

**Opinion of the Independent Financial Advisor
Concerning the Asset Acquisition and
Connected Transaction**

(Supporting Document for Agenda 8 of
the 2021 Annual General Meeting of Shareholders)

of



CK Power Public Company Limited

The Independent Financial Advisor



Capital Advantage Company Limited

March 31, 2021

- TRANSLATION -

The English Translation of the Independent Financial Advisor's Opinion has been prepared solely for the convenience of foreign shareholders of CK Power Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

No. 032/2021

March 31, 2021

Subject: Opinion of the Independent Financial Advisor concerning the Asset Acquisition and Connected Transaction of CK Power Public Company Limited

Attention: Shareholders
CK Power Public Company Limited

Attachments: Business overview and operating performance of Xayaburi Power Company Limited
Business overview and operating performance of CK Power Public Company Limited is shown in Clause 4 of Information Memorandum of CK Power Public Company Limited on the Asset Acquisition and Connected Transaction under Schedule 2 (Attachment 7) and Annual Report 2020 of the Company (Attachment 2), which are enclosed with the Notification of this Annual General Meeting of Shareholders.

References:

- 1) Resolutions of the Board of Directors' Meeting No. 2/2021 of CK Power Public Company Limited held on March 4, 2021
- 2) Information Memorandum on the Asset Acquisition and Connected Transaction of CK Power Public Company Limited dated March 4, 2021
- 3) Annual Registration Statement (Form 56-1) of CK Power Public Company Limited for the year ended December 31, 2018 - 2020
- 4) Audited financial statements of CK Power Public Company Limited for the 12-month period ended December 31, 2018 - 2020
- 5) Audited financial statements of Xayaburi Power Company Limited for the 12-month period ended December 31, 2017 - 2020
- 6) Company Affidavit, Memorandum of Association, and other information and documents, as well as interviews with the management and relevant staffs of CK Power Public Company Limited and Xayaburi Power Company Limited

Disclaimers:

- 1) Results of the study conducted by Capital Advantage Co., Ltd. ("CapAd" or the "Independent Financial Advisor" or the "IFA") in this report are based on information and assumptions provided by management of CK Power Public Company Limited and Xayaburi Power Company Limited, as well as information disclosed to the public on the websites of the Securities and Exchange Commission (www.sec.or.th) and the Stock Exchange of Thailand (www.set.or.th).
- 2) The Independent Financial Advisor shall not be responsible for profits or losses and any impacts resulting from the transaction.
- 3) The Independent Financial Advisor conducted the study with knowledge, skills, and cautiousness in accordance with the professional ethics.
- 4) The Independent Financial Advisor considers and provides its opinions based on the situation and information at the present time. Any significant change in such situation and information may affect the study results in this report.

Board of Directors' meeting No. 2/2021 of CK Power PCL. (the "Company" or "CKP"), held on March 4, 2021, has resolved to propose to the 2021 Annual General Meeting of Shareholders, to be held on April 22, 2021, to consider and approve the acquisition of 134,305,000 shares, representing 5.00% of registered capital, of Xayaburi Power Co., Ltd. ("XPCL") at the price not exceeding Baht 13.60 per share, totaling Baht 1,826.55 million, from PT (Sole) Company Limited ("PTS"), which is a connected

person of the Company, and the signing of Share Purchase Agreement with PTS. Upon the completion of the transaction, the Company will hold 42.50% of XPCL's registered capital.

The acquisition of XPCL's shares is considered as the acquisition of assets, according to the Notification of Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (2004) (including any amendment thereto) (collectively referred to as the "Notifications on Acquisition or Disposition of Assets"). The highest transaction size is equal to 11.96% according to net profit criteria, based on the audited consolidated financial statements of the Company as of December 31, 2020. When combined with the acquisition of assets of the Company during 6-month period prior to the date that the Board of Directors resolved to propose to the shareholders' meeting for approval of this transaction which has total transaction size of 0.06% of total value of consideration, the highest transaction size is equal to 11.96% based on net profit criteria (the transaction size based on net profit criteria for the previous 6-month period was equal to 0.00%). As the transaction size is below 15% threshold and is carried out in cash, it is not classified as a significant transaction under the Notifications on Acquisition or Disposition of Assets. As such, the Company is not required to seek approval from shareholders' meeting for the entering into the transaction and disclose the information on the entering into such transaction to the Stock Exchange of Thailand ("SET").

However, the entering into the transaction is deemed as connected transaction under the Notification of Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions B.E. 2546 (2003) (collectively referred to as the "Notifications on Connected Transaction") as PTS and the Company have a common director, namely Mr. David Van Dau, who is a director and the sole shareholder of PTS, as well as a director of the Company and XPCL. Size of the connected transaction is equal to 9.60% of net tangible assets of the Company and its subsidiaries as of December 31, 2020, which is higher than the 3% of net tangible assets of the Company and its subsidiaries. When combined with other connected transactions with Mr. David Van Dau or PTS during the previous 6 months prior to the date that the Board of Directors resolved to propose to the shareholders' meeting for approval of this transaction, the transaction size is equal to 10.33% of net tangible assets of the Company and its subsidiaries.

Therefore, the company is required to disclose information on the entering into the asset acquisition and connected transaction to the Stock Exchange of Thailand and appoint an independent financial advisor to render an opinion to the shareholders of the Company. It also has to seek for an approval from shareholders' meeting with affirmative votes of at least three-fourths of total votes of the shareholders who attend the meeting and are eligible to vote, excluding shareholders with conflict of interest. Since the company has to obtain an approval from the shareholders' meeting prior to entering into the transaction, according to the Notifications on Connected Transaction. The Company, therefore, intends to propose the shareholders' meeting to consider and approve the asset acquisition transaction at the same time as the connected transaction.

The Company has appointed Capital Advantage Co., Ltd. as the independent financial advisor ("CapAd" or the "Independent Financial Advisor" or the "IFA") to render an opinion to shareholders concerning the reasonableness and appropriateness of price and conditions of the asset acquisition and connected transaction.

CapAd has studied details of the Information Memorandum on Asset Acquisition Transaction and Connected Transaction of the Company and information from interviews with management and executives of the Company as well as documents received from the Company and XPCL such as financial statements, financial projection, relevant agreements and documents, as well as information disclosed to the public, information disclosed on websites of the SET and the Office of the Securities and Exchange Commission ("SEC"), and financial information available from various websites as a basis for rendering our opinion on such transaction.

The opinion of CapAd in this report is based on the assumption that all information and documents received from the Company's management are accurate and complete. The Independent Financial Advisor has reviewed the information according to the professional standard and found no material anomalies. However, CapAd is unable to assure or guarantee any accuracy or completeness

of such information. In deriving its opinion, CapAd takes into account current operating environment and most up-to-date information at the time of issuance of this report. Any change or future incidents may have material impact on business operation and financial projection of XPCL and assessment and analysis of CapAd, as well as decision of shareholders on the asset acquisition and connected transaction.

In providing the opinion to shareholders, CapAd studies and analyzes information stated above by considering the reasonableness of the asset acquisition and connected transaction, price and conditions, and all relevant factors. CapAd has considered such information thoroughly and reasonably according to the professional standards for the best interests of shareholders.

The attachments to this report are deemed as part of this opinion report and are information that shareholders should consider in conjunction with this report.

After considering and studying all the information on the asset acquisition and connected transaction, CapAd would like to summarize the study results as follows:

Abbreviation	
The "Company" or "CKP"	CK Power Public Company Limited
"XPCL"	Xayaburi Power Company Limited
"PTS"	PT (Sole) Company Limited
"SEAN"	SouthEast Asia Energy Limited
"BIC"	Bangpa-in Cogeneration Limited
"CRS"	Chiang Rai Solar Company Limited
"NRS"	Nakhon Ratchasima Solar Company Limited
"BKC"	Bangkhenchai Company Limited
The "Project"	Xayaburi Hydroelectric Power Project
The "Power Plant"	Xayaburi Hydroelectric Power Plant
"EGAT"	Electricity Generating Authority of Thailand
"Lao PDR"	Lao People's Democratic Republic
"EdL"	Electricite du Laos
"EDL-Gen"	EDL-Generation Public Company
"CNR"	Compagnie Nationale du Rhône, technical advisor of XPCL
"kWh", "MWh", "GWh"	Kilowatt-hour, Megawatt-hour, and Gigawatt-hour (Million Units), respectively
"PE"	Primary Energy
"SE"	Secondary Energy
"EE"	Excess Energy
The "Concession"	The Project under Build-Owned-Operate-Transfer (BOOT) concession between the government of Lao PDR and XPCL. As the concessionaire, XPCL will invest and construct the Project, own the Project's assets, and manage the Project after the completion of the construction. After the expiry of the concession period, XPCL will transfer the ownership of all related assets to the government of Lao PDR.
"COD"	Commercial Operating Date
"EGCO"	Electricity Generating Public Company Limited
"GPSC"	Global Power Synergy Public Company Limited
"NSC"	Natee Synergy Company Limited, a subsidiary of GPSC
"CapAd" or "Independent Financial Advisor" or "IFA"	Capital Advantage Company Limited
"SEC"	The Securities and Exchange Commission, Thailand
"SET"	The Stock Exchange of Thailand
"Notifications on Acquisition or Disposition of Assets"	The Notification of the Capital Market Supervisory Board No. Tor.Chor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547 (2004) and its amendments
"Notifications on Connected Transaction"	The Notification of the Capital Market Supervisory Board No. Tor.Chor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) and its amendments
"NTA"	Net Tangible Assets
"WACC"	Weighted Average Cost of Capital

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Attachment: Business Overview and Operating Performance of Xayaburi Power Company Limited

Executive Summary

Board of Directors' meeting No. 2/2021 of CK Power PCL. (the "Company" or "CKP"), held on March 4, 2021, has resolved to propose to the 2021 Annual General Meeting of Shareholders, to be held on April 22, 2021, to consider and approve the acquisition of 134,305,000 shares (representing 5.00% of registered capital) of Xayaburi Power Co., Ltd. ("XPCL") at the price not exceeding Baht 13.60 per share, totaling Baht 1,826.55 million, from PT (Sole) Company Limited. ("PTS") which is a connected person of the Company, and the signing of Share Purchase Agreement with PTS. Upon the completion of the transaction, the Company will hold 42.50% of XPCL's registered capital.

The highest transaction size is equal to 11.96% according to net profit criteria based on the audited consolidated financial statements of the Company as of December 31, 2020. When combined with the acquisition of assets of the Company during 6-month period before the date of the Board of Directors' resolution to propose to the shareholders' meeting for approving this transaction which has total transaction size of 0.06% of total value of consideration, the highest transaction size is equal to 11.96% based on net profit criteria. As the transaction size is below 15% threshold and is carried out in cash, it is not classified as a significant transaction under the Notifications on Acquisition or Disposition of Assets. As such, the Company is not required to seek for approval from shareholders' meeting and disclose information concerning the entering into the transaction to the Stock Exchange of Thailand.

However, the entering into the transaction is deemed as connected transaction under the Notifications on Connected Transaction as both companies have a common director, namely Mr. David Van Dau, who is a director and the sole shareholder of PTS, as well as a director of the Company and XPCL. The size of the connected transaction is equal to 9.60% of net tangible assets of the Company and its subsidiaries as of December 31, 2020, which is higher than 3% of net tangible assets of the Company and its subsidiaries. When combined with other connected transactions with Mr. David Van Dau or PTS during the previous 6 months prior to the date that the Board of Directors resolved to propose to the shareholders' meeting for approval of this transaction, the transaction size is equal to 10.33% of net tangible assets of the Company and its subsidiaries.

Therefore, the Company is required to disclose information on the entering into the asset acquisition and connected transaction to the Stock Exchange of Thailand and appoint an independent financial advisor to render an opinion to the shareholders of the Company. It also has to seek for the approval from shareholders' meeting with affirmative votes of at least three-fourths of the total votes of the shareholders who attend the meeting and are eligible to vote, excluding shareholders with conflict of interest. Thus, The Company intends to propose the shareholders' meeting to consider and approve the asset acquisition transaction at the same time as the connected transaction.

CapAd, the Independent Financial Advisor appointed by the Company to render an opinion on reasonableness and appropriateness of price and conditions concerning the asset acquisition and connected transaction, has considered objectives and necessities of the transaction, as well as its advantages, disadvantages, benefits, and risks as follows:

The Company operates as a holding company investing in other companies that generate and distribute electricity from various types of energy, both at home and abroad. In addition, it is the flagship company in the electricity generation and distribution business of CH. Karnchang Group.

The Company, therefore, has policies, goals and strategic plans that emphasize on expanding investment in the electricity generation and distribution business, in order to become the leading player in Thailand and the ASEAN region who has efficient operations and be able to generate good, stable, and fair returns to shareholders. Currently, the Company has invested in 3 categories of companies operating in the electricity generating and distributing business, namely hydroelectric power plant, cogeneration power plant, and solar power plant, located in Thailand and Lao People's Democratic Republic ("Lao PDR").

The Company invested in Xayaburi Hydroelectric Power Plant by acquiring 30% of XPCL's registered capital in June 2015 (at that time, the Xayaburi Hydroelectric Power Project was under construction and Phase 1 had completed). Later in June 2018, the Company acquired additional 7.50% of XPCL's ordinary shares, resulting in a total holding of 37.50% of XPCL's registered capital (at that time, construction of Xayaburi Hydroelectric Power Project had continuously progressed and was

approximately 89.29%¹ completed at the end of January 2018). XPCL began commercial operation (COD) and generated revenues from the Xayaburi Hydroelectric Power Plant on October 29, 2019 as planned.

The Company is, therefore, interested in making an additional investment in XPCL in order to recognize higher proportion of XPCL's operating performance, while PTS would like to sell 5.00% of XPCL's registered shares. The Company views that the decision on this investment is made at a suitable time because the Xayaburi Hydroelectric Power Plant has been in operation for approximately 1 year and 4 months (at the end of February 2021), which is like a real test-run of the electricity generation and distribution system that can generate electricity throughout the year. This will ensure recurring income to the Company and good returns for shareholders in the future.

The advantages and benefits from such asset acquisition and connected transaction are:

- (1) The entering into the transaction conforms to the Company's business operation policy to become a holding company investing in electricity generation and distribution business, and creating value-added for the Company. The additional investment in a huge hydroelectric power plant with capacity of 1,285MW and power purchase agreement with a trustworthy counterparty provides the Company with an opportunity to increase revenue in proportion to the additional investment and generate appropriate returns consistently. Furthermore, it enhances the Company's long-term business potential and attractiveness to investors, which will benefit fund raising activities for future projects.
- (2) It is the additional investment in a power plant business that has already been in commercial operation which enable the Company to recognize revenue and profit immediately and in the long run as the power purchase agreement covers nearly the entire concession period. The Xayaburi Hydroelectric Power Plant has the Power Purchase Agreement with EGAT for a period of 29 years starting from COD, accounting for 95% of annual power generation capacity. Furthermore, Electricite du Laos ("EdL") will purchase electricity from the Project for the whole concession period of 31 years starting from COD. In addition, there is no exposure to risks during project development because the construction is completed.
- (3) The Company will be able to realize an increase in revenue recognition from XPCL and diversify its revenue structure by not relying too much on one type of power plant.
- (4) The Company will have more assets from additional investment in XPCL and recognize more profit under equity method from additional 5% shareholding in XPCL.
- (5) It is the additional investment in power plant business of XPCL which has strong shareholder base, thus, helping to enhance confidence of XPCL's stakeholder. Other shareholders of XPCL are Electricity Generating PCL. ("EGCO"), Natee Synergy Co., Ltd. (a company under PTT Group), and EDL-Generation Public Company ("EDL-Gen").
- (6) It is the additional investment in power plant that utilizes clean energy and is environmental-friendly. The Xayaburi Hydroelectric Power Plant utilizes hydropower to generate electricity and does not emit any carbon dioxide to the atmosphere. In addition, the Xayaburi Power Plant is designed to minimize environmental and social impact and in accordance with Lao PDR's laws and Mekong River Commission ("MRC")'s regulations.

Nonetheless, the transaction still involves some disadvantages as follows:

- (1) The Company will have higher liabilities, interest expenses, and D/E Ratio from the issuance and offering of debenture domestically. If the Company receives the full amount of Baht 2,000 million, its interest-bearing debt to equity ratio will increase from 0.60 time (as of December 31, 2020) to a maximum level of 0.66 times, which is still below 3 times level of financial covenant specified in the terms and conditions of the debenture.
- (2) Loss of investment opportunity in other projects if there are any interesting project with favorable returns in the future.

The Company incur risks from the entering into this transaction as follows:

- (1) Risk from maturity mismatch of financing by issuing short-term debentures to finance long-term investment in XPCL.
- (2) Risk arising from the additional investment in power plant that the Power Purchase Agreement with the Electricity Generating Authority of Thailand ("EGAT") does not cover the entire concession

¹ Appraised by AFRY Switzerland Ltd. (Formerly Pöyry Energy Limited (Switzerland)), an engineering consultant of Lao PDR Government (GOL-E).

period as the Power Purchase Agreement with EGAT covers 29 years out of 31 years of concession period. XPCL will discuss with EGAT on extending the agreement for another 2 years prior to the end of the Power Purchase Agreement.

- (3) Risk that XPCL may be affected from the fluctuation of Mekong River's water volume which could impact electricity generation to be supplied to EGAT and EdL according to the power purchase agreements: The water in Mekong River is from the river upstream, rainfalls, and secondary rivers along Mekong River. Thus, there may be a constraint of water volume in each period depending on climate and season as well as the change in global climate system. However, XPCL has studied historical records on the adequacy of water volume prior to project designing and has continually monitored water volume throughout the construction period. In addition, In April 2015, XPCL's technical advisor, CNR Engineering Department of Compagnie Nationale du Rhône ("CNR"), found that water volume is adequate for electricity generation in accordance with the Power Purchase Agreements with EGAT and EdL.
Since 2009, XPCL has installed 10 water measurement points to measure daily water level and water flows rate along Mekong River, north and south of Xayaburi Hydroelectric Power Plant. Data on water volume since 2009 is collected daily to analyze electricity generating capacity in order to prepare weekly report for EGAT. Actual water volume, estimated electricity generation, and actual electricity generation are monitored and reviewed on a quarterly basis by the Lenders Technical Advisor (LTA).
- (4) Risk from natural disasters which will affect structure and electricity generation equipment of the Xayaburi Hydroelectric Power Plant, which is designed to withstand earthquakes up to 7.5 on the Richter scale. Moreover, the Project has spillway gates with a maximum discharge capacity of 47,500 cubic meters per second. It is, therefore, believed that the Project's structure is strong enough to withstand earthquakes and there are an adequate number of spillway gates to protect against dam overflows.
- (5) Risk associated with cost control in project management throughout the Project's life. Since XPCL currently manage the operation of generators and maintenance of the Power Plant, thus, management cost is relatively lower than management outsource. If XPCL changes its plan and engage the third party to manage the operation of generators and provide maintenance service for the Power Plant, operating cost may be higher.
- (6) Floating interest rate risk: The long-term Credit Facilities Agreement executed by XPCL is partly denominated in USD. To hedge against such interest rate risk, XPCL has executed an interest rate swap agreement from the floating rate to a fixed rate, initially covering the period up to the middle of 2024.
- (7) Foreign exchange rate risk: XPCL could be exposed to risk from foreign exchange rate fluctuation as part of long-term loan and interest expense are payable in USD. However, XPCL generates approximately 35% - 36% of total revenues in USD from the production and distribution of primary energy to EGAT under the power purchase agreement, which is deemed as a natural hedge against the exchange rate risk. XPCL also plans to manage any remaining risk by closely monitor the foreign exchange rate trend and executing a hedging contract from time to time as deemed appropriate.
- (8) Risk associated with not being a major shareholder in XPCL as the Company does not have complete control in XPCL after increasing its shareholding to 42.50% of XPC's registered capital.

After considering objectives and necessities of the transactions as well as advantages, disadvantages, benefits, and risks, the Independent Financial Advisor is of the opinion that the asset acquisition and connected transaction will provide greater revenue potential and future business prospect for the Company, whereby the risks that may arise are mainly associated with the operation in the normal course of business. Therefore, the **asset acquisition and connected transaction is considered reasonable.**

In considering the appropriateness of price and conditions of the asset acquisition and connected transaction, the IFA determined value of XPCL's shares by applying various approach as follows:

XPCL	Firm Value	Share Value	Acquisition Price of XPCL	Fair Value Higher (Lower) than the Acquisition Price	
	(Baht million)	(Baht/share)	(Baht/share)	(Baht million)	(%)
		(1)	(2)	(3)=(1) - (2)	(3)/(2)
Book Value Approach	27,915.30	10.39	13.60	(3.21)	(23.58)%
Adjusted Book Value Approach	27,915.30	10.39	13.60	(3.21)	(23.58)%
Market Value Approach	n.a.	n.a.	13.60	n.a.	n.a.
P/BV Ratio Approach	48,851.78 – 54,408.12	18.19 – 21.74	13.60	4.59 – 8.14	33.73% - 59.89%
P/E Ratio Approach	12,361.40 – 19,903.93	4.60 – 7.41	13.60	(6.19) – (9.00)	(45.51)% - (66.16)%
Discounted Cash Flow Approach	37,493.86 – 39,287.77	13.96 – 14.63	13.60	0.36 – 1.03	2.64% - 7.55%

Remark: Par value of Baht 10.00 per share.

The Independent Financial Advisor is of the opinion that the most appropriate approach to value XPCL's shares is the Discounted Cash Flow Approach as it reflects future profitability of XPCL. Fair XPCL's firm value is at Baht 37,493.86 – 39,287.77 million and share price is at Baht 13.96 – 14.63 per share, which is higher than the acquisition price by Baht 0.36 – 1.03 per share or 2.64% – 7.55% higher than the acquisition price. **Hence, the acquisition price of XPCL's shares at Baht 13.60 per share is appropriate as it is lower than fair value of XPCL's shares.**

The Independent Financial Advisor is of the opinion that funding the investment in XPCL in this transaction by proceeds from the offering of long-term debentures is considered appropriate since the IRR is higher than financial cost of the Company.

In this transaction, the Company shall pay full amount of consideration of XPCL's shares in cash on the Closing Date. Therefore, the Independent Financial Advisor is of the opinion that payment condition of this transaction is appropriate since it is a normal share sale and purchase transaction with no special payment condition. In addition, the Independent Financial Advisor receives confirmation from the Company that the conditions of the share sale and purchase agreement, which will be executed after receiving an approval from the shareholders' meeting, shall have similar conditions to general share sale and purchase agreement.

When considering reasonableness of the asset acquisition and connected transaction, and the appropriateness of price and conditions of the asset acquisition and connected transaction, **the IFA opines that the shareholders should approve the entering into the asset acquisition and connected transaction.**

Shareholders should study information in all documents attached to the notice of the shareholders' meeting prior to making the decision. The consideration to approve the asset acquisition and connected transaction rests primarily on and is the sole discretion of the shareholders.

CapAd, as the IFA, hereby certifies that it has provided the above opinion with due care in accordance with the professional standards for the benefits of the shareholders.

