

Prospectus Dated December 15, 2010



Up to 217,149,000 Ordinary Shares

of

EDL-Generation Public Company
(the “Company” or “EDL-Gen”)

(registered in the Lao People’s Democratic Republic (“Lao PDR”) as a public company with limited liability)

Par Value of Kip: 4,000 per share

Offering Price:

Kip 4,000 per share to Employees of EDL (as defined hereafter) and the Company

Kip 4,300 per share to the Public inside Lao PDR

Kip 4,300 per share to investors outside Lao PDR

The Company is offering up to 217,149,000 ordinary shares of the Company (the “**Shares**”), in accordance with the rules and regulations of the Securities and Exchange Commission of Lao PDR (the “**Lao SEC**”) pursuant to the initial public offering (the “**Offer**”).

As part of the Offer, the Shares are being distributed and offered in a public offering in Lao PDR by BCEL Krungthai Securities Company Limited (the “**Underwriter**”) through Banque Pour Le Commerce Extérieur Lao (“**BCEL**” or the “**Selling Agent**”) to investors inside Lao PDR, and by the Underwriter to investors outside Lao PDR in reliance on applicable laws in the countries in which such offers are made, (altogether the “**Combined Offer**”).

A prospectus originally written in the Lao language has been filed with the Office of the Securities and Exchange Commission of Lao PDR (the “**Office of the Lao SEC**”) (the “**Lao Prospectus**”). The English translation of the Lao Prospectus (the “**English Prospectus**”) was prepared by LS Horizon (Lao) Limited. Although care was taken to render the translation as reliable as possible, it does not carry any legal authority and no representation is made as to its accuracy and the English translation is not a prospectus defined under the Decree of the Prime Minister’s Office re: the Securities and Exchange No. 255/PM (the “**SEC Decree**”). Only the original text written in the Lao language has legal force under the SEC Decree and the Lao law requires the distribution of a prospectus that has become effective under the SEC Decree in connection with any public offering of Shares in Lao PDR.

The Offer will be in compliance with the applicable rules and regulations of the Lao SEC and the Lao Prospectus was prepared specifically for the initial public offering of the Shares in Lao PDR. Accordingly, **the Shares will not be registered under the securities laws in any jurisdiction other than the securities laws of Lao PDR.** No representation is being given that the form or contents of the Lao Prospectus and the English Prospectus are appropriate or sufficient for an offering in any other jurisdiction. The Lao Prospectus and the English Prospectus should be read together prior to making an investment decision to buy the Shares.

This Offer is the initial public offering of the Company's Shares and if the Lao Securities Exchange (the "LSX") approves the initial listing application of the Company, the Company's shares will be the first securities listed on the LSX. The LSX is a new secondary market which was established in October 2010. For more details please see "The Lao Securities Market" on page 91. Prior to this Offer, there has been no public market for the Shares. The Company will apply for the listing and trading of the shares on the LSX on December 28, 2010. The Company expects that its shares will be listed on the LSX and begin trading on or around January 11, 2011.

The Company expects that payment for the Shares will be no later than 7 business days after the Offering Period, in immediately available funds, that delivery of the Shares to shareholders will be made through the LSX's depository facility with Securities Depository Centre no later than two business days and the shares of the Company will be approved for listing on the LSX no later than January 11, 2011

Prior to investment in the Shares, investors should consider risks involved. Please read the sections titled "Risk Factors" prior to investing in the Shares.

SELLING RESTRICTIONS

Dubai International Financial Centre

This document relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on, by any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The Shares to which this document relates may be illiquid and/or subject to restrictions on their re-sale. Prospective purchasers of the Shares should conduct their own due diligence on the Shares. If you do not understand the contents of this document you should consult an authorized financial adviser.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, as defined below, (each, a "Relevant Member State") an offer to the public of any Shares which are the subject of the Offer contemplated by this document may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000 as shown in its last annual or consolidated accounts;
- by the Selling Agent to fewer than 100 natural or legal person (other than qualified investors as defined in the Prospectus Directive); or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication by the Company, the Underwriter or the Selling Agent of a prospectus pursuant to Articles 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Shares to be offered so as to enable an investor to decide to purchase any Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Hong Kong

The Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the *Securities and Futures Ordinance* (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the *Companies Ordinance* (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the *Securities and Futures Ordinance* (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Japan

The Shares have not been and will not be registered under the *Financial Instruments and Exchange Act* (Act No. 25 of 1948, as amended) of Japan and the Shares have not been and will not be offered or sold, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to, or for the account or benefit of, any persons for reoffering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the *Financial Instruments and Exchange Act* and other relevant laws and regulations of Japan.

Kuwait

The Shares have not been licensed for offering in Kuwait by the Ministry of Commerce and Industry or the Central Bank of Kuwait or any other relevant Kuwaiti government agency. The Offer of the Shares in Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with *Decree Law no. 31 of 1990*, as amended, and *Ministerial Order No. 113 of 1992*, as amended. No private or public offering of the Shares is being made in Kuwait, and no agreement relating to the sale of the Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Shares in Kuwait.

