectric Power Project with a related party, until the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project, with the service fee as specified in the agreement and subject to increase on an annual basis at the rate specified in the agreement. The service fee for 2020 is approximately Baht 9.4 million per month (2019: Baht 9.1 million per month).

- c) 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 an annual basis at the rate specified in the agreement. The service fee for 2020 is approximately USD 0.03 million per month (2019: USD 0.05 million per month).
- d) The Company has commitment amounting to approximately Baht 25 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.
- e) The Company has commitment to pay royalty fees to the Government of the Lao People's Democratic Republic commencing from the Initial Operation Date to the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project, which will be calculated by multiplying revenue from sales of electricity by the royalty rate for each period as specified under the Concession Agreement.
- f) The Company has commitments to pay wheeling charges to the Government of the Lao People's Democratic Republic from 1 January 2019 to the end of the concession date of the Nam Ngum 2 Hydroelectric Power Project, calculated by multiplying sales of electricity energy from Nabong substation by the wheeling charge rates for each period as specified under the Nabong interconnection and transmission agreement.
- g) The Company has commitment in respect of the Agreement on Major Maintenance of Dam and Powerhouse for the Nam Ngum 2 Hydroelectric Power Project with a related party, until December 2026, with the service fee as specified in the agreement and subject to an annual basis at the rate specified in the agreement. The service fee for 2020 is approximately Baht 3.7 million per month (2019: Baht 3.8 million per month).

## **18.2 Bank guarantees**

As at 30 June 2020, there were outstanding bank guarantees of USD 25 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 (31 December 2019: USD 25 million).



**19. Net assets in foreign currencies**

As at 30 June 2020 and 31 December 2019, the Company had the following assets net of liabilities in foreign currencies, which were unhedged:

	30 June 2020	31 December 2019	Average exchange rate	
			30 June 2020	31 December 2019
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	9.4	7.4	30.8905	30.1540

**20. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's authorised directors on 31 July 2020.

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

## Independent Auditor's Report

To the Shareholders of Nam Ngum 2 Power Company Limited

### Opinion

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

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

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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



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## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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



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

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

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

*Chatchai Kasemsriwat*

Chatchai Kasemsriwat

Certified Public Accountant (Thailand) No. 5813

EY Office Limited

Bangkok: 20 February 2020

**Nam Ngum 2 Power Company Limited**

**Statement of financial position**

**As at 31 December 2019**

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

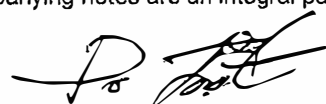
The accompanying notes are an integral part of the financial statements.

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

(Unit: Baht)

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

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

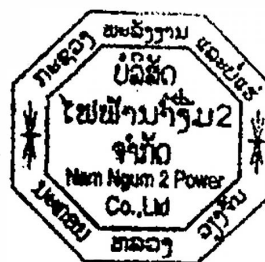


Mr. Plew Trivisvavet



Mr. Vorapote U. Choepalboonvong

Directors



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

(Unit: Baht)

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

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



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

(Unit: Baht)

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

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

**Nam Ngum 2 Power Company Limited**

**Statement of cash flows**

**For the year ended 31 December 2019**

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

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

**Nam Ngum 2 Power Company Limited**

**Statement of cash flows (continued)**

**For the year ended 31 December 2019**

(Unit: Baht)

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

**Supplemental cash flows information**

Non-cash transactions

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

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

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

### **Notes to financial statements**

**For the year ended 31 December 2019**

#### **1. Corporate information**

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

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

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

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

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

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

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

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

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

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

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

## **2. Significant accounting policies**

### **2.1 Basis for preparation**

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

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

### **2.2 Standards that became effective in the current year**

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

- **IFRS 16 Leases**

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

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

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

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

(Unit: Thousand Baht)

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

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

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

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

## 2.3 Summary of significant accounting policies

### (a) Foreign currency translation

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

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

**(b) Revenues and expenses recognition**

*Revenue from sale of electricity*

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

*Interest income*

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

*Other revenues and expenses*

Other revenues and expenses are recognised on an accrual basis.