Details of the IFA's opinion are as follows:

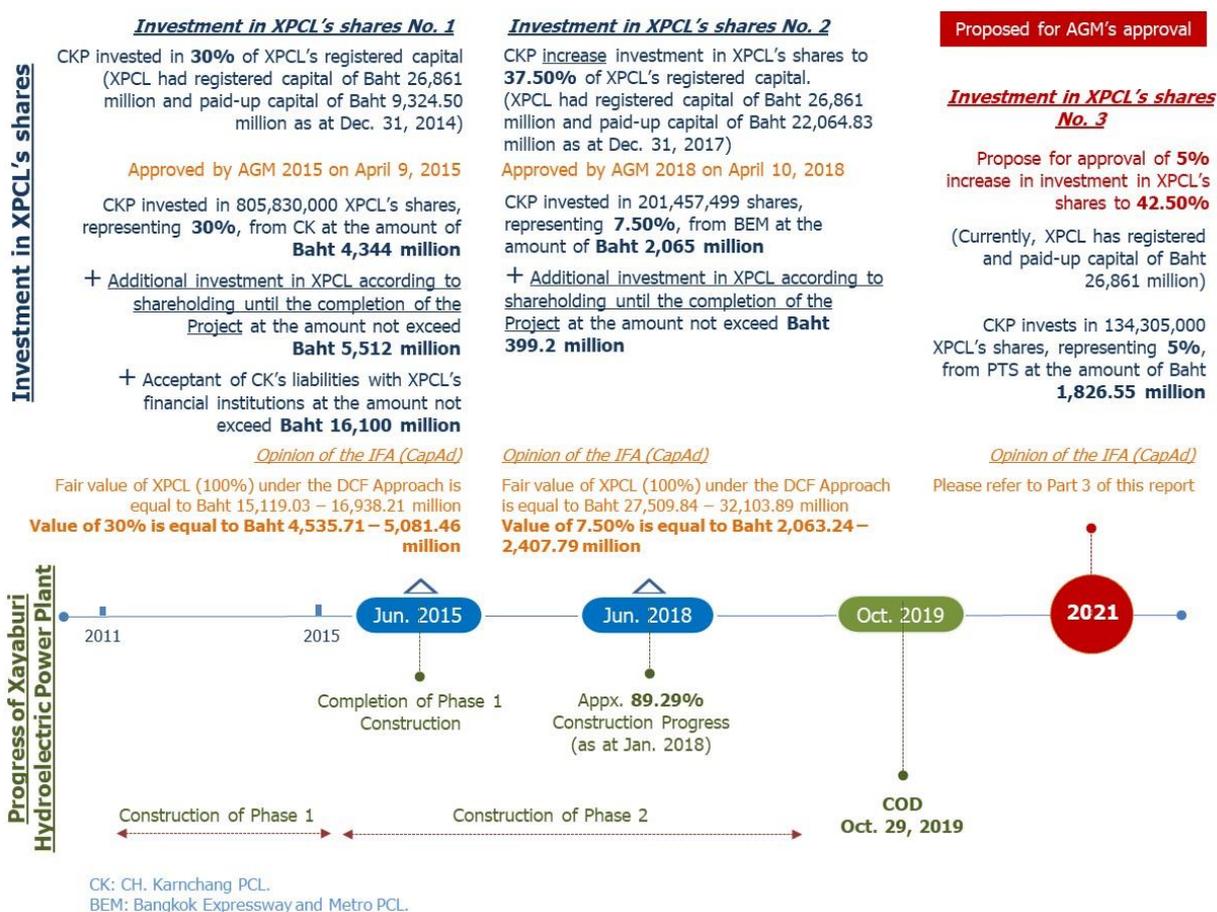
Part 1: General Details of the Asset Acquisition and Connected Transaction

1. Characteristics and Details of the Transaction

1.1 Objectives and Background of the Transaction

Board of Directors' meeting No. 2/2021 of CK Power PCL. (the "Company" or "CKP") held on March 4, 2021 has resolved to propose to the 2021 Annual General Meeting of Shareholders, which will be held on April 22, 2021, to consider and approve the acquisition of 134,305,000 shares (representing 5.00% of registered capital) of Xayaburi Power Co., Ltd. ("XPCL") at the price not exceeding Baht 13.60 per share, totaling Baht 1,826.55 million, from PT (Sole) Company Limited ("PTS") which is a connected person of the Company, and the signing of Share Purchase Agreement with PTS. Upon the completion of the transaction, the Company will hold 42.50% of XPCL's registered capital.

Background



Remark: The figure shows background of the investment in XPCL and progress of the construction of Xayaburi Hydroelectric Power Plant only. Shareholders should not compare acquisition price of XPCL's shares as there are various different factors involved including investment period, construction progress (by which risk relating to the construction is not at the similar level), paid-up capital, obligation in capital increase in XPCL, required capital expenditure in order to complete construction in each period of time, conditions of money market and capital market (such as interest rate).

1.2 Date of the Transaction

The Company will enter into the transaction after it obtains approval from the 2021 Annual General Meeting of Shareholders which will be held on April 22, 2021. The Company expects to complete the transaction to purchase XPCL's shares and sign a Share Purchase Agreement with PTS within Q3/2021. The Company shall prepare XPCL Share Purchase Agreement after receiving approval from the shareholders' meeting.

1.3 Contract Parties and Relationship with the Company

1.3.1 Contract parties and relationship with the Company

Buyer of XPCL's shares	: CK Power Public Company Limited (CKP)
Seller of XPCL's shares	: PT (Sole) Company Limited (PTS) ^{1/}
Relationship between the Buyer and the Seller	: <ol style="list-style-type: none"> 1. PTS is a shareholder of the Company. As of the closing date of share register (XM) on March 19, 2021, PTS held a total of 201,039,300 shares in the Company, representing 2.47% of the Company's total issued and paid-up shares.^{2/} 2. PTS is a juristic person in which Mr. David Van Dau is the sole shareholder and the Chief Executive Officer. 3. Mr. David Van Dau is a director of the Company and XPCL.

Remark:

1/ PT (Sole) Company Limited (PTS) was established in 2005 under the former name "PT Construction and Irrigation Co., Ltd.". It was registered as a limited company with only one individual shareholder under the Enterprise Law of the Lao PDR. Mr. David Van Dau is the sole shareholder and manager of the company.

As of November 30, 2020, PTS had registered capital of KIP 360.80 billion, comprising of 1,804,000 ordinary shares with a par value of KIP 200,000 per share.

The Head Office is located at PT Building, Phonexay Road, Phonexay Village, Saysettha District, Vientiane Capital, Lao PDR.

PTS operates the following businesses: (1) advisory service on energy and mining, (2) exploration, excavation, enrichment of minerals for domestic and international distribution, and (3) electricity generation for sale.

PTS has experience and expertise in business operation as well as investments in Lao PDR. As a result, PTS is highly trusted partner by leading companies across the region who wish to invest and operate business in Lao PDR. PTS jointly invested with partners to develop 4 of the largest hydroelectric power projects in Lao PDR. Furthermore, PTS has also been awarded a concession to explore and develop hydrocarbon energy resources in 9 provinces across the country.

PTS is one of the Group's partners to develop hydroelectric power projects in Lao PDR, namely (1) Nam Ngum 2 Hydroelectric Power Plant, (2) Nam Bak 1 Hydroelectric Power Plant, (3) Xayaburi Hydroelectric Power Plant, and (4) Luang Prabang Hydroelectric Power Project at Luang Prabang Province, Lao PDR, which is under the study for project development. (Source: Company registration documents and www.ptsole.com)

2/ Consist of (1) shareholding by PTS of 200,000,000 shares, representing 2.46% of issued and paid-up shares of the Company, and (2) shareholding via Thai NVDR Co., Ltd. of 1,039,300 shares, representing 0.01% of issued and paid-up shares of the Company.

1.3.2 Connected persons and/or persons with conflict of interests who are ineligible to vote

List of connected persons and/or persons with conflict of interests who are ineligible to vote in the Agenda 8 Re: To consider and approve the acquisition of shares in Xayaburi Power Company Limited from PT (Sole) Company Limited at the 2021 Annual General Meeting of Shareholders on April 22, 2021 is shown Clause 5 of the Information Memorandum of the Company on the Asset Acquisition and Connected Transaction (Attachment 7), enclosed with the Notification of this Annual General Meeting of Shareholders.

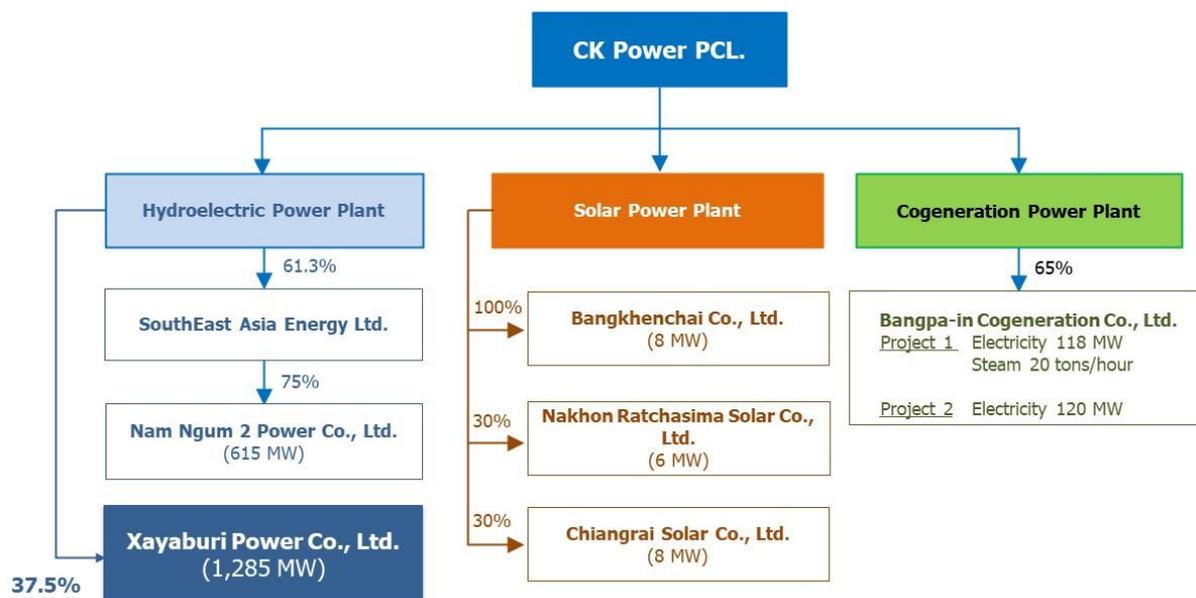
The IFA has reviewed list of shareholders who have conflict of interest and are not eligible to vote in Agenda 8 and found that the list specified in the Information Memorandum of the Company on the Asset Acquisition and Connected Transaction is accurate.

1.4 General Characteristics of the Transaction

The Company will purchase 134,305,000 ordinary shares of XPCL, which operates hydropower generation and distribution business, representing 5.00% of XPCL's registered capital, from PTS, who is a connected person of the Company, in the amount of approximately Baht 1,826.55 million. The Company expects to complete such transaction within Q3/2021.

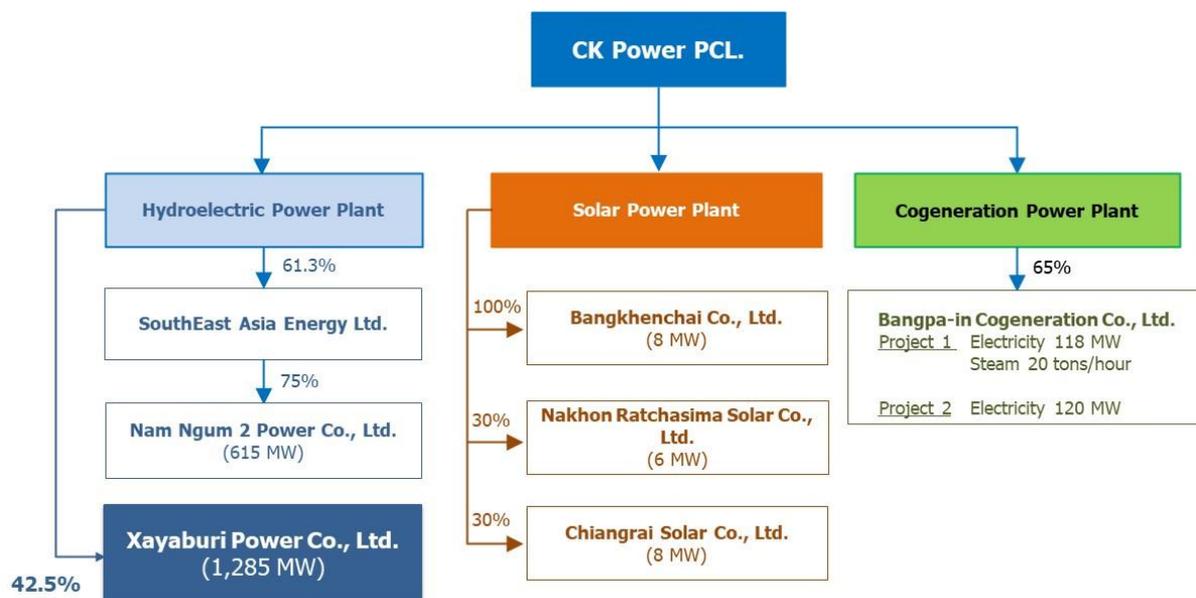
Upon the completion of the transaction (when the purchase and sale of ordinary shares is completed), the Company's shareholding in XPCL will increase from 37.50% to 42.50% of XPCL's registered capital.

Shareholding Structure prior to the Entering into the Transaction^{1/}



Remark: 1/ The Company’s shareholding in subsidiaries and associated companies as of March 24, 2021.

Shareholding Structure after the Entering into the Transaction



1.5 Details of the Assets being Acquired

The Company will acquire 134,305,000 XPCL’s shares, representing 5.00% of XPCL’s registered and paid-up capital, at the price not exceeding Baht 13.60 per share, totaling approximately Baht 1,826.55 million. Details are as follows:

1.5.1 Company profile

XPCL was incorporated on June 22, 2010 as a limited company under the laws of Lao PDR, with the objective to operate Xayaburi Hydroelectric Power Project, which is located in Mekong River near Xayaburi. It is located on the joint area between Xayaburi and Luang Prabang, approximately 80 kilometers from the city of Luang Prabang.

Based on the information as of March 1, 2021, XPCL has registered and paid-up capital of USD 790 million, or approximately Baht 26,861 million², divided into 2,686,100,000 ordinary shares with a par value of Baht 10 per share. All shares are fully paid.

(Please find additional details on business overview and operating performance of XPCL in the Attachment of this report)

1.5.2 General information of Xayaburi Hydroelectric Power Plant

Xayaburi hydroelectric Power plant is operating under the Build-Own-Operate-and-Transfer (BOOT) Concession Agreement between the government of Lao PDR and XPCL. XPCL, as a concessionaire, will design, develop, construct and operate the project over a concession period of 31 years from the Commercial Operation Date ("COD") on October 29, 2019. The power plant has a total installed capacity of 1,285 MW, comprising of (1) 1,225 MW for distribution to the Electricity Generating Authority of Thailand ("EGAT") under the 29-year power purchase agreement starting from the COD, and (2) 60 MW for distribution to the Electricity du Laos ("EdL") under the power purchase agreement between EdL and XPCL for the period equal to the concession granted by the government of Lao PDR.

Upon the expiration of the concession period, XPCL shall transfer ownership of the Xayaburi Hydroelectric Power Plant to the government of Lao PDR unless the concession period is extended.

Project Location and Aerial Photo

The Xayaburi Hydroelectric Power Plant is located on the lower Mekong River, all in the territory of the Lao PDR. It is approximately 80 kilometers south of Luang Prabang and approximately 160 kilometers from Chiang Khan District, Loei Province.

Project Location



Source: The Company



Source: <https://www.google.co.th/maps>, GPS: 19°14'42.0"N 101°49'13.5"E



² Based on an exchange rate of Baht 34 per USD as specified in the company affidavit of XPCL registered at Lao PDR on November 19, 2020. Such exchange rate is a fixed rate used for Baht comparison since the Company's incorporation.



Source: The Company

General Characteristics of the Project

Details of Xayaburi Hydroelectric Power Plant

Xayaburi Hydroelectric Power Plant is a run-of-river hydroelectric power plant which produces electricity by increasing the water level without diverting water from Mekong River and without storing water like storage dams. The amount of water flowing in is equal to the amount of water flowing out of the power plant. The water will flow and drive the turbine blades to spin the shaft of the generator connected to the turbine. The rotation induces an inductance in the generator to produce an electric current.

Xayaburi Hydroelectric Power Plant features a reinforced concrete structure of 820 meters in length, consisting of a powerhouse, a navigation lock, a spillway, and fish passing facilities. The power plant has a rated net head of 28.5-meters height. The power plant utilizes Kaplan-type turbine with a low-rotation speed and fish-friendly design. Eight electricity generating units, comprising of seven 175-MW units to generate electricity for EGAT and one 60-MW unit to generate electricity for Lao PDR are also installed. The plant has a total installed capacity of 1,285 MW and can generate total power of 7,589 GWh or million units per annum.

Pictures of Xayaburi Hydroelectric Power Plant



Source: The Company

Xayaburi Hydroelectric Power Plant is designed to have a 12x700-meter navigation lock on the west side of the spillway to accommodate marine traffic up to 2 concurrent 500-ton vessels, and an 18-meters-wide fish passing system for fish preservation with a fish screen on the east side of the Power Plant. There are a total of 11 water gates (with a total length of 235 meters), four of which are added with a sediment flushing system, with a maximum discharge capacity of 47,500 cubic meters per second to help release water during the flood season. When the construction of Xayaburi Hydroelectric Power Plant is completed, the daily water discharge will equal to the amount of water flowing in, without storing water. As such, the average monthly amount of water flowing through and the amount of electricity sales of the Xayaburi Hydroelectric Power Plant since its commercial operation are shown in the following figure and table.

The Xayaburi Hydroelectric Power Plant had been in preparation stage since mid-2010, and started construction of the project's structure in 2012. The commissioning of water turbines and electricity generators began in October 2018 and the Power Plant commenced commercial operations (COD) on October 29, 2019, which was in accordance with the plan.

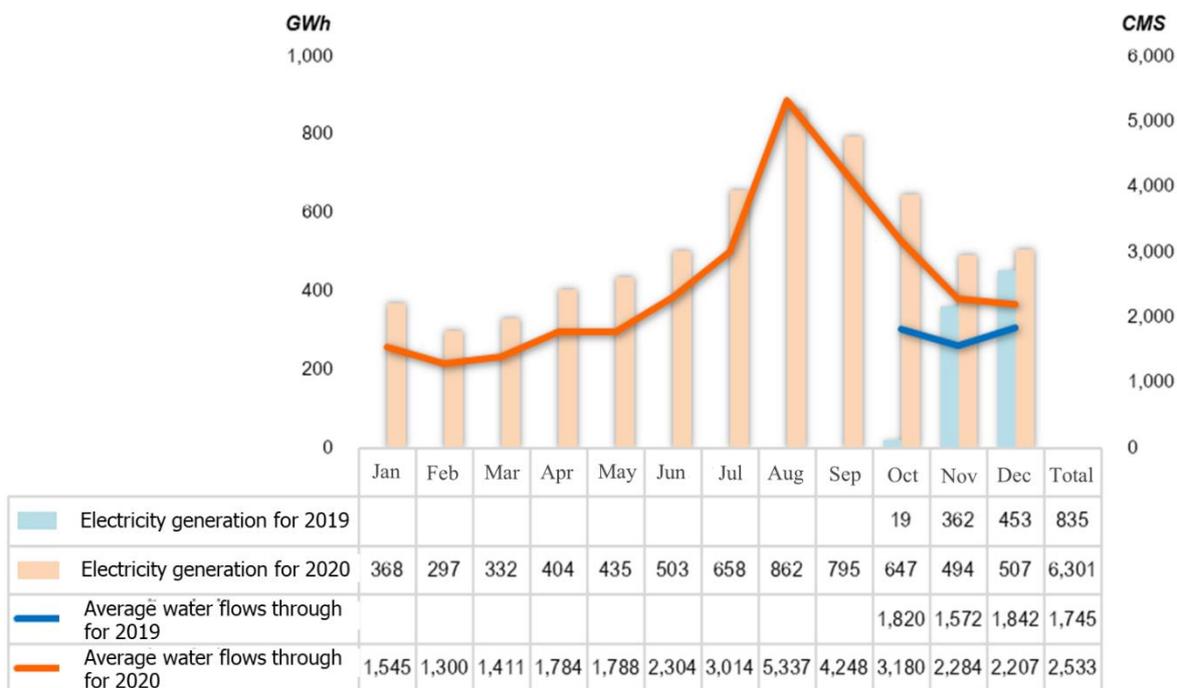
The average water flows through Xayaburi Hydroelectric Power Plant during the past 5 years (2015 – 2019) and the past 10 years (2010 – 2019) prior to the COD was at approximately 3,546 cubic meters per second and 3,446 cubic meters per second, respectively.

Average Water Flows Through Xayaburi Hydroelectric Power Plant which Differ in Each Month (cubic meters per second)													
Year	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Annual Average
2015 – 2019 (5 years)	2,419	1,964	2,377	2,552	2,722	2,861	4,105	7,624	6,504	3,792	3,180	2,453	3,546
2010 – 2019 (10 years)	2,036	1,563	1,800	1,902	2,270	2,668	4,420	7,894	6,975	4,173	3,171	2,481	3,446

Source: XPCL

Remark: Please find additional information on amount of water flows through Xayaburi Hydroelectric Power Plant during the past 30 years in table on page 36 and Figure 3 on page 37 in Part 3 of this report. The operation of a set of water turbine and 175-MW generator requires the minimum of 210 cubic meters per second of water flows in order to generate capacity of 68 MW or equivalent to electricity of approximately 48.96 GWh.

Average amount of water flows through Xayaburi Hydroelectric Power Plant since COD is as follows:



Source: XPCL

Remark: GWh = Amount of electricity generated (GWh)

CMS = Average amount of water flowing through (Cubic meters per second)

Project Manager

XPCL, owner of Xayaburi Hydroelectric Power Plant, is responsible for operation of the generators and maintenance of the Power Plant. The management is under corporate structure comprising of executive committee, managing director, management, and staffs in various departments. Presently, XPCL still wishes to manage the operation of the generators and maintenance of the Power Plant by itself and has no plan to engage any third party in such management.

XPCL has hired its own XPCL personnel by selecting knowledgeable, talented, and experienced personnel involved in the operation of power plants, domestically and internationally. It has also hired 2 senior executives from an international company with experience in operation of the generators and maintenance of large hydroelectric power plants, while CKP serving as a consultant and support for engineering and general management (Back Office Support).

1.6 Total Value of the Assets being Acquired, Payment of Consideration, Basis for Calculation of Total Value of the Assets being Acquired and Value of Consideration

Total value of the assets being acquired

Total value of the assets being acquired is approximately Baht 1,826.55 million, which is the entire 134,305,000 ordinary shares in XPCL with par value of Baht 10 per share, representing 5.00% of XPCL's registered capital.

Payment of consideration

The Company will pay Baht 1,826.55 million to PTS in exchange of 134,305,000 of XPCL's shares, representing 5.00% of XPCL's registered capital, on the date PTS transfers the ownership of the shares to the Company. The payment will be made by a cashier's order of a commercial bank or a transfer of fund via commercial bank to PTS's bank account or any other account as agreed by PTS and the Company.

Basis for calculation of total value of the assets being acquired and value of consideration

Criteria used to determine total value of the assets being acquired was based on negotiation, together with the share valuation under the Discounted Cash Flow Approach as it takes into account the future performance of XPCL, details of which are in Clause 5.2 of the Information Memorandum of the Company on the Asset Acquisition and Connected Transaction under Schedule 1 (Attachment 7) enclosed with the notification of this shareholders' meeting.

1.7 Calculation of Transaction Size

Asset acquisition transaction

Criteria for Calculation of Transaction Size	Calculation Formula	Transaction Size
1. Net tangible asset criteria	= (Baht 27,793.01 million ^{1/} * 5%) / Baht 19,024.00 million ^{2/}	7.30%
2. Net profit criteria	= (Baht 968.29 million ^{3/} * 5%) / Baht 404.71 million ^{4/}	11.96%
3. Total value of consideration criteria	= Baht 1,826.55 million / Baht 67,038.45 million ^{4/}	2.72%
4. Total value of securities criteria	Not applicable because there is no issuance of new securities as consideration of assets.	-
Highest criteria: Net profit criteria		11.96%
Highest transaction size, including transactions during the past 6 months based on net profit criteria		11.96%

Remark: Highest transaction size during the past 6 months based on total value of consideration criteria was at 0.06% (transaction size during the past 6 months based on net profit criteria was at 0.00%).