Russia

Information set forth in the following document does not constitute an advertisement in Russia of Shares referred to therein and must not be passed on to third parties or made publicly available in Russia. Neither the Shares, nor a securities prospectus in respect of Shares have been, or is intended to be, registered in Russia. The Shares are not intended for “placement” or “public circulation” in Russia. The information provided in the following document is not an offer, or an invitation to make offer, to sell, exchange or otherwise transfer the Shares in the Russian Federation or to or for the benefit or any Russian person or entity, except for the persons who are “qualified investors” in the meaning of Article 51.2 of the *Federal law of the Russian Federation* dated 22 April 1996 No. 39-FZ “On Securities Market” and subordinate regulations.

The Shares will not be offered or sold to or for the benefit of any persons resident, incorporated, established or having their usual residence in Russia or to any person located within the territory of Russia, unless and to the extent permitted by Russian law.

Singapore

This document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the *Securities and Futures Act, Chapter 289 of Singapore* (the “SFA”). The Shares may not be offered or sold, or made the subject of an invitation for subscription or purchase nor may this document or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor under Section 274 of the SFA; (ii) to a relevant person under Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Shares are subscribed or purchased under Section 275 of the SFA by a relevant person who is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Shares under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) pursuant to Section 276(7) of the SFA.

Switzerland

The Shares may not be publicly offered in Switzerland and will not be listed on the Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Shares or the Offer may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Offer, the Company or the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Offer will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA), and the Offer has not been and will not be authorized under the *Swiss Federal Act on Collective Investment Schemes* (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Shares.

Thailand

The Shares are not offered to the general public in Thailand and the Shares have not been and will not be registered under the *Securities and Exchange Act B.E. 2535, as amended*. The approval of the Thailand Securities and Exchange Commission has not been sought and will not be obtained for the Offering, and any sale of the Shares will only be made if an exemption from the prospectus and registration requirements of the securities laws of Thailand (including the *Securities and Exchange Act B.E. 2535, as amended*) is available and the Offering and sale is made in accordance with the terms of such exemption. This document does not constitute a prospectus or registration statement within the meaning of the *Securities and Exchange Act B.E. 2535, as amended* or any other securities laws of Thailand.

United Arab Emirates

This document has not been approved or licensed by the Central Bank of the United Arab Emirates (the “UAE”), the Securities and Commodities Authority the UAE and/or any other relevant licensing authority in the UAE including any licensing authority incorporated under the laws and regulations of any of the free zones established and operating in the territory of UAE. The Offer of the Shares does not constitute a public offer of securities in the UAE and/or any other free zone in accordance with the Commercial Companies Law, Federal Law no. 8 of 1984 (as amended) or otherwise. The Shares may not be offered to the public in the UAE and/or any of the UAE free zones.

United Kingdom

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the U.K. *Financial Services and Market Act of 2000* (the “FSMA”) in connection with the issue of sale of any Shares will only be made in a circumstance in which section 21(1) of the FSMA does not apply to the Company.

Financial Advisor: BCEL Krungthai Securities Company Limited
Underwriter: BCEL Krungthai Securities Company Limited
Selling Agent: Banque Pour Le Commerce Extérieur Lao

Dated December 15, 2010

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The information in this Prospectus may only be accurate as of the date of this Prospectus. Investors should be aware that since the date of this Prospectus there may have been changes in certain information contained in it, e.g. business, financial conditions, results of operations, prospects or otherwise that could affect the accuracy or completeness of the information herein.

In making an investment decision, investors must rely on their own examination of the Lao Prospectus, the English Prospectus and other documents in connection with the Offer, including its merits and the risks involved. Investors should not construe the contents of this Prospectus or its appendices as legal, business, financial or tax advice. Each investor should consult its own legal counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning an investment in the Shares, as the case may be.

The Offer has not been approved by the authorities in any jurisdiction other than the Office of the Lao SEC or disapproved or recommended by the authorities in any jurisdiction. No representation is being given that the form or contents of this Prospectus are appropriate or sufficient for an offering in any other jurisdiction.

This Prospectus is based on certain information provided by the Company and EDL and on information obtained from other sources. The Underwriter and the Selling Agent are delivering this Prospectus on a confidential basis to investors outside Lao PDR solely for offering and selling the Shares and the use in deciding whether or not to proceed with a further investigation of a potential investment in the Shares. This Prospectus does not purport to be all-inclusive or to necessarily contain all the information that an investor may desire in investigating the Company or which is necessary to make an informed investment decision regarding the Shares.