**(c) Income tax**

*Current income tax*

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

*Deferred tax*

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

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

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

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



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

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

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

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

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

**(d) Financial assets**

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

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

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

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

#### *Financial assets at amortised cost (debt instruments)*

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

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

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

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

#### *Fair value of financial instruments*

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

#### **(e) Cash and cash equivalents**

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

#### **(f) Spare parts and supplies**

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

**(g) Financial liabilities**

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

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

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

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

**(h) Offsetting of financial instruments**

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

**(i) Derecognition of financial assets and liabilities**

*Financial assets*

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

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

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

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

### *Financial liabilities*

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

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

#### **(j) Impairment of financial assets**

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

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

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

#### **(k) Plant and equipment/depreciation**

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

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

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

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

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

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

**(l) Project costs during construction phase**

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

No depreciation is provided on project costs during construction phase.

**(m) Leases**

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

*The Company as a lessee*

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

**i) Right-of-use assets**

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

Office building 20 years

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

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

#### ii) Lease liabilities

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

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

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

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

#### *The Company as a lessor*

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

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

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

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

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

**(n) Borrowing costs**

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

**(o) Intangible assets**

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

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

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

**(p) Impairment of non-financial assets**

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

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

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

**(q) Related party transactions**

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

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

**(r) Employee benefits**

*Short-term employee benefits*

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

*Post-employment benefits*

Defined benefit plans

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



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

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

**(s) Hedge accounting - Cash flow hedges**

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

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

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

**3. Significant accounting judgements, estimates and assumptions**

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

***Concession Agreement***

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

### ***Power Purchase Agreement***

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

### ***Functional Currency***

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

#### **4. Standards issued but not yet effective**

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

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

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

#### **5. Expenses by nature**

Significant expenses by nature are as follows:

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

## 6. Income tax

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

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

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

## 7. Earnings per share

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

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

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

## 8. Plant and equipment

(Unit: Thousand Baht)

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

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

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

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

## 9. Intangible assets

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

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

## 10. Leases

### The Company as a lessee

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

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

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

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

The following are the amounts recognised in profit or loss:

(Unit: Thousand Baht)

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

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

#### 11. Project costs during construction phase

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

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

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

#### 13. Trade and other receivables

(Unit: Thousand Baht)

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

**14. Other current assets**

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

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

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

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

**Short-term restricted bank deposits**

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

**16. Issued capital**

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

## 17. Statutory reserve

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

## 18. Long-term loans from financial institutions

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

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

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

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

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



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

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

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

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

## 19. Debentures

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

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

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

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

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

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

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

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

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

**20. Other long-term liabilities - related party**

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

**21. Trade and other payables**

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

## 22. Related party transactions

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

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

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

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

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

**Finance lease receivable - related party**

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

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

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

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

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

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

### Directors and management's benefits

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

### 23. Dividend payment

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

## **24. Financial instruments**

### **Financial risk management and policies**

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

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

#### **24.1 Credit risk**

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

##### **Bank deposits**

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

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

##### **Trade receivable**

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

##### **Finance lease receivable**

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



## 24.2 Liquidity risk

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

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

(Unit: Million Baht)

As at 31 December 2019

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

(Unit: Million Baht)

As at 31 December 2018

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

(Unit: Million Baht)

As at 31 December 2018

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

### 24.3 Interest rate risk

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

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

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

(Unit: Million Baht)

	As at 31 December 2019			Total	Interest rate (% p.a.)
	Fixed interest rates	Floating interest rate	Non-interest bearing		
<b>Financial assets</b>					
Finance lease receivable	4,006	-	-	4,006	Effective interest rate over the lease term
Long-term restricted bank deposits	400	-	-	400	1.10
Trade and other receivables	-	-	501	501	
Cash at bank and on hand	114	1,368	-	1,482	0.05 - 1.10
	<u>4,520</u>	<u>1,368</u>	<u>501</u>	<u>6,389</u>	

(Unit: Million Baht)

As at 31 December 2019

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

(Unit: Million Baht)