Source:

- 1/ Net tangible assets of XPCL = Total assets of Baht 131,464.90 million - Net intangible assets of Baht 43.22 million - Total liabilities of Baht 103,549.59 million, based on XPCL's audited financial statements for the year ended December 31, 2020.
- 2/ Net tangible assets of the Company = Total assets of Baht 67,038.45 million - Net intangible assets of Baht 4,730.37 million - Deferred income tax of Baht 20.05 million - Total liabilities of Baht 32,000.46 million - Non-controlling shareholders' equity of Baht 11,263.57 million, based on the Company's audited financial statements for the year ended December 31, 2020. (Intangible assets of Baht 4,730.37 million above comprise of intangible assets of Baht 74.95 million - right to power production and distribution- the Company's shareholders' equity of Baht 4,126.20 million, and right to use gas pipeline (recorded under other non-current assets) of Baht 143.00 million.)
- 3/ Based on the audited financial statements of XPCL for the year ended December 31, 2020.
- 4/ Based on the audited consolidated financial statements of the Company for the year ended December 31, 2020.

Connected transaction

Criteria for Calculation of Transaction Size	Calculation Formula	Transaction Size
Net tangible assets (NTA) criteria	= Baht 1,826.55 million / Baht 19,024.00 million ^{1/}	9.60%
Connected transaction size		9.60%
Connected transaction size + transactions during the past 6 months		10.33%

Remark:

1/ Please refer to Remark 2/ in the above table.

1.8 Sources of Funds for the Entering into the Transaction

The Company will issue and offer no more than Baht 2,000 million debenture³, or equivalent amount in other currency (in case of debenture issuance is in foreign currency), and use approximately Baht 1,826.55 million of the proceeds to pay PTS for 134,305,000 XPCL's shares, representing 5.00% of XPCL's registered capital.

In addition to the issuance of no more than Baht 2,000 million debenture, the Company also has a Baht 4,000 million short-term credit facility from a financial institution (undrawn as of December 31, 2020), as well as cash, bank deposit, and short-term investment in the amount of Baht 6,095 million (according to the separate financial statements of the Company for the year ended December 31, 2020).

1.9 Conditions on the Entering into the Transaction

The Company will purchase 134,305,000 XPCL's shares, representing 5.00% of XPCL's registered capital, from PTS at the amount of Baht 1,826.55 million as well as sign the Share Purchase Agreement. (Currently, the Company does not prepare the Share Purchase Agreement. It will prepare such agreement after receiving approval from the shareholders' meeting). Material conditions precedent requiring the Company to obtain approval before entering into the transaction are as follows:

- (1) The Company obtains an approval from the shareholders' meeting to enter into the transaction.
- (2) The Company obtains consents from XPCL's creditors under credit agreements and from counterparties under other agreements on restriction of share transfer, which are Natee Synergy Company Limited, EDL-Generation Public Company, and Electricity Generating Public Company Limited (EGCO). Currently, the Company is under the process of obtaining such consents and it expects to receive the consents within Q3/2021⁴.

1.10 Procedure/Time Table to Purchase XPCL's Shares

Period	The Acquisition of XPCL's shares
March 4, 2021	The Company's Board of Directors passed a resolution to purchase 5.00% of XPCL's registered capital.
March 18, 2021	Record date of the Company's shareholders who are eligible to attend the 2021 Annual General Meeting of Shareholders (Record date).
April 22, 2021	2021 Annual General Meeting of Shareholders of the Company to approve the purchase of 5.00% of XPCL's registered capital from PTS.
Around Q3/2021	The Company issues and offers the debentures.
Within Q3/2021	The Company pays PTS for XPCL's shares.

2. Information of Xayaburi Power Co., Ltd., which is the Asset to be Acquired

Please refer to Attachment of this report

³ The issuance and offering of not exceeding Baht 20,000 million (an expansion from the previously approved THB 10,000 million) debenture was approved at the 2020 Annual General Meeting of Shareholders held on August 3, 2020. On March 1, 2021, the balance of unissued debenture approved under such resolution amounted to Baht 9,500 million.

In Q3/2021, the Company plans to issue senior unsecured debentures with term of not more than 10 years and fixed interest rate. Interest rate shall be fixed at the market rate at the time of the offering and paid every 6 months. The debentures shall be offered to institutional investors and/or high net worth investors. Material terms and conditions of the debentures, such as the setting of maximum interest-bearing debt to equity ratio of 3 times, shall be similar to the existing debentures.

⁴ If XPCL fails to obtain consents on share transfer from its creditors under the credit agreement and from counterparties under other agreements, the Company will not enter into this transaction (even though the shareholders' meeting approves the entering into this transaction). Therefore, there is no risk concerning the share transfer. The IFA is of the opinion that the Company has obtained consent from financial institutions and shareholders of XPCL in the 2 previous acquisitions (30% and 7.50% of XPCL's registered capital in 2015 and 2018, respectively). Thus, it is highly unlikely that the consent for this acquisition of XPCL (5% of XPCL's registered capital) is rejected.

Part 2: Opinion of the Independent Financial Advisor on Reasonableness of the Asset Acquisition and Connected Transaction**1. Objective and Necessity of the Transaction**

The Company operates as a holding company investing in other companies that generate and distribute electricity generated from various types of energy, both at home and abroad. In addition, it is the flagship company in the power generation and distribution business under CH. Karnchang Group.

The Company, therefore, has policies, goals and strategic plans that emphasize on expanding investment in the power generation and distribution business in order to become the leading player in Thailand and the ASEAN region who has efficient operations and be able to generate good, stable, and fair returns to shareholders. Currently, the Company has invested in companies operating in 3 categories of electricity generating and distributing business, namely hydroelectric power plant, cogeneration power plant, and solar power plant, located in Thailand and Lao PDR.

The Company invested in Xayaburi Hydroelectric Power Plant by acquiring 30% of XPCL's registered capital in June 2015 (at that time, the Xayaburi Hydroelectric Power Project was under construction and Phase 1 had completed). Later in June 2018, the Company acquired additional 7.50% of XPCL's ordinary shares, resulting in a total holding of 37.50% of XPCL's registered capital (at that time, construction of the XPCL Hydroelectric Power Project had continuously progressed and at the end of January 2018, it was approximately 89.29%⁵ completed). XPCL began commercial operation (COD) and generated revenues from the Xayaburi Hydroelectric Power Plant on October 29, 2019 as planned.

The Company is, therefore, interested in making an additional investment in XPCL in order to recognize higher proportion of XPCL's operating performance, while PTS would like to sell 5.00% of XPCL's registered capital. The decision on this investment is made at a suitable time because the Xayaburi Hydroelectric Power Plant has been in operation for approximately 1 year and 4 months (at the end of February 2021), which is like a real test-run of the electricity generation and distribution system that can generate electricity throughout the year. This will ensure recurring income to the Company and good returns for shareholders in the future.

2. Comparison of Advantages and Disadvantages of the Transaction**2.1 Advantages and Benefits of the Transaction**

(1) The entering into the transaction conforms to the Company's business operation policy to invest in power generation and distribution business and create value added.

According to business operation policy, the Company is to invest in other companies whose operations involve distribution of electricity generated from various energy sources in order to enhance its growth potential and create synergy among the Company and its subsidiaries. In addition, the Company has a policy to expand its investment in power generation and distribution businesses in Thailand and Southeast Asian region. One of the Company's objective is to play a part in ensuring power security in Thailand from its investment in various power projects including (a) project with power purchase agreement with trustworthy counterparty, (b) project with agreement to procure adequate raw material for electricity generation throughout the project's lifetime, and (c) project that benefits the society and is environmental-friendly.

The additional investment in XPCL conforms to the Company's business operation policy and creates added value to the Company. Furthermore, it will improve the Company's attractiveness to investors which will benefit fund raising activities for future project.

(2) It is the additional investment in the power plant that has already been in commercial operation which enable the Company to recognize revenue and profit immediately and in the long run as the power purchase agreement covers nearly the entire concession period. In addition, there is no risk exposure during project development because the construction is already completed.

The additional investment in XPCL is made during the period when XPCL's Xayaburi Hydroelectric Power Plant started to distribute electricity and generate commercial income (COD) for approximately 1 year and 4 months (as at the end of February 2021).

Xayaburi Hydroelectric Power Project is a large-scale power generation project, with consistent cash inflow and operating performance due to long-term power purchase agreement covering nearly

⁵ Appraised by AFRY Switzerland Ltd. (Formerly Pöyry Energy Limited (Switzerland)), an engineering consultant of the government of Lao PDR (GOL-E).

entire concession period. The Power Purchase Agreement with EGAT for electricity generating unit 1 – 7 covers a period of 29 years starting from COD out of 31 years concession period, accounting for approximately 95% of total annual capacity. Furthermore, EdL will purchase electricity from generating unit 8 for the entire 31 years of concession period, starting from COD. Power Purchase Agreement with EGAT and EdL will expire on October 28, 2048 and October 28, 2050, respectively. As a result, XPCL will receive recurring income and consistent cash flow from Xayaburi Hydroelectric Power Plant throughout the concession period. At the end of February 2021, the remaining concession period is approximately 29 years and 8 months. Since COD, XPCL's performance has consistently generated net profits as follows.

(unit : Baht million)

XPCL Operating Performance	Q4/2019	2020
	(COD: October 29, 2019)	
Total revenues	1,566.53 ^{1/}	12,079.97
Gross profit	754.80	7,327.79
EBIT	653.06 ^{1/}	7,012.13 ^{1/}
EBT	(440.85) ^{1/}	1,056.68 ^{1/}
Net profit (excluding gain (loss) on exchange rate)	(440.85)	1,056.68
Gain (loss) on exchange rate	1,490.78 ^{2/}	(88.39) ^{2/}
Net profit (including gain (loss) on exchange rate)	1,049.93	968.29

Remark: 1/ Excluding gain (loss) on exchange rate.

2/ Gain (loss) on exchange rate in Q4/2019 was mainly from adjustment of gain on exchange rate incurred before the COD from project cost which was a one-time item. Loss on exchange rate in 2020 was mainly due to the recognition of the difference from the conversion of assets in foreign currency due to the appreciation of Baht against USD.

Therefore, the entering into the transaction is an additional investment in the power plant business that has already been operating commercially, which results in immediate and sustainable income in the long run because the power purchase agreements cover nearly all concession period.

Furthermore, the additional investment in XPCL is exposing to no risks associated to project development, such as construction delays and securing of financing for project development, and other risks, such as the delay of commercial operation and cost overrun) since the construction is already completed.

(3) The Company will be able to realize an increase in revenue recognition from XPCL and diversify its revenue structure.

Upon the completion of the transaction, the Company's shareholding in XPCL will increase from 37.50% to 42.50%, and XPCL is still an associated company of the Company. The Company will recognize higher proportion of profit under the equity method in its consolidated financial statements.

Based on the projection by CapAd, XPCL will generate revenues of Baht 12,490.28 - 13,976.31 million per year during 2021 – 2049, with a net profit ranging from Baht 1,921.89 – 8,279.51 million per year (excluding partial performance of 2050, in which the concession expires in October 2050), demonstrating that it will generate a net profit successively throughout the concession period. As a result, the Company will have an increase in its revenues, with an opportunity to receive dividend from XPCL, as well as increase of long-term business potential.

Change in the Company's revenue structure will be as tabulated below.

(Unit: Baht Million)

Revenue Structure (Consolidated Financial Statements)	Subsidiaries/ Associated Companies	2020 ^{1/}		2021 ^{2/}		2031 ^{2/} The First Year that XPCL's Net Profit reaches Baht 5 billion	
		Amount	%	Amount	%	Amount	%
Hydroelectric power project	SEAN ^{3/}	1,716.6	22.6	1,716.6 ^{8/}	21.4	1,716.6 ^{8/}	18.2
Cogeneration project	BIC ^{4/}	4,652.6	61.3	4,652.6 ^{8/}	57.9	4,652.6 ^{8/}	49.2
Solar power project	BKC ^{5/}	157.8	2.1	157.8 ^{8/}	2.0	157.8 ^{8/}	1.7
Share of profit (loss) from investment in joint ventures and associated companies, and other revenues	CRS ^{6/} , NRS ^{7/}	40.7	0.5	40.7 ^{8/}	0.5	40.7 ^{8/}	0.4
Share of profit (loss) from investment in joint ventures and associated companies	XPCL	366.7 (37.50%)	4.8	816.8 ^{9/} (42.50%)	10.1	2,227.3 ^{10/} (42.50%)	23.6
Revenues from project management	the Company	168.1	2.2	168.1	2.1	168.1	1.8

Revenue Structure (Consolidated Financial Statements)	Subsidiaries/ Associated Companies	2020 ^{1/}		2021 ^{2/}		2031 ^{2/} The First Year that XPCL's Net Profit reaches Baht 5 billion	
		Amount	%	Amount	%	Amount	%
Other revenues	the Company and its subsidiaries	482.4	6.4	482.4	6.0	482.4	5.1
Total revenues		7,584.9	100.0	8,035.0	100.0	9,445.5	100.0

Remark:

- 1/ Based on the audited consolidated financial statements for the year ended December 31, 2020 of the Company.
- 2/ Based on financial projection of XPCL prepared by the IFA as shown in Part 3, Clause 5, of this report.
- 3/ South East Asia Energy Ltd.
- 4/ Bangpa-in Cogeneration Ltd.
- 5/ Bangkhenchai Co., Ltd.
- 6/ Chiang Rai Solar Co., Ltd.
- 7/ Nakhon Ratchasima Solar Co., Ltd.
- 8/ Assume no change in revenue from SEAN, BIC, BKC, CRS, NRS, and other revenues from 2020. The IFA does not prepare revenue projection of SEAN, BIC, BKC, CRS, NRS, and other revenues.
- 9/ Increased from 2020 as XPCL had lower financial cost and slightly higher revenue from sales of electricity as well as higher shareholding in XPCL from the entering into this transaction.
- 10/ Increase from 2021 because XPCL had substantial lower financial cost as a result of loan repayment in 2021 – 2031 and higher revenue from sales of electricity.

According to the revenue structure above, the increase in revenue as a result of an increase of investment in XPCL, from 4.8% in 2020 to approximately 10.1% and 23.6% of projected total revenue in 2021 and 2031 respectively, leads to an increase in ratio of revenue from hydroelectric power plants (from SEAN and XPCL) from 27.4% in 2020 to approximately 41.8% of projected total revenue in 2031. Ratio of revenue from cogeneration power plant, however, decreases from 61.3% in 2020 to approximately 49.2% of projected total revenue in 2031. As such, the Company's revenue structure is diversified by not relying too much on one type of power plant.

(4) The Company will have more assets.

Subsequent to the completion of this transaction, the Company's assets will increase from the additional investment in XPCL and the Company will recognize more profit, according to the equity method, from 5% additional shareholding in XPCL.

(5) It is the additional investment in power plant business of XPCL which has strong shareholder base, thus, helping to enhance confidence of XPCL's stakeholder.

After the additional investment in XPCL, the Company will become XPCL's shareholder with 42.50% shareholding. XPCL also has other shareholders with high potential and strong financial position such as Electricity Generating PCL. ("EGCO") and Natee Synergy Co., Ltd. ("NSC") who continually have strong investment capability to inject capital in and provide shareholders' loan to XPCL until the completion of Xayaburi Hydroelectric Power Plant's construction. (NSC is a wholly-owned subsidiary of Global Power Synergy PCL. ("GPSC"), whereby major shareholders of GPSC is PTT Public Company Limited ("PTT"), PTT Global Chemical Public Company Limited ("PTTGC"), and Thai Oil Public Company Limited who own 31.72%, 22.73%, and 20.78% shareholding respectively⁶.) With the support from shareholders, Xayaburi Hydroelectric Power Plant is completely developed and commenced commercial operation in October 2019.

Balance of the shareholders' loan is at Baht 16,722.54 million and accrued interest of Baht 4,326.91 million as of December 31, 2020.

Thus, comparing to investment in other projects which do not have strong shareholders who are incapable of loan provision to the projects, the additional investment in power plant business of XPCL is considered a good investment in company with strong shareholder base. In addition, the fact that EdL, whose major shareholder is the government of Lao PDR, is another major shareholder, holding 20% in XPCL, will further enhance confidence of XPCL's stakeholders.

(6) It is the additional investment in power plant that utilizes clean energy and is environmental-friendly

Xayaburi Hydroelectric Power Plant utilizes hydropower to generate electricity and does not emit any carbon dioxide to the atmosphere, thus, the Project is environmental-friendly and helps to

⁶ From www.set.or.th as of March 1, 2021.

reduce global warming effect. In addition, Xayaburi Hydroelectric Power Plant is designed to minimize environmental and social impact and in accordance with Lao PDR's laws and Mekong River Commission (MRC)'s regulations, in order to conserve the environment and maintain existing and natural way of living as much as possible. In doing so, the Project has implemented the following measures: (a) Sediment Flushing System: The Project reduces height of footing of spillway gates in order to maximize the amount of sediment, including food for aquatic animals, flowing through with water, (b) Fish Passing Facilities: The Project is designed for 2-way migration of fish from down-to-upstream and up-to-downstream, as well as 18-meter wide fish passing way with a lift to move fish and fish herding. The objective is to maintain natural way of lives. Furthermore, there is a fish breeding station to assist the fishing occupation of fishermen living along Mekong riverbank, and (c) Navigation Lock: The Project is designed to support communication and transportation in Mekong River.

2.2 Disadvantages of the Transaction

(1) The Company will have higher liabilities, interest expenses, and Debt to Equity (D/E) Ratio.

In executing this transaction, the Company will issue and offer debentures denominated in Thai Baht currency to institutional and high net worth investors ("Type II & HNW") in the amount not exceeding Baht 2,000 million and use such proceeds to purchase XPCL's shares. Therefore, the additional investment in Xayaburi Hydroelectric Power Plant will result in higher liabilities and financial costs, as well as Debt to Equity ratio (D/E ratio) of the Company.

Based on the Company's consolidated financial statements for the year ended December 31, 2020, total liabilities and shareholders' equity were Baht 32,000.46 million and Baht 35,037.99 million, respectively. Interest-bearing D/E ratio⁷ is equal to 0.60 time. If the Company receives the full Baht 2,000 million cash from the offering of debentures, interest-bearing D/E ratio will increase to a maximum level of approximately 0.66 time. Then, the ratio will gradually decline from the repayment of the loan principals. Such increase in interest-bearing D/E ratio is still within the financial covenants stipulated in the terms and conditions of the debenture, which limits the D/E ratio at no more than 3 times.

(2) Loss of investment opportunity in other projects

The acquisition of additional XPCL's shares will involve a total investment value of Baht 1,826.55 million. Thus, the Company may have a constraint on investment in any other interesting projects and/or other power plant projects under study since this transaction requires a huge amount of funds. The Company's management, however, view that if in the future there are any attractive projects with a favorable rate of return, the Company can raise additional funds to finance the investment in those projects from financial institutions or through the capital market.

2.3 Risks of the Transaction

(1) Risk from maturity mismatch financing

In executing this transaction, the Company plans to issue debentures to finance the investment in additional 5.00% of XPCL's shares, which is classified as a long-term investment. As such, the Company may be exposed to a risk of using short-term capital to finance long-term investment (Maturity Mismatch Financing) if the Company is unable to issue long-term debentures. However, the Company is still capable of raising long-term debts, as well as generating cash flows to accommodate interest payment and short-term debentures. Sources of fund will be from (a) dividends received from XPCL, which has a policy to pay dividend at a rate not less than 40% of net profit after deducting statutory reserve each year, will be used to repay loans according to the repayment schedule, of which XPCL has started to generate net profit since 2020, the first full year it generates revenue from commercial operation; (b) dividends received from other investments, which were at Baht 772.53 million and Baht 670.76 million in 2019 and 2020, respectively; and (c) project management fee of Baht 340.31 million and Baht 359.13 million in 2019 and 2020, respectively. Therefore, the Company is confident that it will be able to manage capital and cash flows for long-term investment.

⁷ Interest-bearing liabilities are calculated by subtracting interest-bearing liabilities (excluding those under lease agreements) by cash or cash equivalents, short-term investment, and long-term restricted bank deposits.

(2) Risk arising from additional investment in power plant that the Power Purchase Agreement with EGAT does not cover the entire concession period

At the beginning of the Project development, XPCL entered into a Power Purchase Agreement with EGAT for a period of 29 years from COD. Then, the government of Lao PDR extended the concession for an additional 2 years in exchange of the amendment in construction plan as requested by the government of Lao PDR, resulting in a total concession period of 31 years. XPCL signed the Amendment of Concession Agreement on March 15, 2016. At present, EGAT has not extended the Power Purchase Agreement to cover the entire concession period. Therefore, XPCL is still exposed to the uncertainty of power purchase in the final 2 years of the concession. However, EGAT has invested in transmission lines connecting with XPCL's at Tha Li District, Loei Province. It is expected that EGAT will maximize the utilization of the investment in those transmission lines. In addition, lower tariff of electricity generated from hydroelectric power plant when compare to other energy sources could be another factor for EGAT to consider the purchase of electricity in the future. Furthermore, Lao PDR's domestic demand for electricity remains solid. XPCL will discuss with EGAT regarding the extension of the Power Purchase Agreement for another 2 years to cover the entire concession period prior to the end of the Power Purchase Agreement.

XPCL's average tariff is at approximately Baht 1.954 per kWh while the average production costs of power plants in Thailand in 2019 was at Baht 2.75 per kWh, with production costs from various types of fuel in the range of Baht 1.20 – 5.50 per kWh (*Please refer to Figure 4 on page 44*). Therefore, the risk that EGAT will not extend Power Purchase Agreement with XPCL for another 2 years is limited.

In addition, a number of solar power plants (with 25-year useful life of solar panels) in Thailand have signed power purchase agreements with EGAT or PEA for a period of only 5 years. However, at present, many of those power plants have their agreements extended for 5 additional years. Therefore, the renewal of a power purchase agreement with EGAT or PEA is a normal business practice.

(3) Risk that XPCL may be affected from the fluctuation of Mekong River's water volume which could impact electricity generation for supply to EGAT and EdL according to the Power Purchase Agreements

XPCL's Xayaburi Hydroelectric Power Plant is a run-of-river hydroelectric power plant constructed on Mekong River in order to raise water level in Mekong River and use such water as raw material for electricity generation. The water in Mekong River is from various sources upstream of Xayaburi Hydroelectric Power Plant such as (a) the river upstream from China (with several dams along the course of the river), Myanmar, Thailand, and Lao PDR before reaching Xayaburi Hydroelectric Power Plant, (b) rainfalls, and (c) secondary rivers, namely Nam Khan River, Nam Ou River, and Nam Tha River, upstream of Xayaburi Hydroelectric Power Plant. Water volume used in electricity generation may be constrained by water volume in each period depending on climate and season as well as the change in global climate system.

However, XPCL has studied historical records on the adequacy of water volume prior to project design and continually monitor water volume throughout the construction period. According to the report on April 2015, XPCL's technical advisor, CNR Engineering Department of Campagnie Nationale du Rhône ("CNR")⁸, uses data of water volume during 1939 – 2008 to calculate electricity generating capacity based on various factors such as water volume in secondary rivers, rainfall volume, water flows rate, design of turbine and generator, electricity generation period, down time, and other factors such as effect from hydroelectric power plants in China and Lao PDR and changes in global climate according to report from Mekong River Commission ("MRC") in June 2010. It is found that water volume is adequate to generate electricity as per the agreements with EGAT and EdL.

⁸ Campagnie Nationale du Rhône (CNR) was incorporated in 1933 as France's electricity generating company. It has more than 87 years of experience and expertise in consultation, development, and design of power plant projects as well as water management in France and 30 countries around the world. CNR has involved in many large, medium, and small hydroelectric power plants, solar power plants, windmill farms for electricity production, dam construction, navigation lock construction, irrigation of water for agricultural use, consultation and study of head water of project. In addition, CNR is the preparer of the master plan of feasible hydroelectric power project along Mekong River, Lao PDR.

CNR operates and manages 20 hydroelectric power projects and 28 small-scale hydroelectric power projects with combined installed capacity of 3,105 MW, 52 windmill farms with combined installed capacity of 660 MW, 31 solar power projects with combined installed capacity of 107 MW, 24 navigation locks, 330 km. of water transportation, 32 water pump stations, 400 dikes, 22 seaports and industrial estates, including Port de Lyon. Total revenues and net profit in 2019 were EUR 1,548 million and EUR 92.5 million, respectively. CNR has 1,362 employees.