This Prospectus is personal to the offeree to whom it has been delivered and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Shares. Receipt and acceptance of this Prospectus shall constitute the agreement of the recipient (i) to maintain the confidentiality of the information contained in this Prospectus and any other information that may be subsequently provided by the Company, the Underwriter, the Selling Agent, or any of their respective representatives, either orally or in writing, (ii) that any reproduction or distribution of this Prospectus or of any other information that the Company, the Underwriter, the Selling Agent, or any of their respective representatives may subsequently provide, in whole or in part, or any disclosure of any of the contents hereof or thereof to any other person other than authorized representatives, agents and advisors of the recipients hereof, or any use of such materials for any purpose other than to evaluate an investment in the Shares is strictly prohibited, and (iii) if such investor determines not to proceed with the investigation of an investment in the Shares, or if the Offer is terminated, to return to the Underwriter or the Selling Agent this Prospectus and any other information that the Company the Underwriter, the Selling Agent or any of their respective may subsequently provide to the recipient. The English Prospectus has been prepared for informational purposes relating to the Offer only and upon the express understanding that it will be used for only the purpose set forth above.

None of the Underwriter or any member, employee, counsel, officer, director, representative, agent or affiliate of the Underwriter makes any express or implied representation or warranty as to the adequacy, accuracy, reasonableness or completeness of the information contained in this Prospectus or made available in connection with any further investigation of any investment in the Shares, or that no information or representation has been omitted therefrom which is likely to affect the importance of the information or representations contained therein. The Underwriter and the Selling Agent expressly disclaims any and all liability that may be based on such information, errors therein or omission therefrom. No person is authorized to give any information or to make any representation in connection with this Offer other than as contained in this Prospectus and, if given or made, investors must not rely on such information as having been authorized by the Company, the Underwriter or any affiliate or representative thereof.

This Prospectus contains conversions of certain amounts into US dollars at specified rates solely for the convenience of the reader. Except where otherwise specified, all conversions of Kip to Thai Baht and US dollars were made on the basis of the Kip/Thai Baht/Dollar spot market exchange rate quoted by the Bank of Lao on December 9, 2010 which was Kip 267.56 equaling to Thai Baht one and Kip 8,055 equaling to US\$ one. See “Exchange Rate Information”. No representation is made that the Kip, Thai Baht or Dollar amounts referred to herein could have been or could be converted into Dollars, Thai Baht or Kip, as the case may be, at these rates, at any particular or at all. Any discrepancies in the tables included herein between the amounts listed and the total thereof are due to rounding.

In this Prospectus, all references to:

- “**ADB**” refers to Asian Development Bank;
- “**AOA**” refers to the Articles of Association of the Company;
- “**BOL**” refers to the Bank of Lao PDR;
- “**Company**” or “**EDL-Gen**” refers to EDL-Generation Public Company, registered in Lao PDR as a public company with limited liability;
- “**COD**” refers to Commercial Operation Date;
- “**CAs**” refers to the Concession Agreements in relation to each of the Company’s Existing Generation Assets between the GOL and the Company and “**CA**” refers to each of them;
- “**Cambodia**” refers to the Kingdom of Cambodia;
- “**China**” refers to the People’s Republic of China;
- “**Debt Repayment Agreements**” refers to the Debt Repayment Agreements between EDL and the Company and “**Debt Repayment Agreement**” refers to each of them;
- “**EDL**” refers to ELECTRICITE DU LAOS;
- “**EDL Construction Period & Planned Generation Assets (Wholly-Owned)**” refers to EDL’s wholly-owned hydropower projects which are under-construction or in planning at the date of this Prospectus;
- “**EDL Equity Share Construction Period & Planned IPPs**” refers to IPP projects that are currently under construction or in planning and in which EDL is or will be a shareholder;
- “**EDL Equity Share Operating IPPs**” refers to IPP projects that are operating and in which EDL is a shareholder;
- “**EDL IPPs**” refers to any IPP projects in which EDL is or may become a shareholder and includes the “**EDL Equity Share Operating IPPs**” and “**EDL Equity Share Construction Period & Planned IPPs**”;
- “**EGAT**” refers to Electricity Generating Authority of Thailand;
- “**Electricity Law**” refers to the Law on Electricity No. 03/NA dated December 8, 2008;
- “**Employee Transfer Agreement**” refers to the agreement executed between EDL and the Company on the Incorporation Date under which certain employees are transferred from EDL to the Company;