As at 31 December 2018

	Fixed interest rates	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
<b>Financial assets</b>					
Long-term restricted bank deposits	509	467	-	976	0.05 - 1.05
Short-term restricted bank deposits	-	507	-	507	0.05 - 0.375
Trade and other receivables	-	-	464	464	
Cash at bank and on hand	-	1,427	1	1,428	0.05 - 0.50
	<u>509</u>	<u>2,401</u>	<u>465</u>	<u>3,375</u>	
<b>Financial liabilities</b>					
Long-term loans from financial institutions	-	7,103	-	7,103	MLR-margin and LIBOR + margin
Debentures	8,935	-	-	8,935	2.59 - 3.98
Accrued interest	-	-	277	277	
Other long-term liabilities - related party	-	-	271	271	
Trade and other payables	-	-	176	176	
Retention payable	-	-	1	1	
	<u>8,935</u>	<u>7,103</u>	<u>725</u>	<u>16,763</u>	

## 24.4 Foreign currency risk

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

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

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

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

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

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

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

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

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

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

#### 24.5 Fair value

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

#### 24.6 Capital management

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

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

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

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

## **25. Commitments and contingent liabilities**

### **25.1 Management service agreements**

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

### **25.2 Operation and maintenance agreements**

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

### **25.3 Royalty**

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

### **25.4 Bank guarantees**

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

## **26. Events after the reporting period**

### **Dividend payment**

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

# NAM NGUM 2 POWER CO., LTD.

No. 69/2020  
11 September 2020

## CORPORATES

<b>Company Rating:</b>	A
<b>Issue Ratings:</b>	
Senior unsecured	A
<b>Outlook:</b>	Stable

**Last Review Date:** 21/02/20

### Company Rating History:

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

### Contacts:

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WWW.TRISRATING.COM

## RATIONALE

TRIS Rating affirms the company rating on Nam Ngum 2 Power Co., Ltd. (NN2PC) and the ratings on its outstanding senior unsecured debentures at “A” with a “stable” rating outlook. At the same time, TRIS Rating assigns the rating of “A” to NN2PC’s proposed issue of up to THB1 billion in senior unsecured debentures. The proceeds from the proposed debenture issuance will be used to refinance the NNPC200A debenture, due in October 2020.

The ratings reflect NN2PC’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 company’s track record of efficient plant operations. However, the ratings are constrained by the uncertain flow of water from the Nam Ngum River.

NN2PC’s holds 25-year PPA with EGAT, which mitigates market risk. The company also has a concession agreement with the government of Laos (GOL), which mitigate the risks of money transferability and currency convertibility. The concession agreement states that 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.

For the first half of 2020, NN2PC’s revenue came in THB987 million, a substantial 52% decrease year-on-year (y-o-y). Earnings before interest, tax, depreciation, and amortization (EBITDA) were THB631 million, down by 60% y-o-y. The underperformance is a result of severe drought in 2019, which led to the lowest water resources seen in years. We forecast NN2PC’s EBITDA will be in the THB2.0-2.5 billion range, subject to the projected volume of water flows into the reservoir for the remainder of 2020. Based on statistical data over the past 10 years, water inflows during the second half of each year represent about 80% of the full-year volume of water inflows.

NN2PC has declared that 2020 is a drought year for its operations. The drought year declaration will temporarily exempt NN2PC from its obligation to maintain minimum availability throughout the year 2020. As such, it allows NN2PC to replenish its reservoir for operation in 2021. We expect NN2PC’s revenue and EBITDA to recover in 2021, based on its current operating plan. NN2PC plans to build up water reserves in its reservoir to a level of 369 meters above sea level (masl.) by the end of 2020. This volume of water is expected to be sufficient to generate electricity throughout the dry season in 2021. In effect, we expect the company’s EBITDA to arrive at the normal level of about THB3.0-3.5 billion in 2021 onwards. We forecast the debt to EBITDA ratio to increase to over 5 times in 2020, but then declining to 3-4 times in 2021.

## RATING OUTLOOK

The “stable” outlook reflects our expectation that NN2PC will continue to receive stable cash flows from its power plant provided the volume water inflows remains close to the historical average level over long periods. We expect the power units and water flows into the reservoir to be well managed, enabling NN2PC to achieve the Annual Supply Targets throughout the duration of the PPA.