(Please find additional information on <https://www.cnr.tm.fr/en/>, and https://en.wikipedia.org/wiki/Compagnie_Nationale_du_Rhone)

Since 2009, XPCL has installed 10 water measurement points to measure daily water level and water flows rate along Mekong River, north and south of Xayaburi Hydroelectric Power Plant. Data on water volume since 2009 is collected daily to analyze electricity generating capacity in order to prepare weekly report for EGAT. Actual water volume, estimated electricity generation, and actual electricity generation are monitored and reviewed on a quarterly basis by the Lenders Technical Advisor (LTA). *(Please find more details on water volume on page 15 and 36 - 37 of this report)*

Therefore, XPCL is likely to be affected by the fluctuation of the Mekong River water supply, which in turn may impact the electricity generation for distribution to EGAT and EdL in accordance with the power purchase agreements.

(4) Risk from natural disasters which will affect structure and electricity generation equipment of Xayaburi Hydroelectric Power Plant

Any force majeure caused by natural disasters could impact Xayaburi Hydroelectric Power Plant. The natural disasters that will likely create damage to the power plant's structure include earthquake and flood which will result in water overflow. However, before investing in this project, CH. Karnchang Group⁹ mitigated such risk by selecting a power project site that is less prone to the said risk. The power plant does not sit on the earthquake fault line and has been designed to withstand any potential natural disasters. Xayaburi Hydroelectric Power Project has been designed to withstand earthquakes up to 7.5 on the Richter scale. Moreover, the project has a total of 11 water gates, with a maximum discharge capacity of 47,500 cubic meters per second to help release water during the flood season. The maximum average water flowing through the Project during the past 3 years was 11,859 cubic meters per second in August 2018¹⁰. It is, therefore, believed that the project structure is strong enough to withstand earthquakes and there are an adequate number of spillway gates to protect against dam overflows.

(5) Risk associated with cost control in project management throughout the Project's life

Xayaburi Hydroelectric Power Plant's electricity generation needs to rely on personnel with experience and expertise since the project involves a huge investment value. Apart from control over electricity generator, transmission system, and machinery and equipment to ensure power quality and stability, the Project also requires good management and projection of electricity generation in each period to be in accordance with water volume, which is an uncontrollable factor, in order to be certain that there will be sufficient water volume for electricity generation and distribution to meet the desired quantity, quality, and stability as specified in the power purchase agreements with EGAT and EdL. This also includes the discharge of water overflow through spillway gates. Any error in the management of water volume or in the operation of generators and equipment will cause damage to the generators and relevant equipment, as well as affect revenues and operating performance of XPCL. In addition, XPCL also has to manage fish passing facilities and navigation lock.

Under its operational plan, XPCL will undertake the operation of the generators and maintenance of the Power Plant by itself without engaging external service providers in the same manner as other hydroelectric power projects in Thailand such as Bhumibol Dam, Queen Sirikit Dam, Srinakharin Dam, Vajiralongkorn Dam, Sirindhorn Dam and Chulabhorn Dam, all of which have been managed by work units of EGAT, a Thai state enterprise. Thus, management cost of the Project is relatively lower than management outsource. In the future, if XPCL changes its plan and engage the third party in the operation of the generators and maintenance of the Power Plant, this may result in a higher operating cost. (Currently, XPCL still wishes to manage the operation of the generators and maintenance of the Power Plant by itself and has no plan to engage the third party such management.)

In addition, XPCL will forecast water volume in order to determine the amount of electricity to be generated and prepare a report for EGAT in advance on a weekly basis. However, in the event that XPCL fails to deliver amount of electricity previously informed or generate amount of electricity on average at an agreed upon level, a penalty fee based on the formula stipulated in the Power Purchase Agreement shall be applied and paid on a monthly basis. Penalty as prescribed in the Power Purchase Agreement is from 2 main causes which are the availability of generators and/or the availability of water volume for electricity generation is lower than the power supply availability notified by XPCL to EGAT. In 2020, XPCL was subjected to penalty of Baht 27.56 million, equivalent to 0.23% of revenue from

⁹ The founder of the Xayaburi Hydroelectric Power Plant.

¹⁰ Source: XPCL works with CNR in calculating water volume by using water level data collected from metering stations installed by XPCL and CNR's Rating Curve.

sales of electricity, due mainly to the availability of water volume for electricity generation. XPCL shall manage the estimation of electricity generation and penalty to maximize the benefits of XPCL or manages to maximize revenue from sales of electricity – net of penalty by using complex calculation software.

(6) Floating interest rate risk

XPCL has entered into long-term credit facilities agreement, of which a part is denominated in USD at the amount of USD 711 million (25.64% of total long-term debt (in Thai Baht equivalent)) and carry a floating interest rate (LIBOR) plus a fixed spread, in order to be one of the funding source for construction of Xayaburi Hydroelectric Power Project. The facilities were fully drawn down. Repayment of the said loan is due quarterly in the amount specified in the loan agreement, with the first installment due on September 30, 2020 (as specified in the amended agreement). As such, if there is a material change in the interest rate during loan repayment period, it could affect the financial cost of XPCL.

Nevertheless, to hedge against such interest rate risk, XPCL has executed an interest rate swap agreement from the floating rate to a fixed rate. As of December 31, 2020, XPCL entered into interest rate swap for 45.70% of its loan denominated in USD, by which XPCL shall pay fixed interest rate (0.45% - 0.55% per annum) instead of floating rate (LIBOR). Initially the interest rate swap covered the period up to the end of 2020. Then, XPCL enters into additional agreement (partially) for the period covering 2021 – 2023. In addition, XPCL will regularly monitor interest rate movement and continuously manage and adjust its financial cost.

(7) Foreign exchange rate risk

XPCL could be exposed to risk from foreign exchange rate fluctuation arising from part of the long-term loan and interest expense which are payable in USD. However, XPCL will generate some revenues in USD from the production and distribution of primary energy to EGAT under the Power Purchase Agreement with EGAT at approximately 35% - 36% of total revenue, which is deemed as a natural hedge against the exchange rate risk. XPCL also plans to manage any remaining risk by closely monitor the foreign exchange rate trend and executing a hedging contract from time to time as deemed appropriate in a bid to cushion against potential impact from the exchange rate volatility.

(8) Risk associated with not being the major shareholder in XPCL

After entering into the transaction, the Company will hold 42.50% shareholding in XPCL, which does not exceed 50%, resulting the Company is unable to control a majority vote at the Board of Directors' meeting and the shareholders' meeting of XPCL. In addition, the Company cannot control voting on significant issues that require an affirmative vote of not less than three-fourths of shareholders who attend the meeting and are eligible to vote, including agendas such as capital increase, capital decrease, acquisition or acceptance of transfer of other business, disposal or transfer of entire business. In contrary, the Company is able to block vote on significant issue requiring more than 75% of the vote. However, the Company believes that it will receive approval from other groups of shareholders if such agendas is beneficial to the business operation.

(9) Loss of investment opportunity in other projects

The acquisition of additional XPCL's shares will involve a total investment value of Baht 1,826.55 million. Thus, the Company may have a constraint on investment in any other interesting projects and/or other power plant projects under study since this transaction requires a huge amount of funds. The Company's management, however, view that if in the future there are any attractive projects with a favorable rate of return, the Company can raise additional funds to finance the investment in those projects from financial institutions or through the capital market.

3. Comparison of Advantages and Disadvantages of Not Entering into the Transaction

3.1 Advantages of Not Entering into the Transaction

- (1) The Company shall have no additional liabilities, interest expenses, and higher D/E Ratio.
- (2) The Company shall incur no risk relating to the additional 5% investment in XPCL.

Xayaburi Hydroelectric Power Plant is a mega hydroelectric power plant which generate part of its revenue in USD. Some of its funds are from long-term loan denominated in USD as well. Thus, the project still has various risk factors. The decision not to enter into the transaction shall limit risk

pursuant to the Company's shareholding (37.5% of registered capital of XPCL). Such risk can be summarized as follows (*Please find details of risk factors in Part 2, Clause 2.3, of this report*):

- (2.1) Risk from maturity mismatch financing
- (2.2) Risk arising from additional investment in power plant that the Power Purchase Agreement with EGAT does not cover the entire concession period
- (2.3) Risk that XPCL may be affected from the fluctuation of Mekong River's water volume which could impact electricity generation for supply to EGAT and EdL according to the Power Purchase Agreements
- (2.4) Risk from natural disasters which will affect structure and electricity generation equipment of Xayaburi Hydroelectric Power Plant
- (2.5) Risk associated with cost control in project management throughout the Project's life
- (2.6) Floating interest rate risk
- (2.7) Foreign exchange rate risk

3.2 Disadvantages and Impact of Not Entering into the Transaction

- (1) The Company loose opportunity to receive return from additional investment in Xayaburi Hydroelectric Power Plant that has already been in commercial operation which enable the Company to recognize revenue and profit immediately and in the long run as the Power Purchase Agreement covers nearly the entire concession period.
- (2) The Company loose opportunity to increase shareholding which enable it to have more vote in management from an additional director nominated under PTS's quota.
- (3) Other existing shareholders of XPCL may have an opportunity to hold more XPCL's shares and have more numbers of director nomination under PTS's quota since the Shareholders' Agreement of XPCL specifies that existing shareholders have first right of offer in case that any shareholder would like to sell its shares.

4. Comparison of Benefits and Impacts between Entering into the Transaction with Connected Person and the Transaction with a Third Party

The Company has a policy to continuously expand into the power generation and distribution business. The acquisition of additional XPCL's shares at this time is in line with the Company's business policy. It is also an increase in investment proportion in the period when XPCL's Xayaburi Hydroelectric Power Plant has successfully commenced its commercial operational since October 2019. The Company, therefore, considered acquiring XPCL shares from PTS, a connected person. Since the Company did not receive any offer from other shareholders of XPCL, the entering into this transaction with connected person cannot be compared with transaction with the third party.

5. Summary of the Independent Financial Advisor's Opinion Regarding Reasonableness of the Transaction

The Company operates as a holding company investing in other companies that generate and distribute electricity from various types of energy, both at home and abroad. In addition, it is the flagship company in the electricity generation and distribution business of CH. Karnchang Group.

The Company, therefore, has policies, goals and strategic plans that emphasize on expanding investment in electricity generation and distribution business in order to become the leading player in Thailand and the ASEAN region who has efficient operations and be able to generate good, stable, and fair returns to shareholders. Currently, the Company has invested in 3 categories of companies operating in the electricity generating and distributing business, namely hydroelectric power plant, cogeneration power plant, and solar power plant, located in Thailand and Lao PDR.

The Company invested in Xayaburi Hydroelectric Power Plant by acquiring 30% of XPCL's registered capital in June 2015 (at that time, the Xayaburi Hydroelectric Power Project was under construction and Phase 1 had completed). Later in June 2018, the Company acquired additional 7.50% of XPCL's ordinary shares, resulting in a total holding of 37.50% of XPCL's registered capital (at that time, construction of Xayaburi Hydroelectric Power Project had continuously progressed and was approximately 89.29%¹¹ completed at the end of January 2018). XPCL began commercial operation

¹¹ Appraised by AFRY Switzerland Ltd. (Formerly Pöyry Energy Limited (Switzerland)), an engineering consultant of the government of Lao PDR (GOL-E).

(COD) and generated revenues from Xayaburi Hydroelectric Power Plant on October 29, 2019 as planned.

The Company is, therefore, interested in making an additional investment in XPCL in order to recognize higher proportion of XPCL's operating performance, while PTS would like to sell 5.00% of XPCL's registered shares. The Company views that the decision on this investment is made at a suitable time because the Xayaburi Hydroelectric Power Plant has been in operation for approximately 1 year and 4 months (at the end of February 2021), which is like a real test-run of the electricity generation and distribution system that can generate electricity throughout the year. This will ensure recurring income to the Company and good returns for shareholders in the future.

The advantages and benefits from such asset acquisition and connected transaction are:

- (1) The entering into the transaction conforms to the Company's business operation policy to become a holding company investing in electricity generation and distribution business, and creating value-added for the Company. The additional investment in a huge hydroelectric power plant with capacity of 1,285 MW and power purchase agreement with a trustworthy counterparty provides the Company with an opportunity to increase revenue in proportion to the additional investment and generate appropriate returns consistently. Furthermore, it enhance the Company's long-term business potential and attractiveness to investors, which will benefit fund raising activities for future projects.
- (2) It is the additional investment in a power plant business that has already been in commercial operation which enable the Company to recognize revenue and profit immediately and in the long run as the power purchase agreement covers nearly the entire concession period. The Xayaburi Hydroelectric Power Plant has the Power Purchase Agreement with EGAT for a period of 29 years starting from COD, accounting for 95% of annual power generation capacity. Furthermore, EdL will purchase electricity from the Project for the whole concession period of 31 years starting from COD. In addition, there is no exposure to risks during project development because the construction is completed.
- (3) The Company will be able to realize an increase in revenue recognition from XPCL and diversify its revenue structure by not relying too much on one type of power plant.
- (4) The Company will have more assets from additional investment in XPCL and recognize more profit under equity method from additional 5% shareholding in XPCL.
- (5) It is the additional investment in power plant business of XPCL which has strong shareholder base, thus, helping to enhance confidence of XPCL's stakeholder. Other shareholders of XPCL are Electricity Generating PCL. (EGCO), Natee Synergy Co., Ltd. (a company under PTT Group), and EDL-Gen.
- (6) It is the additional investment in power plant that utilizes clean energy and is environmental-friendly. The Xayaburi Hydroelectric Power Plant utilizes hydropower to generate electricity and does not emit any carbon dioxide to the atmosphere. In addition, the Xayaburi Power Plant is designed to minimize environmental and social impact and in accordance with Lao PDR's laws and Mekong River Commission (MRC)'s regulations.

Nonetheless, the transaction still involves some disadvantages as follows:

- (1) The Company will have higher liabilities, interest expenses, and D/E Ratio from the issuance and offer of debenture domestically. If the Company receives the full amount of Baht 2,000 million, its interest-bearing debt to equity ratio will increase from 0.60 time (as of December 31, 2020) to a maximum level of 0.66 times, which is still below 3 times level of financial covenant specified in the terms and conditions of the debenture.
- (2) Loss of investment opportunity in other projects if there are any interesting project with favorable returns in the future.

The Company incur risks from the entering into this transaction as follows:

- (1) Risk from maturity mismatch of financing by issuing short-term debentures to finance long-term investment in XPCL.
- (2) Risk arising from additional investment in power plant that the Power Purchase Agreement with EGAT does not cover the entire concession period as the Power Purchase Agreement with EGAT covers 29 years out of 31 years of concession period. XPCL will discuss with EGAT on extending the agreement for another 2 years prior to the end of the Power Purchase Agreement.

- (3) Risk that XPCL may be affected from the fluctuation of Mekong River's water volume which could impact electricity generation to be supplied to EGAT and EdL according to the power purchase agreements: The water in Mekong River is from the river upstream, rainfalls, and secondary rivers along Mekong River. Thus, there may be a constraint of water volume in each period depending on climate and season as well as the change in global climate system. However, XPCL has studied historical records on the adequacy of water volume prior to project designing and has continually monitored water volume throughout the construction period. In addition, in April 2015, XPCL's technical advisor, CNR Engineering Department of Compagnie Nationale du Rhône ("CNR"), found that water volume is adequate for electricity generation in accordance with the Power Purchase Agreements with EGAT and EdL.
- Since 2009, XPCL has installed 10 water measurement points to measure daily water level and water flows rate along Mekong River, north and south of Xayaburi Hydroelectric Power Plant. Data on water volume since 2009 is collected daily to analyze electricity generating capacity in order to prepare weekly report for EGAT. Actual water volume, estimated electricity generation, and actual electricity generation are monitored and reviewed on a quarterly basis by the Lenders Technical Advisor (LTA).
- (4) Risk from natural disasters which will affect structure and electricity generation equipment of the Xayaburi Hydroelectric Power Plant, which is designed to withstand earthquakes up to 7.5 on the Richter scale. Moreover, the Project has spillway gates with a maximum discharge capacity of 47,500 cubic meters per second. It is, therefore, believed that the Project's structure is strong enough to withstand earthquakes and there are an adequate number of spillway gates to protect against dam overflows.
- (5) Risk associated with cost control in project management throughout the Project's life. Since XPCL is currently manage the operation of the generators and maintenance of the Power Plant by itself, management cost is relatively lower than management outsource. If XPCL changes its plan and engage the third party to operate the generators and provide maintenance service, operating cost may be higher.
- (6) Floating interest rate risk: The long-term Credit Facilities Agreement executed by XPCL is partly denominated in USD. To hedge against such interest rate risk, XPCL has executed an interest rate swap agreement from the floating rate to a fixed rate, initially covering the period up to the middle of 2024.
- (7) Foreign exchange rate risk: XPCL could be exposed to risk from foreign exchange rate fluctuation as part of long-term loan and interest expense are payable in USD. However, XPCL generates approximately 35% - 36% of total revenues in USD from the production and distribution of primary energy to EGAT under the power purchase agreement, which is deemed as a natural hedge against the exchange rate risk. XPCL also plans to manage any remaining risk by closely monitor the foreign exchange rate trend and executing a hedging contract from time to time as deemed appropriate.
- (8) Risk associated with not being a major shareholder in XPCL as the Company does not have complete control in XPCL after increasing its shareholding to 42.50% of XPC's registered capital.

After considering objectives and necessities of the transactions as well as advantages, disadvantages, benefits, and risks, the Independent Financial Advisor is of the opinion that the asset acquisition and connected transaction will provide greater revenue potential and future business prospect for the Company, whereby the risks that may arise are mainly associated with the operation in the normal course of business. Therefore, the **asset acquisition and connected transaction is considered reasonable.**

Part 3: Opinion of the Independent Financial Advisor Concerning the Appropriateness of Price and Conditions of the Asset Acquisition and the Connected Transaction

CapAd applied 6 approaches in evaluating the fair value of XPCL's shares, namely:

- 1) Book Value Approach
- 2) Adjusted Book Value Approach
- 3) Market Value Approach
- 4) Price to Book Value Ratio Approach: P/BV Ratio
- 5) Price to Earnings Ratio Approach: P/E Ratio
- 6) Discounted Cash Flow Approach

CapAd did not apply the Market Value Approach since XPCL is not listed on the SET or any other secondary markets. As a result, market prices of XPCL's shares could not be calculated. Therefore, 5 remaining approaches shall be applied for the valuation of XPCL's shares.

CapAd evaluated the appropriateness of the acquisition price of XPCL's ordinary shares by using information obtained from the Company and XPCL, such as the Concession Agreement with the government of the Lao People's Democratic Republic, Power Purchase Agreement with EGAT, Power Purchase Agreement with Electricité du Laos (EdL), Shareholders' Agreement, Credit Facility Agreements, Sponsor Loan Agreements, the Report on the Operational Status of Xayaburi Hydroelectric Power Plant for the year 2020 prepared by Lenders Technical Advisor (LTA), including other publicly-disclosed information such as Annual Registration Statement (Form 56-1), audited and reviewed financial statements, and information from the SEC's and SET's websites (www.sec.or.th and www.set.or.th).

The Independent Financial Advisor's opinion is based mainly on the assumptions that information and documents provided are true, complete, and accurate. The Independent Financial Advisor has reviewed the information according to the professional standard and found no material anomalies. However, the Independent Financial Advisor is unable to assure or guarantee any accuracy or completeness of such information. Additionally, the rendered opinion is based on environment and most up-to-date information at the time of issuance of this report. Therefore, any change of such information or any incurrence of events may significantly affect business operations and financial projection of XPCL as well as shareholders' decision in considering the appropriateness of the acquisition.

After studying such information and documents, as well as other relevant information, opinion of the Independent Financial Advisor on the appropriateness of the fair values XPCL's ordinary shares can be summarized as follows:

1. Book Value Approach

This approach determines XPCL's shares value at a certain period. In this case, the calculation is based on XPCL's latest financial statement as of December 31, 2020, audited by a certified public accountant approved by the SEC. The summary of shares value is as follows:

XPCL	(Unit: Baht million)
Paid-up capital	26,861.00 ^{1/}
Retained earnings	
Statutory reserve	20.18
Unappropriated	1,009.50
Other components of shareholders' equity	24.62
Total shareholders' equity of XPCL	27,915.30
No. of shares as of December 31, 2020 (million shares)	2,686.10^{1/}
Book value per share (Baht)	10.39

Remark: 1/ Par value of Baht 10.00 per share.

Share value of XPCL based on this approach is equal to **Baht 10.39 per share.**

2. Adjusted Book Value Approach

Under this approach, share value is calculated by deducting total assets by total liabilities including commitments and contingent liabilities as shown in the latest financial statements as of December 31, 2020, audited by a certified public accountant approved by the SEC, and adjusted by items occurred after financial statement date or items that may reflect actual value of assets and liabilities such as unrealized gain or loss from assets revaluation, tax saving from losses carried forward, and contingent liabilities.

In deriving value of XPCL's shares, the IFA used book value as shown in the latest financial statements as of December 31, 2020 and considered the significant adjustments.

There is no appraisal of XPCL's fixed assets by an independent property appraiser as the Project has just started the commercial operation on October 29, 2019 and land for construction is leased from the government of the Lao PDR (GOL). Besides, XPCL has tax losses carried forward as at the end of 2020 amounting to Baht 100.20 million, which can be utilized as tax privileges by 2021 (In Lao PDR, tax losses can be utilized within 3 years from the year the losses incurred.) However, the IFA expects that XPCL shall not utilize such tax loss carried forward as it shall start to pay corporate income tax in 2024 as stipulated in the Concession Agreement dated October 29, 2021 and the Amendment No. 1 dated March 15, 2016.

Therefore, the IFA did not adjust any item to book value. As such, adjusted book of XPCL is equal to book value as of December 31, 2020.

3. Price to Book Value Ratio Approach: P/BV Ratio

In this approach, CapAd evaluated value of XPCL's ordinary shares by multiplying book value per share of XPCL as shown in the latest financial statements as of December 31, 2020 audited by a certified public accountant approved by the SEC, which was at Baht 10.39 per share, by median of P/BV Ratios of 9 comparable SET- or mai-listed companies¹² in Energy & Utilities Sector which are the Company and those whose core business is generation and distribution of electricity from renewable energy (hereinafter called "Peer Group"). The calculation is based on the historical data for the period up to March 5, 2021. The details can be summarized as follows:

Company Name	Securities Symbol	Type of Business
1. BCPG PCL.	BCPG	BCPG's business is to generate and sell electricity from renewable energy as well as to invest in companies that generate and sell electricity from renewable energy.
2. CK Power PCL.	CKP	CKP is a holding company that invests in companies generating and distributing electricity from 3 energy types which are hydroelectric power plants, cogeneration power plants, and solar power plants.
3. Energy Absolute PCL.	EA	EA and its subsidiaries engage in 5 core businesses which are (1) production and distribution of biodiesel (B100), purified glycerin, and by products; (2) production and distribution of renewable power ^{1/} ; (3) development and production of batteries ^{1/} ; (4) electric charging station and other fuel station for all types of vehicles, including retail trading in retail stores, convenience stores, shopping centers, and logistic services ^{1/} ; and (5) research and development ^{1/} .
4. Gunkul Engineering PCL.	GUNKUL	GUNKUL Group operates 5 lines of business which are (1) manufacturing, supply, and distribution of equipment for electrical system in Thailand and overseas; (2) manufacturing, supply, and distribution of energy-saving products, including appropriate alternative energy; (3) generation and distribution of electricity from renewable energy in Thailand and overseas; (4) engineering, procurement and construction services; and (5) power plant operating and maintenance services.
5. Prime Road Power PCL.	PRIME	PRIME is a holding company that invest in other companies which operate in the generation and distribution of electricity from renewable energy domestically and internationally, having Prime Road Solar Company Limited (PRS) as the core company. The group of companies under PRS has a total installed capacity of 209.0 megawatts (representing the installed capacity according to the shareholding proportion of 89.7 megawatts) or the contracted capacity of 175.6 megawatts (representing the contracted capacity according to the shareholding proportion of 80.4 megawatts) via (1) Prime Energy Capital Company Limited (PEC) and (2) Prime Road Group Company Limited (PRG).
6. SPCG PCL.	SPCG	SPCG operates as a holding company by investing in subsidiaries and associated companies to operate 4 types of business which are (1) investment and development of solar farm, engineering, procurement and construction (EPC) service, and operation, maintenance and monitoring (OM&M) service; (2) steel

¹² Excluding TPC Power Holding PCL. and Absolute Clean Energy PCL. who have main revenue from biomass power plants. The IFA views that business risk of biomass power plants is from price volatility of raw material, which is different from power plants using natural resource of energy such as solar, wind, and water.