- “**Enterprise Law**” refers to the Law on Enterprises No. 11/NA dated November 9, 2005 (as amended);
- “**Existing Generation Assets**” refers to certain wholly-owned hydropower plants and the assets relating to such hydropower plants transferred to the Company on the Incorporation Date;
- “**Financial Advisor**” refers to BCEL Krungthai Securities Company Limited;
- “**Financial Projections**” refers to the financial projections of the Company reviewed by PWC;
- “**Financial Statements**” refers to the financial statements, consisting of (i) the balance sheet which is audited by PWC and (ii) the pro forma financial statement which is reviewed but unaudited by PWC for the year 2008,2009 and 2011 and the pro forma financial statement which is prepared by management;
- “**GMS Countries**” refers to the countries in Greater Mekong Sub-region sharing the Mekong River, comprising six countries which are the Kingdom of Cambodia, Lao PDR, the Republic of the Union of Myanmar, the Kingdom of Thailand, the Socialist Republic of Vietnam and the People’s Republic of China;
- “**GOL**” refers to the Government of Lao PDR;
- “**Hong Kong**” refers to the Special Administrative Region of Hong Kong;
- “**IDA**” refers to the International Development Association, an agency of the World Bank;
- “**IFC**” refers to International Finance Corporation, a member of World Bank Group;
- “**IFRS**” refers to International Financial Reporting Standards;
- “**Incorporation Date**” refers to the date that the Company was incorporated, being December 15, 2010;
- “**IPPs**” refers to independent power producers in the Lao PDR and “**IPP**” refers to each of them;
- “**JBIC**” refers to Japan Bank for International Cooperation;
- “**Kip**”, “**Kips**”, “**kip**” “**kips**” or “**LAK**” refers to the Lao Kip, which is the legal tender currency of Lao PDR;
- “**Korea**” refers to the Republic of Korea;
- “**Lao PDR**” refers to the Lao People’s Democratic Republic;
- “**Lao SEC**” refers to the Securities and Exchange Commission of Lao PDR;
- “**Lenders**” refers to ADB, JBIC, IDA, China Water and Energy Corporation (CWE), and Norinco Company Limited (Norinco), Overseas Economic Cooperation Fund of Japan (OECF), Vientiane Automation and Solution Engineering Company Limited (VASE) and “**Lender**” refers to each of them;
- “**LHSE**” refers to Lao Holding State Enterprise;
- “**LSX**” refers to the Lao Securities Exchange;

- “**MEM**” refers to the Ministry of Energy and Mines;
- “**MOF**” refers to the Ministry of Finance;
- “**MOIC**” refers to the Ministry of Industry and Commerce;
- “**MOU**” refers to the Memorandum of Understanding;
- “**Myanmar**” or “**Burma**” refers to the Republic of the Union of Myanmar;
- “**NA**” refers to the National Assembly of Lao PDR;
- “**NASC**” refers to the National Assembly Standing Committee of Lao PDR;
- “**NASC Resolution**” refers to the Resolution of the NASC re: approval and exemption of certain requirements in relation to Securities and Securities Exchange, which establishes the policy of restructuring EDL’s generation business and permits the transfer of the Existing Generation Assets to the Company;
- “**Non-EDL IPPs**” refers to IPP projects in which EDL has no equity or operating stake;
- “**NNG1 HPP**” refers to Nam Ngum 1 Hydropower Plant;
- “**Offer**” refers to the initial public offering of the Shares in accordance with the rules and regulations of the Lao SEC pursuant to the initial public offering;
- “**Office of the Lao SEC**” refers to the Office of the Securities and Exchange Commission of Lao PDR;
- “**PDP 2010-2020**” refers to the Power Development Plan prepared by EDL dated August, 2010;
- “**PMO**” refers to the Prime Minister’s Office;
- “**PMO Decision**” refers to the Decision of the Prime Minister Office No. 180 re: the establishment of the Company, dated December 13, 2010;
- “**PPAs**” refers to the Power Purchase Agreements in relation to each of the Existing Generation Assets between EDL and the Company and “**PPA**” refers to each of them;
- “**PWC**” refers to PricewaterhouseCoopers (Laos) Ltd.;
- “**SEC Decree**” refers to the Decree of the Prime Minister Office re: the Securities and Exchange No. 255/PM, dated May 24, 2010;
- “**Selling Agent**” refers to Banque Pour Le Commerce Exterieur Lao;
- “**Singapore**” refers to the Republic of Singapore;
- “**Shares**” refers to up to 217,149,000 ordinary shares of the Company, with the par value of Kip 4,000 each, offered for sale by the Company;
- “**Thailand**” refers to the Kingdom of Thailand;
- “**Thai Baht**” refers to the legal tender currency of the Kingdom of Thailand;

- “**Underwriter**” refers to BCEL Krungthai Securities Company Limited;
- “**Underwriting Agreement**” refers to the Underwriting Agreements between EDL-Gen and the Underwriter;
- “**USD**”, “**\$**”, “**US\$**”, “**US dollars**”, “**Dollars**” or “**dollars**” refers to United States dollars;
- “**Vietnam**” refers to the Socialist Republic of Vietnam;
- “**We**”, “**our**”, “**ourselves**”, or “**us**” refers to the Company where the context requires.