## RATING SENSITIVITIES

A credit upside could develop if NN2PC delivers stronger performance on a sustainable basis. Downward rating pressure could emerge if cash flow deteriorates or if NN2PC makes any large investments which result in substantial deterioration in the company's financial profile.

## RELATED CRITERIA

- Rating Methodology – Corporate, 26 July 2019
- Key Financial Ratios and Adjustments, 5 September 2018
- Group Rating Methodology, 10 July 2015

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

<b>Company Rating:</b>	A
<b>Issue Ratings:</b>	
NNPC200A: THB1,000 million senior unsecured debentures due 2020	A
NNPC223A: THB3,200 million senior unsecured debentures due 2022	A
NNPC233A: THB800 million senior unsecured debentures due 2023	A
NNPC240A: THB1,400 million senior unsecured debentures due 2024	A
NNPC253A: THB600 million senior unsecured debentures due 2025	A
NNPC273A: THB2,000 million senior unsecured debentures due 2027	A
NNPC270A: THB3,600 million senior unsecured debentures due 2027	A
NNPC303A: THB3,000 million senior unsecured debentures due 2030	A
Up to THB1,000 million senior unsecured debentures due within 5 years	A
<b>Rating Outlook:</b>	Stable

## TRIS Rating Co., Ltd.

Silom Complex Building, 24th Floor, 191 Silom Road, Bangkok 10500, Thailand Tel: 0-2098-3000

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แบบแสดงรายการข้อมูลและร่างหนังสือขออนุญาตเสนอขายตราสารหนี้หรือศุกก



10-000008349-2563-305767-9

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ชื่อบริษัทผู้ออกหลักทรัพย์ : บริษัท ไฟฟ้านางิม 2 จำกัด  
(ภาษาไทย)

ชื่อบริษัทผู้ออกหลักทรัพย์ : NAM NGUM 2 POWER COMPANY LIMITED  
(ภาษาอังกฤษ)

ที่ปรึกษา : -  
ทางการเงิน  
(ถ้ามี)

**ประเภทเอกสาร**

69-DEBT-II-HNW

**ลักษณะการยื่นคำขออนุญาต**

รายครั้ง

**ประเภทตราสาร**

- หุ้นกู้ (Debenture)
- ตัวเงิน (Note)
- ตัวแลกเงิน (Bill of Exchange)
- พันธบัตร (Bond)
- ศุกก (SUKUK)
- หุ้นกู้เพื่อการแปลงสินทรัพย์เป็นหลักทรัพย์ (Securitization Debenture)
- หุ้นกู้ที่มีอนุพันธ์แฝง (Structured Debenture)
- ตัวสัญญาใช้เงิน (Promissory Note)
- หุ้นกู้แปลงสภาพ (Convertible Debenture)
- ตราสารเงินกองทุน (Basel)

**ลักษณะการเสนอขาย**

PP - เสนอขายต่อผู้ลงทุนสถาบัน (II)

**รายละเอียดตราสารหนี้/ศุกก**

- THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 2/2020 TRANCHE 1 DUE 2023
- THE DEBENTURES OF NAM NGUM 2 POWER COMPANY LIMITED NO. 2/2020 TRANCHE 2 DUE 2025

สำนักงานคณะกรรมการกำกับหลักทรัพย์และตลาดหลักทรัพย์  
Securities and Exchange Commission



ฝ่ายตราสารหนี้ (69-DEBT-II-HNW)

**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
นายวิเศษ จรุงวัฒนา	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
- 
- ในกรณีที่ที่ปรึกษาทางการเงินนำข้อมูลจากบุคคลอื่นที่มีความเชี่ยวชาญในด้านนั้นมาอ้างอิง โปรดระบุข้อความเพิ่มเติม
- 

ชื่อ-นามสกุล	ตำแหน่ง	ลายมือชื่อ

**ประทับตราบริษัท (ถ้ามี)**

**หมายเหตุ:**

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

ชื่อผู้ติดต่อ

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