Company Name	Securities Symbol	Type of Business
		roof and roof structure with one-stop service; (3) distribution and installation of solar roof; and (4) authorized sales and service partnership for inverter of SMA Solar Technology AG (SMA), Germany.
7. Sermsang Power Corporation PCL.	SSP	SSP operates as a holding company by investing in companies that engage in generation and sale of electricity from renewable energy and other related businesses in Thailand and overseas. Sermsang Palang Ngan Co., Ltd. is SSP's core company which operates a solar power plant with contracted capacity of 40 MW located in Lopburi Province.
8. Super Energy Corporation PCL.	SUPER	SUPER engages in the generation and distribution of electricity from renewable energy and related businesses, including information technology business.
9. Thai Solar Energy PCL.	TSE	TSE operates the business of production and distribution of electricity from solar power domestically and internationally as well as EPC service business. Besides, TSE aims to expand its investment in electricity generation from other renewable energy.

Source: www.set.or.th

Remark: 1/ Operate business through subsidiaries of EA.

Financial Information of the Peer Group

(Unit: Baht million)

Company	Market Cap as of March 5, 2021	Total Assets as of December 31, 2020	Total Revenues of the Latest 4 Quarters	Net Profit (Loss) of the Latest 4 Quarters
1. BCPG	39,079.93	51,219.57	4,745.63	1,912.25
2. CKP	35,931.87	67,038.45	7,595.71	404.71
3. EA	235,922.50	78,483.77	17,199.14	5,204.57
4. GUNKUL	25,048.74	46,032.16	11,047.14	3,412.34
5. PRIME	8,508.97	5,837.95	811.01	288.26
6. SPCG	21,115.80	21,718.20	5,047.31	2,731.62
7. SSP	14,936.40	16,104.03	1,935.45	736.29
8. SUPER	25,708.50	73,160.31	7,070.84	1,303.28
9. TSE	5,167.23	19,176.78	1,542.96	421.43
XPCL	n.a.	131,464.90	12,079.97	968.29

Source: SETSMART and financial statements of each company disclosed on their websites

Summary of XPCL share valuation is as follows:

XPCL	Historical P/BV Ratio (times)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
1. BCPG	1.75	2.19	2.40	2.46	2.28	2.13	2.09	2.10
2. CKP	1.49	1.51	1.53	1.58	1.62	1.70	1.73	1.69
3. EA	8.71	8.97	9.03	8.27	7.57	7.17	6.99	7.13
4. GUNKUL	2.03	2.08	2.08	2.08	2.04	2.06	2.12	2.25
5. PRIME	3.12	3.18	3.19	3.15	3.16	3.23	3.15	9.73
6. SPCG	1.33	1.32	1.31	1.34	1.35	1.33	1.30	1.34
7. SSP	3.58	3.42	3.27	2.92	2.54	2.31	2.11	1.95
8. SUPER	1.50	1.53	1.58	1.59	1.54	1.51	1.53	1.25
9. TSE	0.86	0.86	0.87	0.89	0.90	0.92	0.97	1.04
Median of 9 companies^{1/}	1.75	2.08	2.08	2.08	2.04	2.06	2.09	1.95
Share value of XPCL (Baht/share)	18.19	21.57	21.59	21.58	21.21	21.36	21.74	20.29

Source: SETSMART

Remark:

1/ The Independent Financial Advisor uses median as it the indication of center value which is not affected by the outliers. The use of median is recommended by world-class share valuation expert (Aswath Damodaran).

Under this approach, value of XPCL shares is in a range of **Baht 18.19 – 21.74 per share.**

Value of XPCL's shares under this approach is higher than share value under other approaches as the Project is capital intensive and the loan agreements with financial institutions specify that shareholders must inject capital in the agreed proportion, thus, XPCL's shareholders' equity is relatively high.

4. Price to Earnings Ratio Approach: P/E Ratio

Under this approach, CapAd evaluated value of XPCL's shares by multiplying earnings per share of XPCL based on financial statements for the last 12-month period ended December 31, 2020, audited by a certified auditor approved by the SEC, with median of P/E Ratios of 9 comparable SET- or mailisted companies in Energy & Utilities Sector who operate the business of production and distribution of electricity from renewable energy. The calculation is based on the historical data up to March 5, 2021. 2020. The details can be summarized as follows:

XPCL	Historical P/E Ratio (times)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
1. BCPG	20.56	20.23	19.99	19.56	17.99	17.01	16.82	17.12
2. CKP	87.23	64.52	52.26	46.88	91.53	166.72	180.62	128.53
3. EA	44.44	44.64	44.42	40.49	36.27	33.51	31.18	30.45
4. GUNKUL	7.58	8.99	9.52	9.78	9.52	9.43	9.66	10.96
5. PRIME	28.61	28.58	28.44	28.00	25.82	24.06	22.74	34.47
6. SPCG	7.15	6.91	6.81	6.90	6.99	6.90	6.74	6.81
7. SSP	21.36	20.75	19.95	17.88	15.64	14.34	13.19	12.77
8. SUPER	17.70	16.86	16.78	16.67	15.16	13.91	12.77	11.02
9. TSE	11.40	10.62	10.30	10.33	9.87	9.53	9.09	11.10
Median of 9 companies^{1/}	20.56	20.23	19.95	17.88	15.64	14.34	13.19	12.77
Share value of XPCL (Baht/share)	7.41	7.29	7.19	6.45	5.64	5.17	4.76	4.60

Source: SETSMART

Remark:

1/ The Independent Financial Advisor uses median as it the indication of center value which is not affected by the outliers. The use of median is recommended by world-class share valuation expert (Aswath Damodaran).

Under this approach, value of XPCL shares is in a range of **Baht 4.60 – 7.41 per share.**

Value of XPCL's shares under this approach is relatively low as the Project just commenced its COD on October 29, 2019. In 2020, XPCL had lower gross profit than expected because of the lowest water flows in 12 years and high financial cost from interest rate on loan from financial institutions and related fees.

5. Discounted Cash Flow Approach

This valuation approach takes into account XPCL's future operating performances by deriving present value of future cash flow streams using an appropriate discount rate. The Independent Financial Advisor calculated the Weighted Average Cost of Capital (WACC) to be used as the discount rate and constructed a 30-year forecast of XPCL's cash flow (2021 - 2050) in order to be in line with the Concession Agreement with the government of the Lao PDR and the Power Purchase Agreement with Electricité du Laos (EdL) dated October 29, 2010 and the amendment to the Concession Agreement dated March 15, 2016. In this financial forecast, CapAd assume that the Power Purchase Agreement with EGAT will be extended for additional 2 years or totaling of 31 years from the COD, which is on October 29, 2019¹³. It is also assumed that XPCL will cease its operations after 2050 and there is no significant change under the current economic conditions and circumstances.

CapAd constructed the financial forecast for XPCL based on information and assumptions from XPCL and interviews with the managements and relevant officers. The objective of the financial forecast is to evaluate fair value of XPCL's shares and appropriateness of acquisition price of XPCL's shares. If there is any change in overall economic outlook and other internal and external factors that materially affect XPCL's business operation or assumptions used herein, fair value derived from financial projection may change accordingly.

The assumptions for XPCLs financial forecast can be summarized as follows;

The Xayaburi Hydroelectric Power Plant is a large run-of-river hydroelectric power plant on the Mekong River which is designed by the hydroelectric power engineering model in order to avoid, prevent, and minimize environmental and social impacts. Its installed capacity is 1,285 MW with average annual generating capacity of 7,589 GWh¹⁴. The Project comprises of 7 turbine generator units of 175 MW each and one 60-MW unit.

The power source for electricity generation of the Xayaburi Power Plant is water from the Mekong River which has a total length of approximately 4,350 kilometers, covering an area of the People's Republic of China, Myanmar, the Lao PDR, Thailand, Cambodia, and the Socialist Republic of Vietnam.

Even though there is no cost of water for electricity generation because it is from natural resource, water flow in each period is uncertain and unpredictable depending on weather condition and seasonality. According to the feasibility study of the Xayaburi Hydroelectric Power Plant and the study of the historical rainfalls in the past 50 – 60 years, rainfall level is sufficient for electricity generation to supply to EGAT as per the Power Purchase Agreement with EGAT.

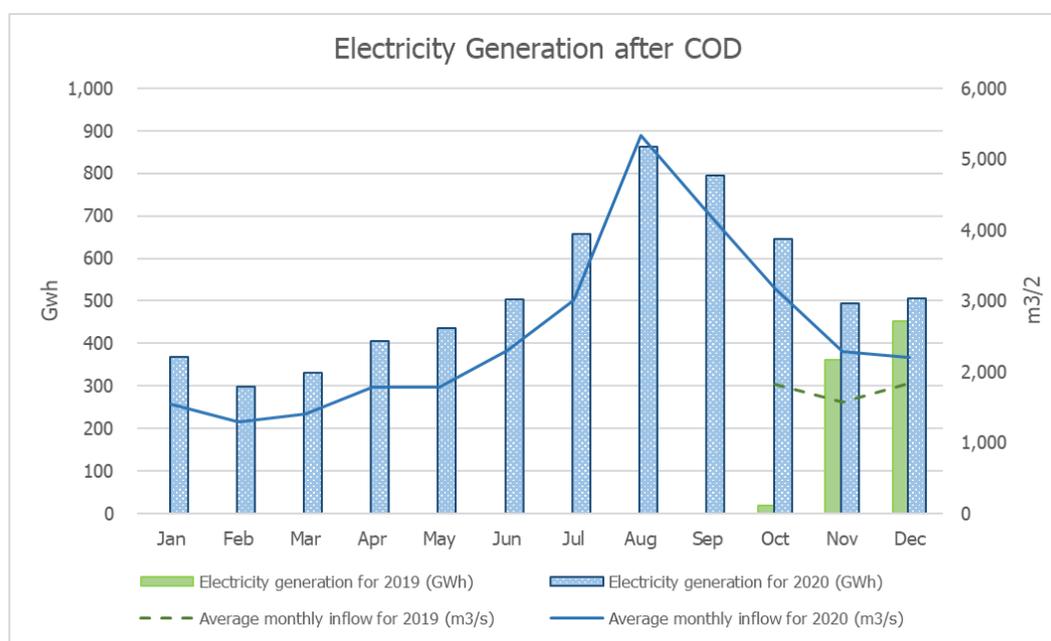
The run-of-river hydroelectric power plant is normally faced with fluctuation of water volume in each period with the maximum flows during July – September and the minimum flows between February – April. However, in recent years, the seasonal run-off regime has changed significantly due to the construction of the Lancang Reservoir Cascade in China and the construction of other dams during 1995 - 2015. The large storage capacity of these plants operate as seasonal storage plants, which means that flow pattern downstream of this cascade is directly influenced by the operation of the cascade. The flows during the dry season increased while the peak flows during the wet season decreased, resulting in a positive effect for the downstream hydropower plants. (*Source: Lenders Technical Advisor (LTA) Report for Xayaburi HEPP dated January 20, 2020 prepared by AFRY (Thailand) Limited (formerly named Pöyry Energy Limited Thailand)*)

¹³ Based on the Power Purchase Agreement with Electricity Generating Authority of Thailand dated October 29, 2011, term of the power purchase agreement is 29 years from the COD. XPCL is confident that the Power Purchase Agreement with EGAT can be extended to cover the period of the Concession Agreement with the government of Lao PDR which is 31 years. The average energy tariff under this Power Purchase Agreement with EGAT is approximately Baht 1.954 per kWh, while the average cost of electricity of Thailand in 2019 was approximately Baht 2.75 per kWh. (Cost of electricity generated from each types of energy were in the range of Baht 1.20 – 5.50 per kWh.) (*Please refer to Figure 4 on page 44.*) Therefore, risk the XPCL is unable to extend the additional 2 years of the Power Purchase Agreement with EGAT is limited.

¹⁴ Calculated by CNR Engineering Department of Compagnie Nationale du Rhône (CNR), the technical advisor of XPCL, by the complex mathematical models which take into consideration the following factors: water flow rate, water level, head losses, water weight, rainfall, gravitational acceleration, turbine and generator design, turbine and generator efficiency, number of turbines in operation, operating period, downtimes (such as maintenance of equipment and transmission lines, and unplanned power outages), mechanical losses (such as friction losses), generator losses, and electrical losses (such as transformer losses, power consumption of power plant auxiliaries, and transmission line losses), and other factors (such as impact of China's hydroelectric power developments, impact of hydroelectric power development in Laos, and impact of global climate change). Detailed data and specification of turbine and generator from the manufacturer have also been used in the calculation.

Average monthly flows and electricity generation of the Xayaburi Hydroelectric Power Plant since the COD were as follows:

Figure 1: Electricity Generation of Xayaburi Hydroelectric Power Plant during October 29, 2019 to December 31, 2020



Source: XPCL

Remark: 1/ Commercial Operation Date (COD) was on October 29, 2019. Operating period for October 2019 was totaling 3 days while the data for October 2019 represented a full month average inflow.

In 2020, electricity generation of XPCL was 6,301 GWh from the average flows of 2,533 cubic meter per second. The electricity generation in 2020 was lower than XPCL's plan by 16.83% while the average flows were lower than XPCL's plan by 33.72% due to low water flows than expected in dry season.

1,225 MW of installed capacity shall be sold to EGAT under the Power Purchase Agreement for 29 years from the Commercial Operation Date, which is on October 29, 2019, and 60 MW of installed capacity shall be sold to Electricité du Laos ("EdL") under the Power Purchase Agreement between EdL and XPCL, for the period equal to the concession period granted from the government of the Lao PDR.

Key assumptions of the financial forecast are as follows:

- **Revenue from sales of electricity**

COD of the Xayaburi Hydroelectric Power Plant was on October 29, 2019.

In 2019 – 2020, revenue from sales of electricity was Baht 1,563.42 million and Baht 12,067.07 million, respectively. In 2020, revenue from sales of electricity to EGAT was Baht 11,786.23 million from sales of 6,163.62 GWh, and revenue from sales of electricity to EdL was Baht 280.85 million from sales of 137.79 GWh.

Revenue from Sales of Electricity	2019A	2020A
Number of months of electricity generation	2 months and 3 days ^{1/}	12 months
Annual energy delivered to EGAT (GWh)		
-Primary Energy (PE) ^{2/}	437	3,450
-Secondary Energy (SE) ^{2/}	182	1,322
-Excess Energy (EE) ^{2/}	178	1,384
-Test Energy	-	8
Total energy delivered to EGAT	797	6,164
Energy delivered to EdL (GWh)	37	138
Total energy delivered to EGAT and EdL (GWh)	834	6,301
Average energy tariff: EGAT (Baht/kWh) ^{3/}	1.891	1.912
Average energy tariff: EdL (Baht/kWh)	1.529 ^{4/}	2.038

Revenue from Sales of Electricity	2019A	2020A
Revenue from sales of electricity: EGAT (Baht million)	1,508.87	11,786.23
Revenue from sales of electricity: EdL (Baht million)	56.24	280.85
Total revenue from sales of electricity (Baht million)	1,565.11	12,067.07

Remark:

1/ COD was at October 29, 2019.

2/ According to the Power Purchase Agreement (PPA),

(a) Primary Energy (PE) is the energy dispatched on Monday – Saturday at the maximum of 16 hours per day.

(b) Secondary Energy (SE) is the energy dispatched on Monday – Saturday at the maximum of 5.35 hours per day and on Sunday at the maximum of 8 hours per day

(c) Excess Energy (EE) is the excess electricity generated when XPCL finds that water flow rate exceeds the forecast, thereby, more electricity is generated in excess of the target designated in (a) and (b) in such month.

However, actual delivery of energy shall be in accordance with the weekly declaration based on estimated daily water flows in the week which is in line with generating capacity in each period.

3/ Exchange rate in 2019 – 2020 was at Baht 30.79 per USD and Baht 31.17 per USD, respectively.

4/ Average energy tariff in 2019 was lower than that of 2020 because it is the tariff during unit operation period

Summary of revenue from sales of electricity of Xayaburi Hydroelectric Power Plant for the next 30 years are as follows:

Revenue from Sales of Electricity	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Operating period	12 months									
Annual energy delivered to EGAT (GWh)										
-Primary Energy (PE) ^{1/}	3,615	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805
-Secondary Energy (SE) ^{1/}	1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410
-Excess Energy (EE) ^{2/}	1,495	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646
Total energy delivered to EGAT	6,520	6,861	6,861	6,861	6,861	6,861	6,861	6,861	6,861	6,861
Total energy delivered to EdL (GWh)	163	217	217	241	241	241	241	241	241	241
Total energy delivered to EGAT and EdL (GWh)	6,683	7,079	7,079	7,102	7,102	7,102	7,102	7,102	7,102	7,102
Average energy tariff: EGAT (Baht/kWh) ^{2/}	1.865	1.861	1.871	1.882	1.919	1.919	1.919	1.919	1.919	1.954
Average energy tariff: EdL (Baht/kWh)	2.038	2.038	2.038	2.038	2.038	2.038	2.038	2.038	2.038	2.038
Revenue from sales of electricity: EGAT (Baht million)	12,158.19	12,767.87	12,838.80	12,909.74	13,165.41	13,165.41	13,165.41	13,165.41	13,165.41	13,409.26
Revenue from sales of electricity: EdL (Baht million)	332.09	443.23	443.23	491.83	491.83	491.83	491.83	491.83	491.83	491.83
Total revenue from sales of electricity (Baht million)	12,490.28	13,211.09	13,282.03	13,401.57	13,657.24	13,657.24	13,657.24	13,657.24	13,657.24	13,901.08

Revenue from Sales of Electricity	2031F	2032F	2033F	2034F	2035F	2036F	2037F	2038F	2039F	2040F
Operating period	12 months									
Annual energy delivered to EGAT (GWh)										
-Primary Energy (PE) ^{1/}	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805
-Secondary Energy (SE) ^{1/}	1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410
-Excess Energy (EE) ^{2/}	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646
Total energy delivered to EGAT	6,861	6,861	6,861	6,861	6,861	6,861	6,861	6,861	6,861	6,861
Total energy delivered to EdL (GWh)	241	241	241	241	241	241	241	241	241	241
Total energy delivered to EGAT and EdL (GWh)	7,102	7,102	7,102	7,102	7,102	7,102	7,102	7,102	7,102	7,102
Average energy tariff: EGAT (Baht/kWh) ^{2/}	1.954	1.954	1.954	1.954	1.954	1.954	1.954	1.954	1.954	1.954
Average energy tariff: EdL (Baht/kWh)	2.038	2.350	2.350	2.350	2.350	2.350	2.350	2.350	2.350	2.350
Revenue from sales of electricity: EGAT (Baht million)	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26
Revenue from sales of electricity: EdL (Baht million)	491.83	567.06	567.06	567.06	567.06	567.06	567.06	567.06	567.06	567.06
Total revenue from sales of electricity (Baht million)	13,901.08	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31

Revenue from Sales of Electricity	2041F	2042F	2043F	2044F	2045F	2046F	2047F	2048F	2049F	2050F
Operating period	12 months	10 months								
Annual energy delivered to EGAT (GWh)										
-Primary Energy (PE) ^{1/}	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,289
-Secondary Energy (SE) ^{1/}	1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,410	1,175
-Excess Energy (EE) ^{1/}	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,646	1,465
Total energy delivered to EGAT	6,861	6,861	6,861	6,861	6,861	6,861	6,861	6,861	6,861	5,929
Total energy delivered to EdL (GWh)	241	241	241	241	241	241	241	241	241	212
Total energy delivered to EGAT and EdL (GWh)	7,102	7,102	7,102	7,102	7,102	7,102	7,102	7,102	7,102	6,141
Average energy tariff: EGAT (Baht/kWh) ^{2/}	1.954	1.954	1.954	1.954	1.954	1.954	1.954	1.954	1.954	1.950
Average energy tariff: EdL (Baht/kWh)	2.350	2.350	2.350	2.350	2.350	2.350	2.350	2.350	2.350	2.350
Revenue from sales of electricity: EGAT (Baht million)	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	11,563.07
Revenue from sales of electricity: EdL (Baht million)	567.06	567.06	567.06	567.06	567.06	567.06	567.06	567.06	567.06	498.06
Total revenue from sales of electricity (Baht million)	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31	12,061.12

Remark:

1/ Definition from the Power Purchase Agreement:

(a) **Primary Energy (PE)** is the energy dispatched on Monday – Saturday at the maximum of 16 hours per day.

(b) **Secondary Energy (SE)** is the energy dispatched on Monday – Saturday at the maximum of 5.35 hours per day and on Sunday at the maximum of 8 hours per day

(c) **Excess Energy (EE)** - is the excess electricity generated when XPCL finds that water flow rate exceeds the forecast, thereby, more electricity is generated in excess of the target designated in (a) and (b) in such month.

However, actual delivery of energy will be in accordance with the weekly declaration subject to expected daily water flow in each week which is in line with generating capacity in each period.

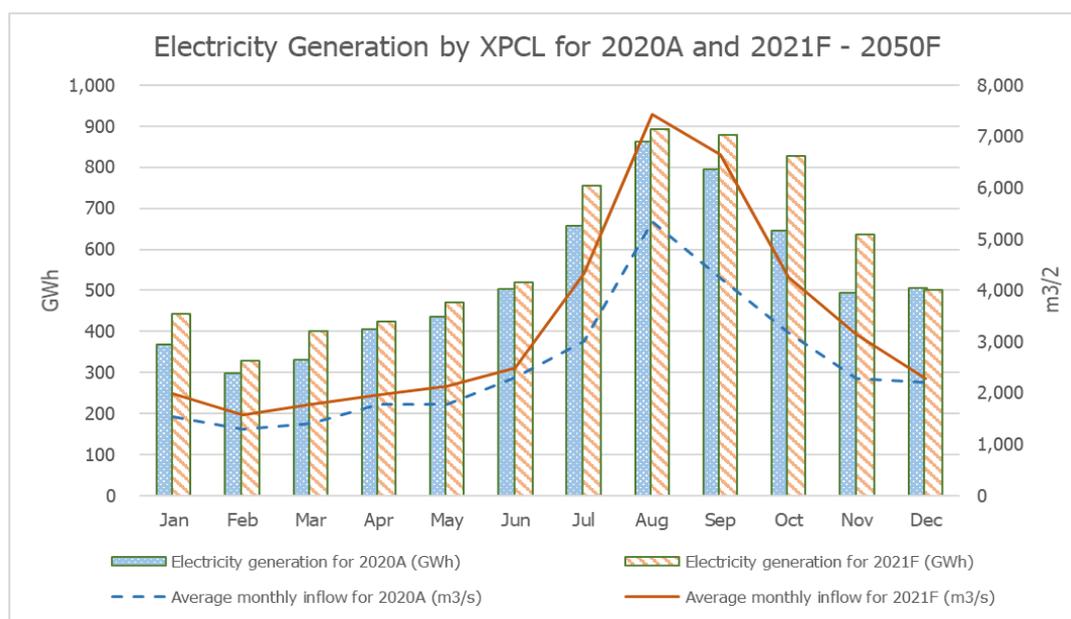
2/ Weighted average of the energy tariff of PE, SE and EE.

Based on the foreign exchange rate of USD/Baht 30.25 – 32.00. (Refer to the average exchange rate during January 1, 2021 – March, 2021 of Baht 30.25 per USD. The exchange rate is expected to gradually increase to Baht 32.00 per USD, which is close to the average exchange rate in the past 10 years (2012 – 2M/2021)).