In this Prospectus, the following technical terms have the meaning indicated:

GWh	:	Gigawatt Hour
km	:	Kilometer(s)
km ²	:	Square kilometer(s)
km ³	:	Cubic kilometer(s)
kV	:	Kilovolt
KVA	:	Kilo Volt Amp(s)
KWh	:	Kilowatt Hour
m	:	Meter(s)
m ³	:	Cubic meter(s)
m ³ /s	:	Cubic meter(s) per second
masl	:	Meter(s) above seal level
mm ²	:	Square millimeter(s)
MW	:	Megawatt

The Offer

The Issuer	EDL-Generation Public Company
Combined Offer	<p>217,149,000 ordinary shares are being offered in the Combined Offer, consisting of the following:</p> <ol style="list-style-type: none">1. Lao Offer, under which approximately 130,289,400 shares are to be offered as follows:<ul style="list-style-type: none">• approximately 10,857,400 shares to be offered to the employees of EDL and the Company . Employees who subscribe for the Shares in this portion will be restricted to transfer their shares held by them for a period of one year from the date of delivery of the Shares;• approximately 119,432,000 shares to be offered to the public in Lao PDR; and2. International Offer, under which approximately 86,859,600 shares are to be offered. <p>The Combined Offer has been registered as an initial public offering with the Lao SEC.</p>
International Offer	Shares are being offered outside the Lao PDR by the Underwriter to investors in reliance on other applicable laws in the countries in which such offers are made.
Lao Offer	Shares are being offered in an initial public offering in the Lao PDR by the Underwriter through the Selling Agent, concurrently with the International Offer.
Par Value	Kip 4,000 per share.
Offering Price in the Lao Offer	<ul style="list-style-type: none">• Kip 4,000 per share for the Shares to be offered to employee of EDL and the Company; and• Kip 4,300 per share for the Shares to be offered to the public
Offering Price in the International Offer	Kip 4,300 per share
Voting Rights	Owners of the shares will be entitled to full voting rights. See “Description of Shares – Voting Rights”.
Dividends	<p>The owners of the shares will be entitled to receive dividends as may be approved by the shareholders’ meeting at no less than 50 percent of the available net profits of the Company after deducting for taxes, statutory/legal reserve fund and other reserve funds (if any). See “Description of Shares – Dividends”.</p> <p>Dividends in respect to the shares in Lao companies are generally subject to the income tax at a rate of 10 percent. See “Taxation”.</p>
Listing	The Company will make the application for listing eligibility review prior to the application for initial listing of the Company’s shares on the LSX, which will be made promptly after the Company (i) registers the increase in its capital with the MOIC and (ii) receives the updated enterprise registration certificate from the MOIC, both of which will take place after the offering of and subscription for the Combined Offer.

Settlement and Delivery of the Shares Delivery of the Shares will be made after the payment for the Shares offered. It is expected that delivery of the Shares in the Combined Offer will be made through the LSX's depository facilities by the Securities Depository Centre approximately 15 business days after the payment for the Shares.

Share Ownership Restriction Neither Lao law nor the AOA of the Company imposes any limitation on the percentage of shares of the Company that non-Lao citizens may hold.

See "Description of Shares - Limitation on Foreign Ownership of Shares".

Transfer Restriction of the Shares See "Description of Shares - Transfer Restriction of the Shares".

Other than for limited periods after the closing of the Combined Offer pursuant to LSX listing requirements, EDL is restricted from transferring its shares in the Company within two years of the incorporation of the Company pursuant to the Enterprise Law as EDL is a "promoter" of the Company under such Law, provided that EDL and other promoters must jointly hold shares representing at least 10 percent of the registered capital during such two years period.

Use of Proceeds The net proceeds from the Combined Offer will be approximately Kip 930,483 million. Such net proceeds, together with any earnings thereon, will be deposited by the Company in interest bearing accounts with leading commercial banks in Lao PDR in order to fund working capital, development of new power projects, investment in (or acquisition of) existing power projects and maintenance of the Existing Generation Assets, in accordance with the Company's strategy.

No Offer of Existing Shares The Shares in the Company sold under this Combined Offer will be newly issued shares. No existing shares of the Company are to be sold as part of this Offer.

Certain events in the course of the Offer are summarized below. Certain of the dates are estimates provided by the Company and are subject to change. All references to times in this Prospectus are to local time in Lao PDR (which is Greenwich Mean Time plus 7 hours).

Offering Period for the Combined Offer Between 9 a.m. to 4 p.m., during December 16 - 24, 2010

Subscription and Payment Payment to the Company accompanying subscriptions for the Shares offered in the Combined Offer is due on subscription date

Allocation to Investors in the Combined Offer Allocation of the Shares in the Combined Offer is expected to be completed not later than 7 business days after the end of the Offering Period

Registration of Increase in Share Capital and Notification of the Change in Enterprise Registration Certificate Application for the registration of the increase in the Company's capital with the competent department of the MOIC must be filed within December 20, 2010 after the completion of the Combined Offer, together with the notification of the change in enterprise registration certificate with the MOIC to reflect the capital increase. The Company, however, expects to file the application for registration of the increase in the Company's capital by December 20, 2010

Initial Listing
Application

Application for initial listing of the shares on the LSX will be submitted after receiving the updated enterprise registration certificate from the MOIC.

Listing on the LSX

This is expected to occur within 14 days of the filing of the initial listing application.

PART 1 SUMMARY

This following summary may not contain all of the information that may be important to investors. Investors should read this entire Prospectus, including the financial data and related notes and the “Risk Factors” before making an investment decision.

Company

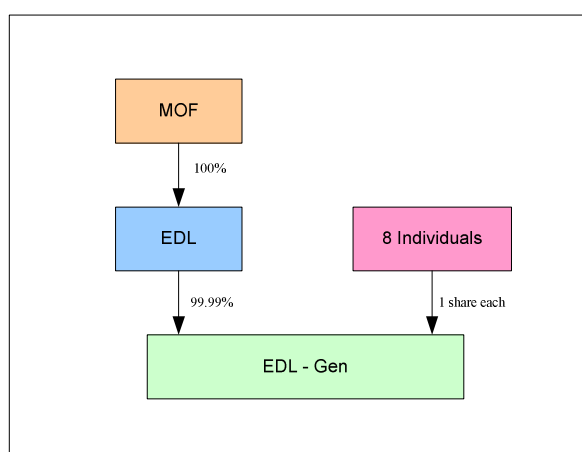
The Company was incorporated as a public company with limited liability on December 15, 2010 under the laws of Lao PDR, having its registered address at Nongbone Road, Ban Fai, Saysetha District, Vientiane Capital, P.O. Box 309, Lao PDR. The incorporation of the Company was initiated by EDL in connection with the restructuring of the energy business of EDL by transferring the Existing Generation Assets to the Company according to the NASC Resolution and the PMO Decision.

Pursuant to the NASC Resolution, the NA approved the transfer of (i) EDL’s title to the Existing Generation Assets and other relevant assets, and (ii) EDL’s obligations under loan agreements and other agreements relating to the Existing Generation Assets, as consideration for EDL’s subscription for the Company’s shares.

Pursuant to the PMO Decision, the GOL approved the following:

1. the establishment of the Company, in order for the Company to offer and sell of its shares in the initial public offering and the listing of the Company’s shares on the LSX;
2. the transfer or sale by EDL to the Company of assets or rights and obligations of generation projects that EDL currently obtains from the GOL; and

On the Incorporation Date, EDL made payment in cash and transferred to the Company the Existing Generation Assets as consideration for EDL’s subscription for 651,448,042 shares of the Company, representing 99.99 percent of the total capital of the Company. The Company is a subsidiary of EDL. The remaining 0.01 percent of the total capital is held by eight individuals. The Company Structure as of the Incorporation Date is shown below.



After the incorporation of the Company, EDL, as a state enterprise owned by and under the supervision of the MOF, owns and operates transmission, distribution, supply and trading operations and businesses in Lao PDR, including the electricity grid over which export and import takes place. In addition, EDL owns shares in certain IPPs in the Lao PDR, which generate and supply electricity, including for export.

Company Business

On the Incorporation Date, EDL transferred the Existing Generation Assets to the Company. EDL will continue the transmission and distribution of electricity generated by the Existing Generation Assets to end-users. A summary of the Existing Generation Assets is set out in Table 1.1 below.

Table 1.1: Existing Generation Assets

Power Plant	Location	Installed Capacity (MW)	Designed Energy Capacity (GWh p.a.)	COD
	Central			
Nam Ngum 1	Vientiane	155.0	1,002.0	1971
Nam Leuk	Vientiane	60.0	218.0	2000
Nam Mang 3	Vientiane	40.0	180.0	2005
Nam Song	Vientiane	6.0	13.5	Expected in 2011
	South			
Xeset 1	Saravanh	45.0	180.0	1991
Xeset 2	Saravanh	76.0	309.0	2009
Xelabam	Champasak	5.0	21.0	1969
Total		387.0	1,923.5	-

Source: PDP 2010-2020

Presently, the Company's sole source of revenue is the sale to EDL of electricity produced by the Existing Generation Assets under the PPAs. The electricity sales are based on the tariff agreed with EDL and set out in the relevant PPA for each Existing Generation Asset. The Company has entered into a PPA with EDL and CA with the GOL for each Existing Generation Asset. The PPAs and accompanying CAs are modeled on a short form of the standard agreements utilized successfully by EDL. Together, the PPA and CA provide for a term of 30 years, together with a negotiated renewal period of 10 years and the requirement to transfer the relevant generation asset back to the GOL at the end of the term or on contract termination. See "Summary of Standard Concession Agreements" at Appendix 1 and "Summary of Standard Power Purchase Agreements" at Appendix 2.