Target electricity generation for Xayaburi Hydroelectric Power Plant

Average monthly inflow and electricity generation in 2020 (first full year) and the target electricity generation in 2021 – 2050 are as follows:

Figure 2: Electricity Generation of the Xayaburi Hydroelectric Power Plant in 2020 and Target Electricity Generation in the Future



Source: XPCL

Remark: 1/ The Project will operate only 10 months in 2050 according to the expiration of the concession.

XPCL has estimated electricity generation in 2021 – 2050 at 7,078 GWh per year based on the estimated average flows of 3,334 cubic meters per second, which is estimated from the 12-year average flows (2009 – 2020) through the site. This period can reflect the water flows through the site since study of the project to present, and cover the period after the construction of the latest largest dam of China in 2014 (Nuozhaidu HPP), the wet year (2018) and the dry year (2019 – 2020). However, the water flows vary with rainfall level over/under the dam, an irregular periodic variation of weather from El Nino and La Nina, and water flows from upstream dams in China. Regardless of an increasing numbers of dam construction in China upstream of Mekong River and secondary rivers north of Lao PDR in the past 30 years, XPCL still have sufficient amount of water for electricity generation since its COD in 2019. (Please refer to the following table and Figure 3)

Average Water Flows during the Past 30 Years

Year	Average Water Flows (cubic meters per second: m ³ /s)	Year	Average Water Flows (cubic meters per second: m ³ /s)
1991	4,420 ^{1/}	2006	3,285
1992	2,452 ^{2/}	2007	3,244
1993	3,264	2008	4,470 ^{1/}
1994	3,870	2009 ^{5/}	3,265
1995 ^{3/}	4,341 ^{1/}	2010 ^{6/}	3,007
1996	4,250 ^{1/}	2011	3,796
1997	3,791	2012	3,036
1998	3,698	2013	3,400
1999	4,037 ^{1/}	2014 ^{7/}	3,489
2000	4,398 ^{1/}	2015	3,165
2001	4,759 ^{1/}	2016	3,199
2002	4,477 ^{1/}	2017	3,849
2003 ^{4/}	2,831 ^{2/}	2018 ^{8/}	4,751 ^{1/}
2004	3,661	2019 ^{9/}	2,767 ^{2/}
2005	3,293	2020	2,533 ^{2/}

Source: XPCL

Remark: Information on water flows during 1991 – 2008 at Luang Prabang water measuring point and information on water flows during 2009 – 2020 measured by XPCL at the measuring point in front of the Project.

1/ Wet years.

2/ Dry years.

(For Remark 3/ - 9/: include only China's mega hydroelectric power plant along Mekong River with generating capacity of more than 1,000 MW, excluding China's hydroelectric power plant along the secondary rivers based on information from https://en.wikipedia.org/wiki/Hydropower_in_the_Mekong_River_Basin and https://www.meltdownintibet.com/f_river_mekong.html)

3/ Manwan Hydroelectric Power Plant commenced operation (generating capacity of 1,570 MW and water storage capacity of 920 million cubic meters).

4/ Dachaoshan Hydroelectric Power Plant commenced operation (generating capacity of 1,350 MW and water storage capacity of 890 million cubic meters).

5/ Jinghong Hydroelectric Power Plant commenced operation (generating capacity of 1,750 MW and water storage capacity of 1,140 million cubic meters).

6/ Xiowan Hydroelectric Power Plant commenced operation (generating capacity of 4,200 MW and water storage capacity of 14,560 million cubic meters).

7/ Nuozhaidu Hydroelectric Power Plant commenced operation (generating capacity of 5,850 MW and water storage capacity of 23,703 million cubic meters).

8/ Miaowei Hydroelectric Power Plant commenced operation (generating capacity of 1,400 MW and water storage capacity of 660 million cubic meters).

9/ Huangdeng Hydroelectric Power Plant commenced operation (generating capacity of 1,900 MW and water storage capacity of 1,613 million cubic meters).

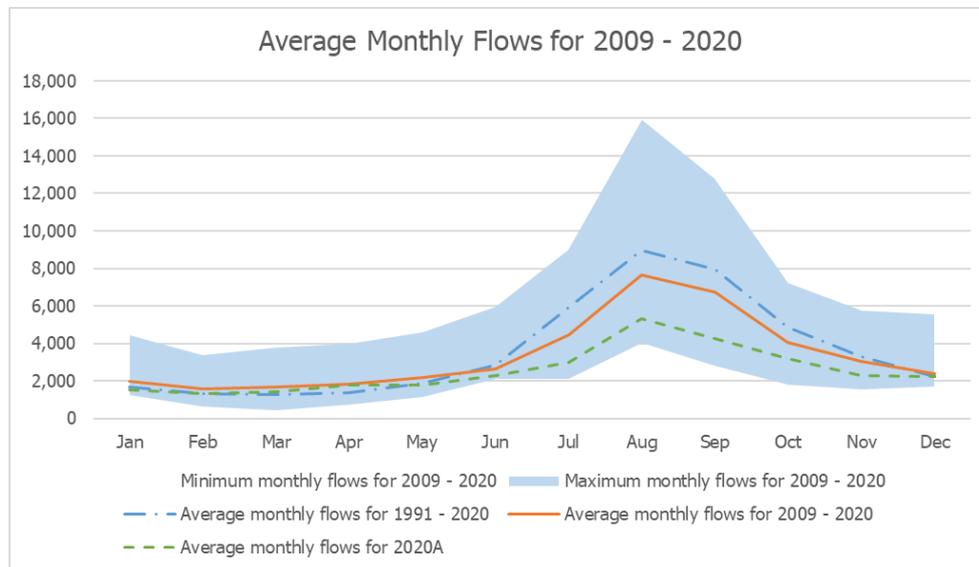
XPCL will allocate 6,861 GWh of energy for EGAT and 217 GWh for EdL. XPCL has considered the allocation of energy based on the best interest of XPCL and electricity generation capability.

The average water flows in 2020 was at 2,533 cubic meters per second, the lowest in the past 12 years, where the average flows in 2009 – 2020 (the past 12 years) was 3,334 cubic meters per second. (Please refer to Figure 3)

However, the average flows in 2009 – 2020 (the past 12 years) was lower than the average flows of the past 30 years (1991 – 2020) which was at 3,627 cubic meters per second. (Please refer to table above and Figure 3)

Since COD, the lowest average water flows in February 2020 were at approximately 1,300 cubic meters per second, by which XPCL operated 2 sets of water turbine and 175-MW generator¹⁵ that can generate electricity of 297 GWh. (Please refer to Figure 1)

Figure 3: Average Monthly Water Flows through the Xayaburi Hydroelectric Power Plant in the past 12 years



Source: Water measurement by XPCL

Revenue from sales of electricity to EGAT

o Energy supply

Based on the Power Purchase Agreement, EGAT commits to purchase all Primary Energy and Secondary Energy generated by 7 generating units with capacity of 175 MW each with total annual generating capacity of 7,246 GWh (million units).

As mentioned earlier, XPCL has estimated electricity generation for 2021 – 2050 at 7,078 GWh per year, of which 6,861 GWh shall be allocated to EGAT and 217 GWh to EdL. XPCL has considered the allocation of electricity generation based on the best interest of XPCL and electricity generation capability.

However, the electricity sold to EGAT amounting to 6,164 GWh was lower than XPCL's plan as water flows in 2020, which was at 2,533 cubic meters per second, was lower than XPCL's estimation. Water flows in 2020 is at the lowest level in the past 12 years (and is the second lowest in the past 30 years). Thus, the IFA projected that electricity sold to EGAT in 2022 shall gradually adjust to normal level of 6,861 GWh. Such projection is based on level of water flows in the past 12 years (2009 – 2020) which covers the period when construction of the Nuozhaidu Hydroelectric Power Plant, China's largest hydroelectric power plant on Mekong River, is completed (2014), wet year (2018), and dry years (2019 – 2020). In 2021, electricity generated is estimated to be lower than 2022 by 5% but higher than that sold to EGAT by 5.78%.

From the Power Purchase Agreement, the annual supply target to be purchased by EGAT can be divided into:

(a) Primary Energy (PE): EGAT agrees to purchase Committed Energy of 4,299 million units per year. The energy shall be generated at maximum of 16 hours per day on Monday – Saturday. Payments for PE will be made in Thai Baht and USD (ratio of payment in Thai Bath and USD is 50:50)

(b) Secondary Energy (SE): EGAT agree to purchase Committed Energy Annual Supply Target of 1,410 million units per year. The energy shall be generated at maximum of 5.35 hours per day on Monday – Saturday and 8 hours on Sunday. Payments for SE will be made in Thai Baht.

In addition, if XPCL is able to generate electricity in excess of the designated target of PE or SE as determined in the Power Purchase Agreement, such Excess Energy may be accumulated in the

¹⁵ The operation of a set of water turbine and 175-MW generator requires the minimum of 210 cubic meters per second of water flows in order to generate capacity of 68 MW or equivalent to electricity of approximately 48.96 GWh.

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 Power Purchase Agreement.

(c) Excess Energy (EE): It is the excess electricity generated when XPCL finds that the water volume exceeds the forecast, leading to higher electricity generation than the amount designated in (a) and (b) as declared to EGAT in advance. Such excess electricity will be considered as the Excess Energy, all payments for which will be made in Thai Baht.

Excess Energy Account shall be deducted by 25% of the final balance of excess revenue account and transferred to EGAT Reconciliation Account. Payment to EGAT shall be in accordance with the terms and conditions in the power purchase agreement. EGAT shall pay for Excess Energy in full to XPCL and XPCL shall refund 25% of such amount to EGAT in every 10 years after COD. XPCL shall record such expense as liabilities until the amount is paid to EGAT.

Besides the Committed Energy for PE and SE, CapAd assumed that EGAT will also purchase the Excess Energy due to the tariff for Excess Energy is relatively low comparing to tariff paid by EGAT for electricity generated by other energy sources.

o **Energy tariff**

Energy tariff shall be as stipulated in the Power Purchase Agreement with EGAT. Energy tariff depends on time period where tariff for Primary Energy is at the highest rate and tariff for Excess Energy is the lowest.

Revenue from sales of electricity to EdL

Based on the Power Purchase Agreement, EdL agrees to purchase annual total energy of 343 GWh generated by 1 generating unit with capacity of 60 MW. The energy tariff shall be adjusted once in the 11th year.

However, XPCL will allocate approximately 217 GWh per year to EdL based on the target electricity generation of 7,078 GWh per year and average inflow of 3334 cubic meters per second.

• **Operating expenses (excluding depreciation and amortization expenses)**

Operating expenses consist of operating and maintenance expenses, engineering consultant fee, spare part & material costs, repair and maintenance costs, insurance premium, land rental fee, other operating expenses, and royalty fee.

(Unit: Baht million)

Operating expenses	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Operating expenses	826.12	764.44	736.66	797.62	1,175.33	1,189.19	1,071.58	1,085.15	1,127.86	1,269.69
% of operating expenses to revenue from sales of electricity	6.61%	5.79%	5.55%	5.95%	8.61%	8.71%	7.85%	7.95%	8.26%	9.13%

(Unit: Baht million)

Operating expenses	2031F	2032F	2033F	2034F	2035F	2036F	2037F	2038F	2039F	2040F
Operating expenses	1,291.30	1,316.12	1,339.67	1,387.65	1,529.77	1,556.57	1,778.44	1,807.65	1,667.66	1,815.99
% of operating expenses to revenue from sales of electricity	9.29%	9.42%	9.59%	9.93%	10.95%	11.14%	12.72%	12.93%	11.93%	12.99%

(Unit: Baht million)

Operating expenses	2041F	2042F	2043F	2044F	2045F	2046F	2047F	2048F	2049F	2050F
Operating expenses	1,849.26	1,884.02	1,920.32	1,958.37	1,997.99	2,039.39	2,199.12	2,826.68	2,874.04	2,514.32
% of operating expenses to revenue from sales of electricity	13.23%	13.48%	13.74%	14.01%	14.30%	14.59%	15.73%	20.22%	20.56%	20.85%

Remark:

1/ Increase in operating expenses due mainly to the increase in royalty fee as specified in the Concession Agreement.

Hydroelectric power project is a capital-intensive project that incurs lower cost of electricity generation than those of a thermal power project that use fuel energy.

In this financial forecast, CapAd estimated operating expenses of Xayaburi Hydroelectric Power Plant based on historical operating performance of XPCL in 2020, the first full year after COD, and the estimation of the engineering team and management of XPCL.

Key assumptions are as follows;

- Employee expenses is expenses for technicians who responsible for project operation and maintenance, and support teams. XPCL plans that employee expenses for 2021 shall be at Baht 191.29 million (as it plans to employ approximately 35 additional employees and increase salary of existing staffs), higher than actual amount in 2020 (the first full year of operation) of Baht 144.20

million. From 2022 onwards, the IFA assumed that employee expenses increase by 5% per annum based on XPCL's policy on salary increase.

- Spare part & material and repair and maintenance costs in 2021 are assumed at Baht 90.15 million, higher than Baht 26.62 million in 2020. XPCL made such estimation based on the assumption that there shall be the purchase of additional spare part & material in order to support the repair and maintenance after the end of warranty period. In 2022 onwards, it is assumed that spare part & material and repair and maintenance costs increase by 3% per annum based on average inflation rate of Lao PDR¹⁶.

Such spare part & material and repair and maintenance costs cover regular annual repair and maintenance but do not include costs of partial overhaul. The first partial overhaul will be in 2025 – 2026 and the second partial overhaul in 2037 – 2038 based on the schedule specified on the Power Purchase Agreement with EGAT. Cost of the first partial overhaul is assumed at Baht 272 million and increase by 3% per annum for the second partial overhaul (or approximately Baht 388 million). XPCL based its estimation of partial overhaul on that of Nam Ngum 2 Hydroelectric Power Plant since both projects have similar characteristics of equipment.

- Land rental fee to the government of Lao PDR, which will be made in USD, is assumed at approximately Baht 1.8 million in the first year and increase by 5% every 5 years according to Land Rental Agreement with Lao PDR.
- Engineering consultant fee in 2021 is assumed at approximately Baht 94.28 million, close to that of 2020. For 2022 – 2023, XPCL assumed engineering consultant fee of Baht 89.60 million and Baht 55.52 million, respectively. For 2023 onwards, the engineering consultant fee is assumed to increase by 3% per annum based on terms and conditions in the Service Agreement between XPCL and the Company.

Engineering consultant fee is expected to be high in the first 3 years after COD, but engineering consultant fee should be lower afterwards as there shall be limited construction supervision works required and staffs have more experience in the Project.

- Insurance premium consists of property insurance, business interruption insurance, third party insurance, and terrorism and/or sabotage insurance, totaling of Baht 328 million per annum, based on the invoice of insurance premium in 2021.
- According to the Concession Agreement, XPCL has remaining environmental and social obligations of approximately USD 12 million. Most of such obligations are Environmental Protection Fund, Community Development Fund, and Watershed Management. XPCL estimated environmental and social obligations in 2021 at Baht 88.25 million, and approximately Baht 5 – 20 million per annum in 2022 – 2050.
- Travelling expenses of engineers, technicians, and operating staffs in 2021 – 2022 are assumed at Baht 2.20 million and Baht 2.55 million, respectively, which is lower than normal level due to travel restriction during COVID-19 pandemic.

In 2021 – 2022, travelling expenses are assumed to increase to Baht 16.10 million per annum which is higher than normal level as more travel is required after the travel restriction during COVID-19 pandemic.

In 2023, travelling expenses are assumed to be at normal level of Baht 8.74 million based on average travelling expenses of 2019 (approximately 2 – 3 months after the COD and before the COVID-19 pandemic). In 2024 - 2050, travelling expenses are assumed to increase by 3% per annum based on estimated average inflation growth of Thailand and Lao PDR.¹⁷

- Other expenses such as fish monitoring expenses, inflow estimation expenses, and other expenses were Baht 15.58 million in 2020. In this financial forecast, the IFA assumed other expenses to increase by 3% per annum based on estimated average inflation growth of Thailand and Lao PDR.¹⁸

¹⁶ The Independent Financial Advisor found that Thailand's average CPI growth in the past 20 years (2002 – 2020 and 2M/2021) was at 1.78% per annum and Lao PDR's average inflation growth in the past 20 years (2002 – 2020 and 1M/2021) and the past 10 years (2012 – 2020 and 1M/2021) was at 5.4% per annum and 3.19% per annum, respectively.

Average inflation growth in the past 20 years of Thailand and Lao PDR was at approximately 3.59% per annum while average inflation growth in the past 20 years of Thailand and average inflation growth in the past 10 years of Lao PDR was at 2.48% per annum. Thus, the Independent Financial Advisor used average inflation growth of 3.00% per annum which reflect average inflation growth of Thailand and Lao PDR in the past.

¹⁷ Please refer to Footnote 16 on page 39.

¹⁸ Please refer to Footnote 16 on page 39.

- Royalty fee is royalty fee paid to the government of Lao PDR, which is a variable expense to revenue from sales of electricity. Based on the Concession Agreement dated October 29, 2010 and the first amendment to the Concession Agreement dated March 15, 2016, the royalty fee of approximately 2.00% - 10.00% of revenues from sales of electricity shall be paid starting from the 6th year after COD.

Operating expenses (excluding royalty fee) are at approximately 5.55% - 10.85% of revenue from sales of electricity, or approximately Baht 0.57 – 1.15 million per MW (excluding royalty fee). Majority of these expenses are employee expenses, insurance premium, spare part & material and repair and maintenance costs, and engineering consultant fee which account for 38%, 32%, 16%, and 8% of operating expenses (exclusive of royalty fee) respectively.

- **Administrative expenses (excluding the depreciation and amortization expenses)**

Administrative expenses consist of management fee, salary and employee expenses, directors' remuneration, insurance premium, travelling expenses, office expenses, public relation expenses, donation, meeting and entertainment expenses, and other expenses.

Administrative expenses in 2018 – 2020 were Baht 86.01 million, Baht 181.87 million, and Baht 294.34 million, respectively, equivalent to an increase by 111.46% and 61.84% from the prior year, respectively. The increase of administrative expenses in 2020 was mainly from employee expenses and management fee.

The IFA based its projection of administrative expenses of Xayaburi Hydroelectric Power Plant on historical administrative expenses and policy and estimation of XPCL's management.

Summary of the key assumptions are as follows:

- Employee expenses in 2021 are assumed at Baht 99.55 million and increase by 10% per annum in 2022. From 2023 onwards, the IFA assumed employee expenses to increase by 5% per annum based on XPCL's policy on salary increase.
- Management fee is an expense paid to CKP for administrative works, accounting, and other allocated expenses. Management fee in 2021 is assumed at Baht 93.90 million, equivalent to those of the year 2020 and adjusted with growth rate of 3% per annum. From 2022 onwards, it is assumed that management fee will increase by 3% per annum based on terms and conditions in the Management Service Agreement between XPCL and the Company.
- Travelling expenses of management in 2021 are assumed at Baht 40.00 million based on travelling expenses in 2019 which was at Baht 37.66 million, while travelling expenses in 2020 were only Baht 12.42 million due to travelling restriction during the COVID-19 pandemic. In 2022 - 2050, travelling expenses is assumed to increase by 3% per annum based on estimated average inflation growth of Thailand and Lao PDR.¹⁹
- Bank fee for the letter of guarantee issued by financial institutions as a performance bond is based on the terms and conditions of the Power Purchase Agreement with EGAT. The bank fee for the letter of guarantee in 2021 is estimated at Baht 9.76 million.
- Office expenses, public relation expenses, donation, meeting and entertainment expenses, director remunerations and audit fee are assumed to increase by 3% per annum based on estimated average inflation growth of Thailand and Lao PDR.²⁰
- Consulting fees in 2021 are assumed at Baht 16 million, decrease by approximately 50% of consulting fees in 2020. In 2022 – 2050, consulting fees are assumed to increase by 3% per annum based on estimated average inflation growth of Thailand and Lao PDR.²¹
- Other administrative expenses are estimated at 0.4% of revenue from sales of electricity, which is equivalent to the average ratio of other expenses to revenue from sales of electricity in 2019 – 2020. In addition, XPCL assumed additional contingency of 3.3% - 4.1% of revenue from sales of electricity.

(Unit: Baht million)

Administrative Expenses	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Administrative expenses	715.25	841.05	853.64	915.49	929.78	943.39	957.53	972.22	987.48	1,004.32
% growth of administrative expenses	143.00%	17.59%	1.50%	7.25%	1.56%	1.46%	1.50%	1.53%	1.57%	1.71%

¹⁹ Please refer to Footnote 16 on page 39.

²⁰ Please refer to Footnote 16 on page 39.

²¹ Please refer to Footnote 16 on page 39.

Administrative Expenses	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
% of administrative expenses to revenue from sales of electricity	5.73%	6.37%	6.43%	6.83%	6.81%	6.91%	7.01%	7.12%	7.23%	7.22%

(Unit: Baht million)

Administrative Expenses	2031F	2032F	2033F	2034F	2035F	2036F	2037F	2038F	2039F	2040F
Administrative expenses	1,020.81	1,113.47	1,131.28	1,149.80	1,162.33	1,182.35	1,203.16	1,224.80	1,247.31	1,270.73
% growth of administrative expenses	1.64%	9.08%	1.60%	1.64%	1.09%	1.72%	1.76%	1.80%	1.84%	1.88%
% of administrative expenses to revenue from sales of electricity	7.34%	7.97%	8.09%	8.23%	8.32%	8.46%	8.61%	8.76%	8.92%	9.09%

(Unit: Baht million)

Administrative Expenses	2041F	2042F	2043F	2044F	2045F	2046F	2047F	2048F	2049F	2050F
Administrative expenses	1,295.08	1,320.42	1,346.79	1,374.22	1,402.76	1,432.47	1,463.39	1,495.57	1,529.08	1,330.47
% growth of administrative expenses	1.92%	1.96%	2.00%	2.04%	2.08%	2.12%	2.16%	2.20%	2.24%	-12.99%
% of administrative expenses to revenue from sales of electricity	9.27%	9.45%	9.64%	9.83%	10.04%	10.25%	10.47%	10.70%	10.94%	11.03%

- Financial costs**

Financial cost comprises of interest expenses on long-term loans from financial institutions, long-term loans from related parties, and liabilities under financial leases. As of December 31, 2020, XPCL had long-term loans from financial institutions of Baht 81,966.73 million, long-term loans from related parties (sponsor loans) of Baht 16,722.54 million and accrued interest of Baht 4,326.91 million (totaling Baht 21,049.45 million), and liabilities under financial leases of Baht 81.08 million.

XPCL's long-term borrowing rate is referenced to MLR and LIBOR based on the loan agreements. Repayment schedule for the long-term loans is in 15-year period (2020 – 2034).

- Corporate income tax**

Based on the Concession Agreement with the government of Lao PDR dated October 29, 2010 and the Amendment No. 1 dated March 15, 2016, corporate income tax rate is in the range of 0% - 15%. XPCL shall begin to pay corporate income tax in 2024.

- Capital expenditure**

According to the Power Purchase Agreement with EGAT, a major overhaul shall be conducted every 12 years after the COD. The estimated cost of major overhaul is USD 20 million (approximately 0.7% of EPC cost), which were estimated by the technical advisor of the lenders (AFRY (Thailand) Limited (formerly named Pöyry Energy Limited (Thailand))) and engineering department of XPCL. In addition, in this financial forecast, the IFA allocated cash flows to Maintenance Reserve Account to be consistent with the major overhaul schedule.

Apart from capital expenditures related to power plant, CapAd assumed capital expenditure for office at Baht 10 million per annum throughout the projection period based on capital expenditure on property, plant, and equipment (office and administration) and intangible assets in 2018 – 2020 which was at Baht 32.25 – 44.63 million. Most of future capital expenditure for office is for vehicle and repairment and replacement of assets.