The Company's business model currently involves the ownership and operation of various power generation assets which have been developed by EDL. The Company may also, from the time to time, invest in additional generation projects and related businesses which satisfy our investment criteria, including (i) EDL Construction Period & Planned Generation Assets (Wholly-Owned), (ii) EDL Equity Share Construction Period & Planned IPPs and (iii) EDL Equity Share Operating IPPs. Upon or before the COD for each generation asset, the Company will acquire it from EDL in exchange for cash or new shares to be issued by the Company, in each case subject to EDL shareholders' approval. Valuation of the transferred assets is expected to be at or around a book value.

The Company's investment in EDL IPPs is subject to the conditions in the shareholder agreement(s) entered into by EDL (if any), and consents from third parties may be necessary for transfer from EDL to the Company. In order to acquire EDL's stakes in the EDL IPPs, the Company will acquire the shares that EDL owns in such IPPs. These IPPs will already have their own contractual structure in place including PPAs, project finance loan arrangements, etc. Therefore, the Company's role will typically be that of a shareholder in the project company owning the IPP; as such in the event that the Company also happens to operate the IPP, the relevant contractual framework for the project company's operating role will already be in place.

In order to acquire EDL's wholly owned generation assets, the Company will typically acquire the assets themselves from EDL and a full contractual framework will typically not be in place already. Simultaneous with the acquisition of the wholly owned generation assets from EDL, the Company will enter a CA with the GOL and EDL will enter into a PPA with the Company for each of the Existing Generation Assets on terms consistent with those agreed for IPPs and then purchase power from the Company pursuant to the PPAs.

In the future, the Company also plans to pursue revenues from clean development mechanism (carbon credit) sales, project development services and operation & maintenance services. However, there are no revenues from these sources at the present time and none can be accurately forecast.

Since the Incorporation Date, the Company has no significant operating history. The Existing Generation Assets were transferred to the Company by EDL on the Incorporation Date as consideration for subscription by EDL for the Company's shares. Certain employees were also transferred from EDL to the Company in order to operate and maintain the Existing Generation Assets.

Prior to the Incorporation Date, EDL was a borrower pursuant to certain loan agreements with the Lenders. These loan agreements related to the Existing Generation Assets. On the Incorporation Date, in addition to the transfer of the Existing Generation Assets and certain employees from EDL to the Company, the Company entered into the Debt Repayment Agreements with EDL (which effectively mirror the loan agreements between the Lenders and EDL). The Debt Repayment Agreements create a debt obligation relating to the Existing Generation Assets requiring the Company to make debt servicing and loan repayments to EDL which mirror the payment obligations under the loan facilities under which EDL is the borrower.

EDL also borrowed funds for certain maintenance and servicing works on two of the Existing Generation Assets from the contractor performing these works, Vientiane Automation and Solution Engineering Co., Ltd. ("VASE"). Obligations to make all outstanding payments under these loans were assigned to the Company on the Incorporation Date. Table 1.2 below contains a summary of these obligations.

Table 1.2: Debt Repayment Agreement Summary

Lender	Amount (Million USD)	Maturity	Interest Rate (% p.a.)	Remarks
ADB 846 (Xeset 1)	0.55	2011	7.03%	-
ADB 1063 (Xeset 1)	0.52	2015	6.36%	-
ADB 1214 (Nam Song)	12.11	2022	6.51%	-
ADB 1456 (Nam Leuk)	29.22	2020	6.00%	-
CWE (Nam Mang 3)	16.80	2013	2.00%	-
Norinco (Xeset 2)	93.62	2020	2.00%	-
OEFC (Nam Leuk) (Original currency in Yen)	26.29	2020	2.30%	-
Loan VASE (Xelabam)	5.41	2014	6.50%	Loan for Overhaul
Loan VASE (Nam Ngum 1: Gen 5)	4.04	2015	5.00%	Loan for Overhaul
Total Debt	188.56	-	-	-

Note: Exchange rate = 8,060 LAK/USD, Exchange rate = 99.21 LAK/ Yen, Exchange rate = 81.24 Yen/USD
Source: Company's Financial Statements

Company's Historical & Projected Financial Data

The following table sets forth a summary of certain historical financial and other data for the Company on a pro forma basis as if the Company had existed and was operating from the beginning of 2008, as well as certain summary financial projections for 2010 and 2011. Investors should read these tables in conjunction with the Company's "Financial Statements", a copy of which is provided at Appendix 3.