- Assets and Liabilities Turnover**

Based on conditions in related agreements and XPCL's policies as follows:

Trade account receivables and other receivables	60 days on average
Trade account payables and other payables	45 days on average
Account payables (the government of Lao PDR): royalty fee	45 days on average

Summary of financial projection in 2021 - 2050 is as follows:

(Unit: Baht million)

XPCL	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Revenue from EGAT	12,158.19	12,767.87	12,838.80	12,909.74	13,165.41	13,165.41	13,165.41	13,165.41	13,165.41	13,409.26
Revenue from EdL	332.09	443.23	443.23	491.83	491.83	491.83	491.83	491.83	491.83	491.83
Total revenues	12,490.28	13,211.09	13,282.03	13,401.57	13,657.24	13,657.24	13,657.24	13,657.24	13,657.24	13,901.08
EBITDA	10,948.91	11,605.60	11,691.73	11,688.46	11,552.13	11,524.65	11,628.13	11,599.87	11,541.89	11,627.07
EBIT	6,740.29	7,176.20	7,265.57	7,261.04	7,139.53	7,119.69	7,222.02	7,196.02	7,142.52	7,229.93
Net profit	1,921.89	2,150.27	2,194.33	2,273.42	2,402.54	2,760.87	3,270.90	3,689.72	4,114.86	4,716.21

XPCL	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Financial position										
Total assets	129,088.35	125,924.28	122,711.08	119,200.30	115,869.41	112,387.93	108,784.55	105,037.36	96,808.16	92,853.18
Total liabilities ^{1/2/}	99,251.16	93,936.82	88,529.29	82,745.08	77,011.65	70,769.30	63,895.02	56,458.11	44,114.05	35,442.87
Shareholders' equity ^{3/}	29,837.20	31,987.47	34,181.80	36,455.22	38,857.77	41,618.64	44,889.53	48,579.25	52,694.11	57,410.31

(Unit: Baht million)

XPCL	2031F	2032F	2033F	2034F	2035F	2036F	2037F	2038F	2039F	2040F
Revenue from EGAT	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26
Revenue from EdL	491.83	567.06	567.06	567.06	567.06	567.06	567.06	567.06	567.06	567.06
Total revenues	13,901.08	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31
EBITDA	11,588.97	11,546.72	11,505.36	11,438.87	11,284.21	11,237.40	10,994.71	10,943.86	11,061.34	10,889.60
EBIT	7,191.83	7,097.18	7,055.82	6,989.33	6,834.67	6,787.86	6,545.17	6,494.32	6,611.80	6,440.06
Net profit	5,240.65	5,677.83	6,127.61	6,543.24	6,492.88	6,448.47	6,217.91	6,169.60	6,259.17	5,989.25
Financial position										
Total assets	88,548.51	87,114.55	79,456.07	71,566.24	72,146.87	72,727.98	73,333.24	73,914.84	68,733.55	69,318.29
Total liabilities ^{1/2/}	25,897.55	18,785.76	11,127.28	3,237.45	3,818.08	4,399.18	5,004.44	5,586.05	404.76	989.49
Shareholders' equity ^{3/}	62,650.97	68,328.79	68,328.79	68,328.79	68,328.79	68,328.79	68,328.79	68,328.79	68,328.79	68,328.79

(Unit: Baht million)

XPCL	2041F	2042F	2043F	2044F	2045F	2046F	2047F	2048F	2049F	2050F
Revenue from EGAT	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	13,409.26	11,563.07
Revenue from EdL	567.06	567.06	567.06	567.06	567.06	567.06	567.06	567.06	567.06	498.06
Total revenues	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31	13,976.31	12,061.12
EBITDA	10,831.97	10,771.87	10,709.20	10,643.73	10,575.56	10,504.45	10,313.80	9,654.06	9,573.19	8,216.33
EBIT	6,382.43	6,322.33	6,259.67	6,193.25	6,125.08	6,053.97	5,863.32	5,203.59	9,507.57	8,125.68
Net profit	5,935.66	5,879.77	5,821.49	5,759.72	5,665.70	5,448.58	5,252.56	4,553.14	8,279.51	6,906.83
Financial position										
Total assets	69,900.73	70,483.48	71,066.54	71,649.95	72,233.69	72,817.80	73,404.87	74,002.69	68,834.62	68,344.05
Total liabilities ^{1/2/}	1,571.94	2,154.68	2,737.75	3,321.16	3,904.90	4,489.00	5,076.07	5,673.89	505.83	15.26
Shareholders' equity ^{3/}	68,328.79	68,328.79	68,328.79	68,328.79	68,328.79	68,328.79	68,328.79	68,328.79	68,328.79	68,328.79

Remark:

- 1/ In 2029, 2039, and 2049, XPCL shall deliver EGAT Reconciliation Account, in which 25% of the final balance of revenue from Excess Energy is accumulated over the previous 10 years, to EGAT. Thus, total liabilities of XPCL decrease in such year.
- 2/ In 2021 – 2034, total liabilities of XPCL decrease as a result of loan repayment to financial institutions and shareholders.
- 3/ The IFA assumed dividend payment rate at 100% of net profit from 2033 onwards.

- **Terminal Value**

CapAd assumes no terminal value after the end of the concession period.

- **Discount Rate**

The discount rate applied to the calculation of the present value of free cash flow is the Weighted Average Cost of Capital (WACC), which is derived from the weighted average of Cost of Debt (Kd) and Cost of Equity (Ke) based on the following formula:

$$WACC = Ke * E / (D + E) + Kd * (1 - T) * D / (D + E)$$

Where

Ke = Cost of equity or shareholders' required rate of return (Re)

Kd = Cost of debt or loan interest rate of XPCL

T = Corporate income tax rate

E = Total shareholders' equity

D = Interest-bearing debts

Cost of equity (Ke) or the required rate of return for shareholders (Re) is derived from the Capital Asset Pricing Model (CAPM) as follows:

$$Ke \text{ (or Re)} = Rf + \beta (Rm - Rf)$$

Where;

Risk Free Rate (Rf) = 3.30% per annum based on 30-year government bond yield (information as of March 5, 2021), which is equivalent to the projection period

Beta (β) = 0.383 – 1.393 times based on median of unlevered beta of 9 comparable SET- or mai-listed companies²² in Energy & Utilities sector who operate business of electricity generation from renewable energy (2-year historical

²² Please refer to details of the Peer Group in Part 3, Clause 3, on page 29 - 30 of this report.

- data on median²³ up to March 5, 2021 which is the cut-off date of the IFA in share valuation of XPCL in this report), and adjusted with estimated interest-bearing D/E Ratio of XPCL
- Market Risk (Rm) = 11.58% per annum, which is the 29-year average rate of annual return from investment in the Stock Exchange of Thailand from 1992 – 2020 (period from the enforcement of the Securities and Exchange Act B.E. 2535) as it is the most suitable period to reflect average return from the SET
- Kd = 5.30% - 6.30% per annum based on average borrowing rate of XPCL according to loan agreements of XPCL. Long-term borrowing rate is based on current average MLR rate of reference banks as specified in long-term loan agreement, which is at 5.31% per annum, and 10-year average MRL of reference banks. The Independent Financial Advisor gradually adjusted borrowing rate from 5.31% per annum to 6.30% per annum according to conservative basis since the repayment term is relatively long and current interest rate is low due to economic condition.
- D/E Ratio = 0 – 3.3 times, based on estimated interest-bearing D/E Ratios of XPCL throughout the projection period
- T = Estimated corporate income tax rate of 0% - 15% per annum based on tax rate specified in the Concession Agreement in which XPCL is exempted from corporate income tax for 5 years after COD (exempt until 2024)

Therefore, the discount rate or XPCL's WACC is equal to 6.09% – 8.02% per annum. Details of the calculation are as follows:

XPCL	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F – 2050F
Ke (% per annum)	15.08%	13.99%	13.01%	12.12%	11.30%	10.52%	9.75%	9.02%	8.35%	6.09%
Levered Beta (times)	1.39	1.27	1.16	1.06	0.97	0.88	0.79	0.71	0.64	0.38
Kd (% per annum)	5.31%	5.80%	6.05%	6.18%	6.30%	6.30%	6.30%	6.30%	6.30%	6.30%
D/E (times)	3.30	2.90	2.54	2.21	1.91	1.62	1.34	1.08	0.83	0.00
WACC (% per annum)	7.58%	7.90%	8.02%	8.01%	7.94%	7.83%	7.70%	7.55%	7.37%	6.09%

By using the above information and assumptions, calculation of XPCL's future cash flow and value are as follows:

XPCL	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
EBIT	6,740.29	7,176.20	7,265.57	7,261.04	7,139.53	7,119.69	7,222.02	7,196.02	7,142.52	7,229.93
Corporate income tax	0.00	0.00	0.00	(24.20)	(142.79)	(142.39)	(144.44)	(143.92)	(142.85)	(144.60)
Depreciation and amortization expenses	4,208.62	4,429.40	4,426.16	4,427.41	4,412.60	4,404.97	4,406.11	4,403.84	4,399.38	4,397.14
Working capital	604.26	307.83	418.59	417.11	477.06	497.24	481.09	497.34	(3,830.94) ^{1/}	542.57
Capital expenditures	(110.42)	(60.83)	(61.67)	(62.50)	(63.33)	(63.33)	(63.33)	(63.33)	(63.33)	(63.33)
Free Cash Flow to the Firm	11,442.75	11,852.60	12,048.65	12,018.86	11,823.06	11,816.17	11,901.45	11,889.95	7,504.77	11,961.71
Present Value of FCF	10,636.50	10,210.82	9,609.07	8,874.46	8,087.73	7,496.07	7,010.37	6,511.95	3,828.12	5,751.31

(Unit: Baht million)

XPCL	2031F	2032F	2033F	2034F	2035F	2036F	2037F	2038F	2039F	2040F
EBIT	7,191.83	7,097.18	7,055.82	6,989.33	6,834.67	6,787.86	6,545.17	6,494.32	6,611.80	6,440.06
Corporate income tax	(143.84)	(141.94)	(141.12)	(174.73)	(341.73)	(339.39)	(327.26)	(324.72)	(352.63)	(450.80)
Depreciation and amortization expenses	4,397.14	4,449.54	4,449.54	4,449.54	4,449.54	4,449.54	4,449.54	4,449.54	4,449.54	4,449.54
Working capital	580.03	567.95	580.44	581.18	582.63	581.11	605.26	581.61	(5,181.29) ^{1/}	584.74
Capital expenditures	(63.33)	(63.33)	(63.33)	(63.33)	(63.33)	(63.33)	(63.33)	(63.33)	(63.33)	(63.33)
Free Cash Flow to the Firm	11,961.83	11,909.39	11,881.35	11,781.98	11,461.77	11,415.78	11,209.38	11,137.41	5,464.08	10,960.20
Present Value of FCF	5,421.22	5,087.61	4,784.27	4,471.92	4,100.65	3,849.75	3,563.15	3,337.04	1,543.19	2,917.74

(Unit: Baht million)

XPCL	2041F	2042F	2043F	2044F	2045F	2046F	2047F	2048F	2049F	2050F
EBIT	6,382.43	6,322.33	6,259.67	6,193.25	6,125.08	6,053.97	5,863.32	5,203.59	9,507.57	8,125.68
Corporate income tax	(446.77)	(442.56)	(438.18)	(433.53)	(459.38)	(605.40)	(610.76)	(650.45)	(1,228.06)	(1,218.85)
Depreciation and amortization expenses	4,449.54	4,449.54	4,449.54	4,450.48	4,450.48	4,450.48	4,450.48	4,450.48	65.62	90.65
Working capital	582.44	582.75	583.06	583.41	583.74	584.10	587.07	597.82	(5,168.06) ^{1/}	1,869.90
Capital expenditures	(63.33)	(63.33)	(63.33)	(63.33)	(63.33)	(63.33)	(63.33)	(63.33)	(63.33)	0.00
Free Cash Flow to the Firm	10,904.31	10,848.72	10,790.76	10,730.28	10,636.58	10,419.82	10,226.77	9,538.10	3,113.73	8,867.38
Present Value of FCF	2,736.23	2,566.01	2,405.79	2,254.98	2,106.97	1,945.55	1,799.89	1,582.32	486.90	1,307.01

²³ The Independent Financial Advisor has considered median of unlevered beta in the past 2 years in order to cover the period before COVID-19 pandemic (before March 2020), during the COVID-19 pandemic in Thailand (March – May 2020 and December 2020 – February 2021), and after the COVID-19 pandemic.

Remark: 1/ Excess Energy Account shall be deducted by 25% of the final balance of excess revenue account and transferred to EGAT Reconciliation Account in every 10 years.

XPCL	(Baht million)
Present Value of Free Cash Flow as of December 31, 2020	136,284.60
Add: Cash and cash equivalent as of December 31, 2020	2,498.52 ^{1/}
Add: Short-term and long-term restricted deposits as of December 31, 2020	3,601.91 ^{1/}
Less: Outstanding interest-bearing debts as of December 31, 2020	(103,097.26) ^{2/}
Net present value of cash flow as of December 31, 2020	39,287.77
No. of Shares as of December 31, 2020 (million shares)	2,686.10 ^{3/}
Share value of XPCL as of December 31, 2020 (Baht/share)	14.63

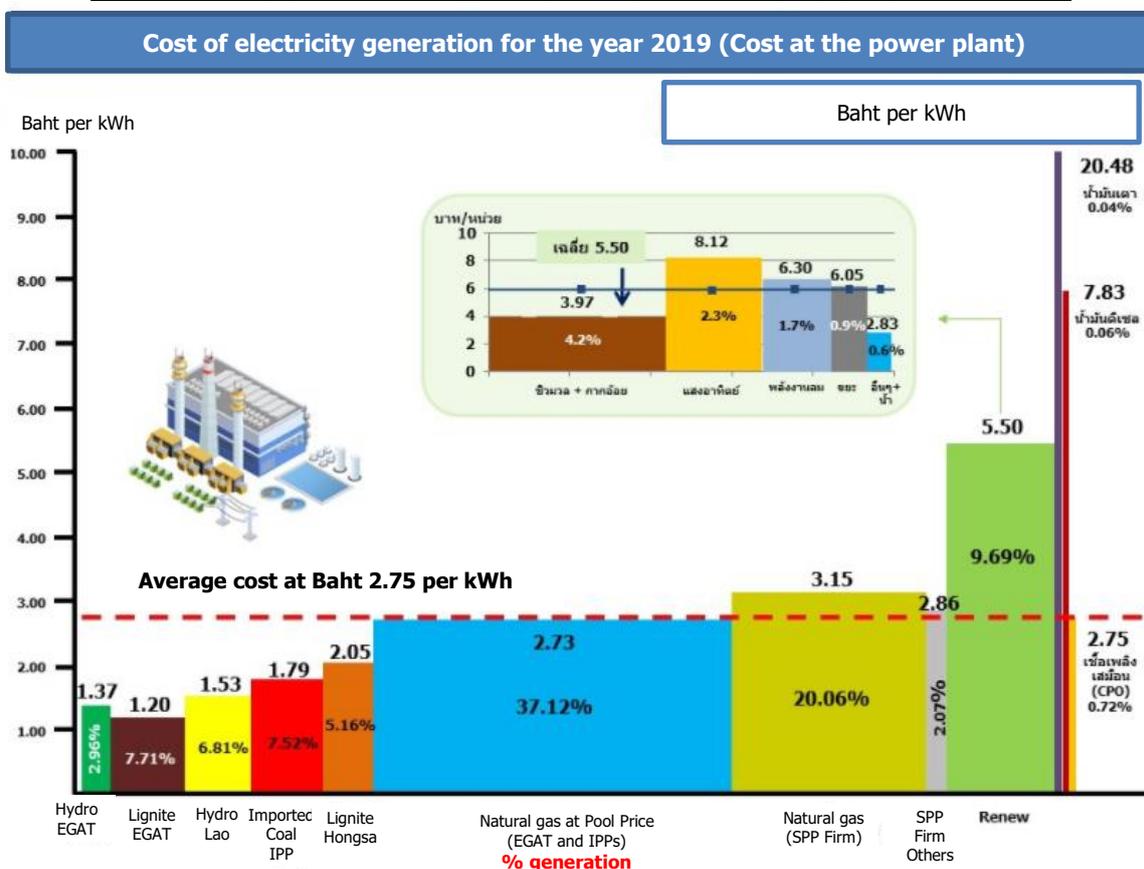
Remark:

- 1/ Cash and cash equivalent was Baht 2,498.52 million, and short-term and long-term restricted deposits were Baht 364.33 million and Baht 3,237.59 million, respectively, based on financial statements of XPCL for the year ended December 31, 2020, audited by a certified public accountant.
- 2/ Outstanding interest-bearing debts consist of long-term loans from financial institution of Baht 81,966.73 million, long-term loans from related parties (sponsor loan) of Baht 21,049.45 million, liabilities under financial lease of Baht 81.08 million, based on financial statements of XPCL for the year ended December 31, 2020, audited by a certified public accountant.
- 3/ Par value of Baht 10.00 per share.

The share value of XPCL under this approach is equal to **Baht 14.63 per share**.

Under the Power Purchase Agreement with EGAT, extension of the term is upon terms and conditions mutually agreed to by the parties. After analyzing the possibility of extension of the terms for another 2 years to be in line with term of the Concession Agreement with the government of Lao PDR, the IFA viewed that there is a high possibility for extension of agreement as the average energy tariff that EGAT purchase from the Xayaburi Hydroelectric Power Plant is relatively low (average energy tariff is approximately Baht 1.954 per kWh.) comparing to average Thailand cost of electricity generation (cost at the power plant) in 2019 of approximately Baht 2.75 pe kWh, where average cost of electricity generation from each energy sources was in the range of Baht 1.20 – 5.50 per kWh as shown in Figure 4 below.

Figure 4: Cost of Electricity Generation in 2019 (Cost at the Power Plant)



Source: Electricity Generating Authority of Thailand
(https://www.egat.co.th/index.php?option=com_content&view=article&id=3637&catid=31&Itemid=208)

Explicitly, the average energy tariff of Xayaburi Hydroelectric Power Plant is relatively lower than the average electricity generation cost. In addition, under the Thailand Power Development Plan 2015 – 2036, there was an adjustment to the proportion of energy sources to ensure power system balance and reliability, including the shortage of LNG in the future and trend toward clean energy technology and renewable energy power generation. Therefore, the IFA viewed that it is highly possible for XPCL to extend the Power Purchase Agreement with EGAT for another 2 years to be in line with term of the Concession Agreement with the government of Lao PDR.

Sensitivity Analysis

The IFA conducted sensitivity analysis on cash flows of Xayaburi Hydroelectric Power Plant by adjusting the cash flow projection period of Xayaburi Hydroelectric Power Plant to 28 years to be in line with the Power Purchase Agreement with EGAT (*Based on the Power Purchase Agreement with EGAT dated October 29, 2011, term of the agreement is 29 years from the COD.*) without the extension of the Power Purchase Agreement with EGAT.

In this scenario, the IFA assumed that XPCL shall hand over Xayaburi Hydroelectric Power Plant to the government of Lao PDR prior to the end of the Concession Agreement (the remaining term of 30 years) as it is uneconomic for XPCL to operate the Xayaburi Hydroelectric Power Plant for another 2 years to generate only 343 GWh of energy for EdL.

Summary of the sensitivity analysis is as follows:

Scenario	Firm Value of XPCL (Baht million)	Share Value of XPCL (Baht/share)
Projection period of 30 years based on the Concession Agreement (Base Case)	39,287.77	14.63
Projection period of 28 years based on the Power Purchase Agreement with EGAT	37,493.86	13.96

As shown in the table above, firm value of XPCL is in the range of Baht 37,493.86 – 39,287.77 million and share value of XPCL is in the range of Baht 13.96 – 14.63 per share.

Please noted that the Discounted Cash Flow Approach determines financial projection based on assumptions provided by XPCL, and adjusted by the Independent Financial Advisor based on conservative basis under the current economic conditions and circumstance. If there is any change in the business plan and economic condition that will materially affect the assumptions and variables used herein, future operating results of XPCL might not be as projected and value of the XPCL's share evaluated under this approach may change accordingly.

6. Comparison of Return on Investment in 5% of XPCL and Financial Cost of the Company

According to financial projection mentioned in Part 3, Clause 5, of this report, the Independent Financial Advisor analyzed investment in 5% of registered and paid-up capital of XPCL of Baht 1,826.55 million and compared with financial cost or interest rate on long-term loan of the Company with the term of 10 – 12 years of 3.69% - 4.06% per annum (according to the notes to financial statements of the Company for the year ended December 31, 2020). The Equity Internal Rate of Return (IRR) calculated from Free Cash Flow to Equity Holders (FCFF) is at 8.13% per annum and payback period is approximately 16.1 years.

Thus, the Independent Financial Advisor is of the opinion that funding the investment in XPCL in this transaction by proceeds from the offering of long-term debentures is considered appropriate since the IRR is higher than financial cost of the Company.

7. The Appropriateness of Payment Condition of this Transaction

In this transaction, the Company shall pay full amount of consideration of XPCL's shares in cash on the Closing Date. Therefore, the Independent Financial Advisor is of the opinion that payment condition of this transaction is appropriate since it is a normal share sale and purchase transaction with no special payment condition. The Independent Financial Advisor receives confirmation from the Company that the conditions of the share sale and purchase agreement, which will be executed after receiving approval from the shareholders' meeting, shall have similar conditions to general share sale and purchase agreement.

8. Summary of Opinion of the Independent Financial Advisor on the Fair Value of XPCL's Shares

The value of XPCL's shares derived from various valuation approaches can be summarized as follows:

XPCL	Firm Value	Share Value	Acquisition Price of XPCL	Fair Value Higher (Lower) than the Acquisition Price	
	(Baht million)	(Baht/share)	(Baht/share)	(Baht million)	(%)
		(1)	(2)	(3)=(1) - (2)	(3)/(2)
Book Value Approach	27,915.30	10.39	13.60	(3.21)	(23.58)%
Adjusted Book Value Approach	27,915.30	10.39	13.60	(3.21)	(23.58)%
Market Value Approach	n.a.	n.a.	13.60	n.a.	n.a.
P/BV Ratio Approach	48,851.78 – 54,408.12	18.19 – 21.74	13.60	4.59 – 8.14	33.73% - 59.89%
P/E Ratio Approach	12,361.40 – 19,903.93	4.60 – 7.41	13.60	(6.19) – (9.00)	(45.51)% - (66.16)%
Discounted Cash Flow Approach	37,493.86 – 39,287.77	13.96 – 14.63	13.60	0.36 – 1.03	2.64% - 7.55%

From the summary table above, firm value of XPCL is in the range of Baht 12,361.40 – 54,408.12 million, and the share value is in the range of Baht 4.60 – 21.74 per share.

The Book Value Approach reflects operating result and status of XPCL at any given period without taking into account its real asset value and future profitability, as well as overall economic and industry outlook. Thus, valuation of XPCL's shares using this approach could not reflect the future capability and appropriate share value of XPCL.

The Adjusted Book Value Approach reflects market value of XPCL's assets better than the Book Value Approach. However, in this case, there is no adjustment to book value of XPCL. The adjusted book value will equal to book value as of December 31, 2020. Therefore, The IFA viewed that this approach could not reflect true value and appropriate valuation of XPCL's shares as well.

The Market Value Approach is not applied as XPCL is not listed on the SET or any secondary stock market. Thus, the market prices of XPCL's shares could not be calculated.

The Price to Book Value Ratio Approach estimates value of XPCL's shares using past financial figures as of December 31, 2020 to compare with the past selected industrial average of 9 comparable SET- or mai-listed companies²⁴ in Energy & Utilities Sector who operate the business of electricity generation from renewable energy. CapAd did not use this approach for valuation of XPCL's shares as most of these companies operate solar power plants where the project investment costs are much lower than the project investment cost of XPCL. Therefore, using the ratios of those comparable companies as benchmark for valuation of XPCL's share might not be appropriate.

The Price to Earnings Ratio Approach estimates value of XPCL's share using net profits of XPCL for 12-month period ended December 31, 2020 to compare with the past selected industrial average of the 9 comparable SET- or mai-listed companies in Energy & Utilities Sector who operate the business of electricity generation from renewable energy. However, the IFA did not use this approach for valuation of XPCL's shares due to similar reason as mentioned in the Price to Book Value Ratio Approach.

The Discounted Cash Flow Approach is the method that considers future performance of Xayaburi Hydroelectric Power Plant and cash flow generated capability of XPCL. The valuation under the Discounted Cash Flow Approach is based on assumptions provided by XPCL, and adjusted by the Independent Financial Advisor based on conservative basis under current economic conditions and circumstances. If there is any change in the business plan, policy, and economic condition that will materially affect the assumptions and variables used herein, future operating results of XPCL might not be as projected and value of the XPCL's share evaluated under this approach may change accordingly.

CapAd is of the opinion that the most appropriate approach to value XPCL's shares is the Discounted Cash Flow Approach as it reflects future profitability of XPCL. Fair XPCL's firm value is at Baht 37,493.86 – 39,287.77 million and share price is at Baht 13.96 – 14.63 per share, which is higher than the acquisition price by Baht 0.36 – 1.03 per share or 2.64% – 7.55% higher than the acquisition price. **Hence, the acquisition price of XPCL's shares at Baht 13.60 per share is appropriate as it is lower than fair value of XPCL's shares.**

The Independent Financial Advisor is of the opinion that funding the investment in XPCL in this transaction by proceeds from the offering of long-term debentures is considered appropriate since the IRR is higher than financial cost of the Company.

²⁴ Please refer to details of the Peer Group in Part 3, Clause 1.3, on page 29 - 30 of this report.

In this transaction, the Company shall pay full amount of consideration of XPCL's shares in cash on the Closing Date. Therefore, the Independent Financial Advisor is of the opinion that payment condition of this transaction is appropriate since it is a normal share sale and purchase transaction with no special payment condition. In addition, the Independent Financial Advisor receives confirmation from the Company that the conditions of the share sale and purchase agreement, which will be executed after receiving approval from the shareholders' meeting, shall have similar conditions to general share sale and purchase agreement.

Part 4: Summary of Opinion of the Independent Financial Advisor on the Asset Acquisition and Connected Transaction

Please refer to opinion of the Independent Financial Advisor in **Executive Summary** on page 6 of this report.

However, shareholders should carefully study all documents and information attached to the notice to this shareholders' meeting, for the sake of their own decision making. Decision whether to approve the asset acquisition and connected transaction or not rests primarily and to the sole discretion of the shareholders.

CapAd, as the Independent Financial Advisor, hereby certifies that it has provided the above opinion cautiously in accordance with professional standard for the benefit of the shareholders.

Sincerely Yours,

The Independent Financial Advisor
Capital Advantage Co., Ltd.

-Patchara Netsuwan-

(Mr. Patchara Netsuwan)
Managing Director

-Patchara Netsuwan-

(Mr. Patchara Netsuwan)
Supervisor

Attachment

Business Overview and Operating Performance of Xayaburi Power Company Limited

1. General Information

Company Name : Xayaburi Power Company Limited ("XPCL")
 Main Business : Hydroelectric Power Project
 Head Office : 215 Lane Xang Avenue, Ban Xieng Yuen, Chantabouly, Vientien, Lao People's Democratic Republic ("Lao PDR")
 Website : http://www.xayaburi.com
 Registered Capital : Baht 26,861,000,000, divided into 2,686,100,000 ordinary shares at par value of Baht 10 per share
 Paid-up Capital : Baht 26,861,000,000, divided into 2,686,100,000 ordinary shares at par value of Baht 10 per share

2. Nature of Business

XPCL was established on June 22, 2010 as a juristic person in the form of company limited under the law of Lao PDR to operate Xayaburi Hydroelectric Power Project, located on Mekong River, near Xayaburi Sub-district and approximately 80 kilometers from Luang Prabang.

Xayaburi Hydroelectric Power Plant is operated under Build-Own-Operate-Transfer (BOOT) Concession Agreement between the government of Lao PDR and XPCL. XPCL is a concessionaire who study, design, build, and operate the project for 31 years from Commercial Operation Date (COD) commenced on October 29, 2019. The power plant has total installed capacity of 1,285 MW consisting of (1) The 1,225 MW supply to the Electricity Generating Authority of Thailand (EGAT) under 29-year Power Purchase Agreement starting from COD, and (2) 60 MW supply to Electricite du Laos (EdL) under Power Purchase Agreement between EdL and XPCL for the period from COD until the end of the concession period. The ownership of Xayaburi Hydroelectric Power Plant will be transferred to the government of Lao PDR at the end of the concession period unless the concession period is extended.

3. Board of Directors

As of November 19, 2020, XPCL had 10 directors as follows:

	Name	Position
1.	Dr. Thanong Bidaya	Chairman of the Board
2.	Mr. Plew Trivisvavet ^{1/}	Chairman of Executive Board/Director
3.	Mr. Thanawat Trivisvavet ^{1/}	Executive Director/Director
4.	Mr. David Van Dau ^{2/}	Executive Director/Director
5.	Mr. Worawat Pitayasiri ^{3/}	Executive Director/Director
6.	Mr. Vorapote U.Choepaiboonvong ^{1/}	Director/Managing Director
7.	Mr. Sirimet Leepagorn ^{3/}	Director
8.	Mr. Thepparat Theppitak ^{4/}	Director
9.	Mr. Bounchom Ubonpaseuth ^{5/}	Director
10.	Mr. Thongpheth Douangngeune ^{5/}	Director

Remark: The authorized directors are (a) Mr. Plew Trivisvavet and Mr. Thanawat Trivisvavet jointly sign and affix the Company's seal, or (b) either Mr. Plew Trivisvavet or Mr. Thanawat Trivisvavet and any of other directors, totaling 2 directors, jointly sign and affix the Company's seal.

1/ The director who is a representative of CKP.

2/ The director who is a representative of PT (Sole) Co., Ltd. (PTS).

3/ The director who is a representative of Natee Synergy Co., Ltd. (NSC), a subsidiary of Global Power Synergy PCL. (GPSC).

4/ The director who is a representative of Electricity Generating PCL. (EGCO).

5/ The director who is a representative of EDL-Generation Public Company Limited (EDL-Gen).

List of directors of XPCL after the entering into this transaction is expected to be as follows:

	Name	Position
1.	Dr. Thanong Bidaya	Chairman of the Board
2.	Mr. Plew Trivisvavet ^{1/}	Chairman of Executive Board/Director
3.	Mr. Thanawat Trivisvavet ^{1/}	Executive Director/Director
4.	Representative from the Company ^{2/}	Director
5.	Mr. Worawat Pitayasiri ^{3/}	Executive Director/Director
6.	Mr. Vorapote U.Choepaiboonvong ^{1/}	Director/Managing Director
7.	Mr. Sirimet Leepagorn ^{3/}	Director
8.	Mr. Thepparat Theppitak ^{4/}	Director
9.	Mr. Bounchom Ubonpaseuth ^{5/}	Director

	Name	Position
10.	Mr. Thongpheth Douangneune ^{5/}	Director

Remark:

- 1/ The director who is a representative of CKP.
- 2/ The director who is a representative of CKP (to replace a representative of PTS), currently under selecting consideration.
- 3/ The director who is a representative of Natee Synergy Co., Ltd. (NSC), a subsidiary of Global Power Synergy PCL. (GPSC).
- 4/ The director who is a representative of Electricity Generating PCL. (EGCO).
- 5/ The director who is a representative of EDL-Generation Public Company Limited (EDL-Gen).

Structure of the Board of Directors and number of directors of XPCL in the tables above is in accordance with conditions specified in the Shareholders Agreement which based on shareholding percentage. Such condition is considered fair for the Company.

4. Shareholder Structure

As of November 19, 2020, XPCL had registered and paid-up capital of USD 790,000,000 or equivalent to Baht 26,861,000,000 (exchange rate: USD/Baht 34), divided into 2,686,100,000 ordinary shares at par value of Baht 10 per share. The shareholders list is as follows:

Name	Number of shares	Shareholding (%)
1. CK Power PCL.	1,007,287,499	37.50
2. Natee Synergy Co., Ltd. ^{1/}	671,525,001	25.00
3. EDL-Generation Public Company ^{2/}	537,220,000	20.00
4. Electricity Generating PCL. ^{3/}	335,765,500	12.50
6. PT (Sole) Co., Ltd. ^{4/}	134,305,000	5.00
Total	2,686,100,000	100.00

Remark:

- 1/ Natee Synergy Co., Ltd. ("NSC") is a wholly-owned subsidiary of Global Power Synergy PCL. ("GPSC"). PTT PCL. ("PTT"), PTT Global Chemical PCL. ("PTTGC"), and Thai Oil PCL. are major shareholders of GPSC with 31.72%, 22.73%, and 20.78% shareholding, respectively.
- 2/ EDL-Generation Public Company ("EDL-Gen") was established on December 15, 2010 to accept the transfer of power plant from EdL. EDL-Gen was listed on the Stock Exchange of Lao PDR on January 11, 2012. EDL-Gen has accepted the transfer, acquired, and invested in 16 power plants since 2010 and in 2019, EDL-Gen accepted the transfer of XPCL shares held by EdL and other 4 power plants.
Main business: Power generation
Registered and paid-up capital: KIP 6,717,214,788,000, divided into 1,679,303,697 ordinary shares at par value of KIP 4,000 per share.
Major shareholders: EdL and Phongsubthavy Road Building and Irrigation Construction Sole Co., Ltd. with 51% and 24% shareholding, respectively.
(Source: www.edlgen.com.la)
- 3/ Electricity Generating PCL. is a listed company on the Stock Exchange of Thailand.
- 4/ PT (Sole) Co., Ltd. (PTS) was established in 2005 under the former name "PT Construction and Irrigation Co., Ltd.". It was registered as a juristic person in the form of company limited, with Mr. David Dau as the only shareholder and a company manager. As of November 30, 2020, PTS had registered capital of KIP 360.80 billion, consisting of 1,804,000 ordinary shares at par value of KIP 200,000 per share.
PTS's office is located at PT Building, Phonexay Road, Phonexay Village, Xaysettha District, Vientiane Capital, Lao PDR. PTS's office in Thailand is located at 33/4 The Ninth Towers, Tower B, 16th floor, Rama 9 Road, Huaykwang Sub-district, Huaykwang District, Bangkok 10310.
With its experience and expertise in the business and investment in Lao PDR, PTS has become a trusted partner of leading companies throughout the region who want to invest and operate business in Lao PDR. With development partners, PTS has invested in 4 of Lao PDR's largest hydroelectric power projects. PTS also receives concession to explore and develop hydrocarbon-based energy resources in 9 provinces across the country. Besides power business, PTS also invests in mining industry under a concession to explore gold and copper mining for 2 projects in Lao PDR.
In term of other businesses, PTS joins with Thainamthip Co., Ltd. from Thailand to set up a joint venture company, namely Lao Coca-Cola Bottling Co., Ltd., to produce and sell beverages including Coke, Fanta, Sprite, Minute Mate, and Namthip bottled water in Lao PDR.
(Source: *Company Registration Certificate and www.ptsole.com*)

Any change in shareholder structure of XPCL shall comply with conditions of the Shareholders Agreement by which shareholder who wants to sell XPCL's shares must offer such shares to existing shareholders of XPCL prior to offering to others.

PTS decided to sell all of its 5% of XPCL's shares to the Company because PTS wants to sell the shares to business ally. At the same time, the Company still wants PTS's support in operation of XPCL in Lao PDR. As such, PTS is under process of obtaining consent from other existing shareholders in order to sell shares to the Company.

5. Financial Highlights

- Statement of Financial Positions as of December 31, 2018, 2019, and 2020 are as follows:

Statement of Financial Positions (Unit: Baht million)	Dec. 31, 2018 ^{1/} Audited	Dec. 31, 2019 ^{1/} Audited	Dec. 31, 2020 ^{1/} Audited
Current Assets			
Cash and cash equivalents	836.67	1,036.63	2,498.52
Trade and other receivables - related companies	2.03	1,568.62	2,236.12
Other current assets	2.46	252.11	308.85
Short-term restricted bank deposits	-	-	364.33
Spare parts and supplies	-	0.11	2.14
Total current assets	841.16	2,857.48	5,409.96
Non-current assets			
Project costs during construction phase	123,882.63	-	-
Property, plant and equipment	57.82	126,944.45	122,694.38
Deferred loan arrangement fees	132.24	7.61	-
Intangible assets	43.30	46.78	43.22
Right-of-use assets	-	86.20	79.08
Long-term restricted bank deposits	-	-	3,237.58
Other non-current assets	0.67	0.67	0.67
Total non-current assets	124,116.66	127,085.71	126,054.93
Total Assets	124,957.82	129,943.20	131,464.90
Current Liabilities			
Trade and other payables	6.06	252.93	120.30
Project cost payables	1,886.62	-	-
Current portion of long-term loans from financial institutions	-	4,409.78	3,576.82
Current portion of derivatives financial liabilities	-	158.86	-
Current portion of lease liabilities	-	5.92	7.11
Accrued interest expenses	53.85	-	-
Total current liabilities	1,946.53	4,827.49	3,704.23
Non-current liabilities			
Long-term loans from financial institutions	80,062.31	78,113.16	78,389.91
Long-term loan from related companies and accrued interest expenses	18,348.11	20,119.00	21,049.45
Derivatives financial liabilities – net of current portion	61.32	-	62.99
Other long-term liabilities	-	25.94	253.78
Lease liabilities – net of current portion	-	80.28	73.97
Provision for long-term employee benefits	3.77	5.23	15.26
Total non-current liabilities	98,475.51	98,343.61	99,845.36
Total Liabilities	100,422.04	103,171.10	103,549.59
Shareholders' equity			
Registered and paid-up capital	25,577.07	26,861.00	26,861.00
Retained earnings (loss)	(979.97)	69.95	1,029.68
Other components of shareholders' equity	(61.32)	(158.86)	24.62
Total Shareholders' Equity	24,535.78	26,772.09	27,915.30
Total Liabilities and Shareholders' Equity	124,957.82	129,943.20	131,464.90

- Statement of Comprehensive Income for the year ended December 31, 2018, 2019, and 2020

Statement of Comprehensive Income (Unit: Baht million)	2018 ^{1/} Audited	2019 ^{1/} Audited	2020 ^{1/} Audited
Revenue from sales of electricity	-	1,565.11	12,067.07
Other income	0.42	1.57	12.90
Total income	0.42	1,566.68	12,079.97
Cost of sales of electricity	-	(810.31)	(4,739.28)
Administrative expenses	(100.55)	(200.27)	(328.56)
Total operating expenses	(100.55)	(1,010.58)	(5,067.84)
Profit (loss) before financial costs and income tax	(100.13)	566.10	7,012.13
Gain (loss) on foreign exchange	-	1,587.74	(88.39)
Financial cost	-	(1,093.91)	(5,955.45)
Profit (loss) before income tax	(100.13)	1,049.93	968.29
Income tax expense	-	-	-
Net profit (loss) for the year	(100.13)	1,049.93	968.29
Other comprehensive income :			
Actuarial loss	-	-	(8.56)
Unrealized gain (loss) from cash flow hedges	265.81	(97.55)	183.48
Total comprehensive income (loss) for the year	165.68	952.38	1,143.21

– Cash flow statement for the year ended December 2018, 2019, and 2020

Cash Flow Statement (Unit: Baht million)	2018^{1/} Audited	2019^{1/} Audited	2020^{1/} Audited
Net cash flows from (used in) operating activities	(87.48)	(441.25)	10,435.72
Net cash flows from (used in) investing activities	(14,906.42)	(9,766.76)	(3,689.17)
Net cash flows from financing activities	14,885.95	10,411.31	(5,271.46)
Net increase in cash and cash equivalents	(107.95)	203.30	1,475.09
Effect of exchange rate changes on cash and cash equivalents	(0.38)	(3.34)	(13.20)
Cash and cash equivalents at the beginning of the year	945.00	836.67	1,036.63
Cash and cash equivalents at the end of the year	836.67	1,036.63	2,498.52

Remark: 1/ Financial statements of XPCL for the year ended December 31, 2018, 2019, and 2020 were audited by EY Office Ltd. who is a certified public accountant in the approved list of the SEC.

Management discussion and analysis of XPCL**Revenue**

XPCL commenced the commercial operation (COD) in October 2019, thus, realize revenue from sales of electricity of Baht 1,565 million in 2019. In 2020, XPCL's revenue from sales of electricity increased to Baht 12,067 million or 671% from 2019 resulting from the realization of full year revenue.

Cost of sales of electricity

In 2019, XPCL's cost of sales of electricity was Baht 810 million, equivalent to 52% of revenue from sales of electricity. In 2020, cost of sales of electricity was Baht 4,739 million, equivalent to 39% of revenue from sales of electricity. Ratio of cost of sales of electricity to revenue in 2020 was lower than that of 2019 as most of the costs were fixed cost whereas in 2020 the company realized full year revenue which included rainy season with high water volume. But in 2019, XPCL realized revenue from sales of electricity for only 2 months of commercial operation during the end of the year with less water flow.

Expenses

Administrative expenses of XPCL increased continuously in the past 3 years from Baht 100 million in 2018 to Baht 200 million in 2019 or 99% growth because most of the expenses were employee related expenses which increased in corresponding to an increase in number of employees to support the commercial operation in 2019. Administrative expenses in 2020 increased by Baht 128 million or 64% YoY from the realized of full year administrative expenses whereas in 2019 the administrative expenses were realized for only 2 months. Such increase in expenses was mainly due to an increase in employee related expenses to support the operating activities after commercial operation.

Financial costs of XPCL in 2019 was at Baht 1,094 million, increased by 100% from 2018. In 2019, financial costs increased by Baht 4,861 million or 444% as a result of the recognition of interest expense of long-term loan and financial cost as expense from October 29, 2019 onwards.

Net profit (loss)

In 2018, XPCL reported net loss of Baht (100) million as it has not yet operated commercially. In 2019, net profit was Baht 1,049 million as XPCL commenced commercial operation in the fourth quarter and also gain on exchange rate of Baht 1,588 million. In 2020, XPCL had net profit of Baht 968 million due to the realized of full year revenue and efficient costs and administrative expenses management.

Financial Position**Assets**

In 2018 – 2020, XPCL's total assets were increasing continuously from Baht 124,958 million in 2018 to Baht 129,943 million or 4% YoY mainly due to the increase in project's construction cost during January to October 2019 prior to the commercial operation together with the start of distribution of electricity commercially to EGAT in October 2019, resulting in an increase in trade receivables. In 2020, XPCL's total assets were Baht 131,465 million. The major increased assets item was restricted bank deposits, cash on hand, and trade receivables.

Liabilities

XPCL's total liabilities in 2018 - 2020 were Baht 100,422 million, Baht 103,171 million, and Baht 103,549 million, equivalent to an increase of 3% and 0.4% in 2019 and 2020, respectively. This was primarily due to an increase in long-term loan from financial institutions and loan from related companies to support the construction of the project as well as the company's operations. In 2020, XPCL started to repay long-term loan as the Project had revenue stream from sale of electricity while trade payables and derivative financial liabilities increased.

Shareholders' equity

In 2018 – 2020, shareholders' equity increased continuously from Baht 24,536 million in 2018 to Baht 26,772 million in 2019 mainly due to the additional payment of share capital made by shareholders in proportion to the loan drawdown to support project construction and operations of the Company. As XPCL started to generate profit from operation due to commercial operation of the Project, it began to realize retained earnings of Baht 70 million. In 2020, XPCL's shareholders' equity was Baht 27,915 million, increased by Baht 1,143 million from 2019 mainly from the realized of profit from operation.

Liquidity

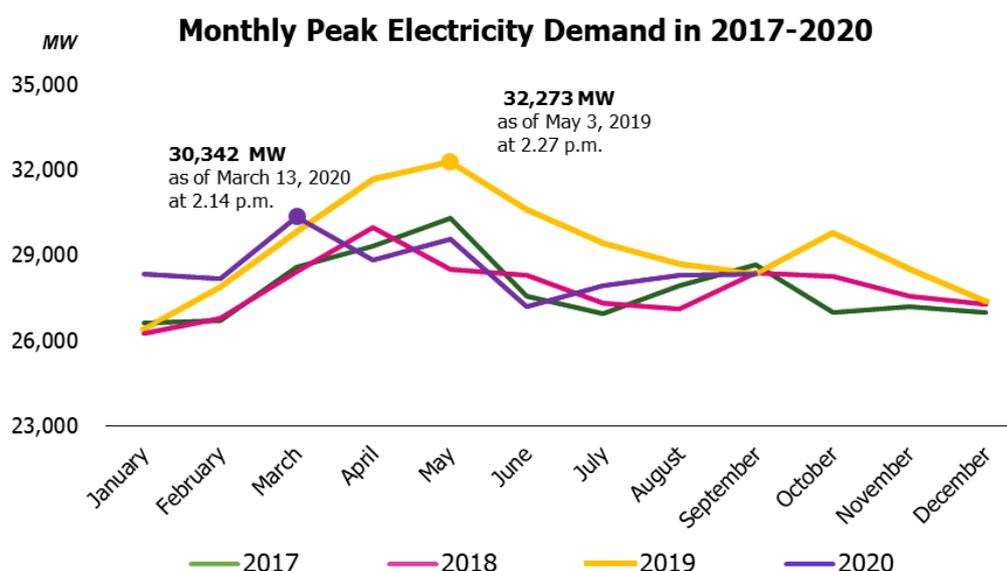
In 2019, XPCL's cash and cash equivalents was at Baht 1,036 million, increased from 2018 by Baht 200 million. Net cash inflow was mainly from financing activities of Baht 10,411 million as a result of the additional payment of share capital and the drawdown of long-term loan from financial institutions as well as borrowing from related companies, and cash flows from operating activities and investing activities of Baht 441 million and Baht 9,766 million respectively. The utilization of cash in investing activities was mainly to pay for construction cost and purchase of machinery and equipment.

In 2020, XPCL had cash and cash equivalents of Baht 2,498 million. Cash was mainly from operating activities of Baht 10,435 million from profit from full year of commercial operation in 2020. XPCL used cash in investing activities of Baht 3,689 million due to the increase in long-term restricted bank deposits (cash reserve in various accounts as specified in credit facilities agreement). There was net cash used in financing activities of Baht 5,271 million which mainly used to make principal repayment, interest, and other fee payment.

6. Industry Outlook

Electricity industry in Thailand

Electricity demand in Thailand during January to November 2020 decreased from the same period of last year due to COVID-19 pandemic which caused the slowdown of economic activities in the country and the shrink in Gross Domestic Product (GDP) especially in tourism sector and export.



Source: Energy Policy and Planning Office, Ministry of Energy, published in February 2021.

Peak electricity demand

In 2020, the peak electricity demand was at 30,342 MW on March 13, 2020 at 2.14 p.m., decreased by 1,931 MW or 5% from peak electricity demand on May 3, 2019 at 2.27 p.m. which was at 32,273 MW 2019. The electricity demand in 2020 increased in the first quarter of the year due to higher than average temperature, however, the electricity demand gradually declined in corresponding to the slowdown of production in industrial sector as a result of the COVID-19 outbreak.

Sale of electricity

Electricity Generating Authority of Thailand (EGAT) is responsible for the electricity generation and distribution to serve electricity demand of the country. The sources of electricity include power plants of EGAT and private power producers in Thailand, Lao PDR, and Malaysia. Electricity is then distributed to the buyers, including the Metropolitan Electricity Authority (MEA), Provincial Electricity Authority (PEA), and direct users (some industrial factories as declared in the Royal Decree). EGAT will distribute electricity via high voltage power station whereby MEA and PEA are responsible for the distribution and retail sale to the public by purchasing electricity from EGAT at the grid line and send to the sub-station in order to distribute to end users.

Electricity sales in 2020 classified by buyers is as follows:

Buyer	Electricity Sale Volume (GWh)	%
Provincial Electricity Authority	134,885	72.1
Metropolitan Electricity Authority	50,702	27.1
Direct user	1,459	0.8
Total	187,046	100.0

Source: Energy Policy and Planning Office, Ministry of Energy, published in February 2021.

Competition of hydroelectric power business in Lao PDR

Please refer to CKP's 2020 Annual Report enclosed with this invitation to shareholders' meeting or Part 1 of Form 56-1 of 2020 which can be downloaded from www.set.or.th.