Table 1.3: Selected Financial and Operating Data

Financial Summary (Kip million)				
	2011	2010	2009	2008
Balance Sheet				
Cash and cash equivalents	598,169	507,916	354,346	180,847
Current assets	674,612	587,328	414,286	241,521
Non-current assets	3,929,755	3,908,031	4,031,908	3,066,961
Total Assets	4,604,367	4,495,359	4,446,195	3,308,483
Current liabilities	211,467	206,876	191,576	106,904
Long-term borrowing, net	1,218,606	1,389,197	1,648,275	789,105
Non-current liabilities	1,218,605	1,389,197	1,648,275	789,105
Total liabilities	1,430,073	1,596,073	1,839,852	896,009
Total equities	3,174,294	2,899,286	2,606,343	2,412,474
Profit & Loss Statement				
Sales	793,745	758,671	655,090	639,957
Total Revenue	960,853	828,104	658,811	670,239
Gross profit	541,823	470,076	481,321	482,795
Gain before expenses	708,932	539,509	485,042	513,076
Administrative expenses	(39,847)	(37,118)	(29,535)	(26,414)
Earning before financial costs and tax	669,085	502,391	455,507	486,662
Finance costs	(49,200)	(51,710)	(37,429)	(39,416)
Income tax	(69,869)	(157,738)	(146,327)	(156,536)
Net profit for the year	550,016	292,943	271,751	290,710

Company Capital Expenditures

The Company expects to incur certain capital expenditures going forward, mostly related to major maintenance and repair of its operating assets. The Company will fund these capital expenditures with the proceeds of this Offer as well as corporate and project finance debt, as appropriate.

EDL currently has various generation assets under construction or in development. Please see “EDL Construction Period & Planned Generation Assets (Wholly-Owned)” and “EDL Equity Share Construction Period & Planned IPPs”, pages 25. The Company expects that it will acquire generation assets from EDL from time to time upon or before the COD for those generation assets. The Company believes that, for the foreseeable future, it will be most efficient for EDL to continue to take responsibility for development and construction of these assets and to transfer them from EDL to the Company upon or before the COD for the assets.

The Company expects that upon or before the COD of each of the EDL generation assets, the Company will acquire ownership from EDL, subject to EDL shareholders’ approval. In consideration for each asset acquired, the Company may pay cash or issue new shares to EDL. Simultaneously, the Company will enter into a PPA with EDL and a CA with the GOL for each of the Existing Generation Assets on terms consistent with those agreed for IPPs. The Company expects that the valuation of these assets will be set at or around a book value.

Below is a summary of the Company’s estimated acquisition cost for assets to be acquired from EDL budget for the period 2010 – 2020.

Table 1.4: Estimated Acquisition Cost: EDL Construction Period & Planned Generation Assets (Wholly-Owned)

Power Plant	Installed Capacity (MW)	COD	Estimated Cost (US\$ Million)
Houaylamphanh Gnai	88.0	2014	206.0
Nam Khan 2	126.9	2014	314.6
Nam Sana	10.0	2013	31.37
Nam Chein	80.0	2015	165.0
Kengseuaten	45.0	2015	90.0
Nam Hinboun	45.0	2015	89.0
Xeset 4	30.0	2015	63.0
Nam Khan 3	47.0	2016	117.0
Nam Ngum 1 (Expansion)	40.0	2014	70.0
Selabam (Expansion)	7.7	2013	18.5
Nam Boun 2	15.0	2014	30.0
Xeset 3	24.0	2013	49.6
Nam Phak	30.0	2015	43.6
Total	588.6	-	1,287.7

Note: The estimated cost includes both debt and equity.
Source: PDP 2010-2020

Table 1.5: Estimated Acquisition Cost: EDL Equity Share of Construction Period & Planned IPPs

Power Plant	Company Equity Capacity (MW)	COD	Estimated Cost (US\$ Million)	Company Estimated Cost (US\$ Million)
Theun Hinboun Expansion	132.0	2012	498.0	298.8
Nam Nguang 8	36.0	2012	120.0	72.0
Nam Ngum 5	18.0	2011	200.0	30.0
Nam Ngum 2	153.8	2010	790.0	197.5
Xe Kaman 3	37.5	2012	273.0	41.0
Nam Long	1.0	2012	N/A	0.0
Nam Tha 1	42.0	2014	350.0	87.5
Nam Bak 1,2	40.0	2015	260.0	65.0
Nam Beng	6.8	2014	65.0	13.0
Nam Mang 1	10.0	2014	196.6	39.3
Nam Lik 1	6.0	2014	130.0	13.0
Don Sahong	48.0	2017	651.0	130.2
Nam Ngiep 2	18.0	2015	345.4	34.5
Nam Ou 2	N/A	2015	226.0	N/A
Nam Ou 6	N/A	2015	290.0	N/A
Mekong Xayabury	315.0	2019	2,497.5	624.4
Nam Ngiou	5.0	2013	N/A	N/A
Thermo Kaleum	150.0	2015	N/A	N/A
Nam Tha 3	0.1	2011	1.5	0.2
Thakor	12.5	2015	117.0	29.3
Xepon 3 Downstream	7.5	2015	51.0	12.8
Xepon 3 Upstream	17.5	2015	145.0	36.3
Thermo Vieng Phu Ka	40.0	2014	N/A	N/A
Total	1,097.7		7,207.0	1,724.59

Note: The estimated cost includes both debt and equity.
Source: PDP 2010-2020

Restructuring of the Electricity Industry in Lao PDR

Background to the Restructuring

In recent years Lao PDR has experienced substantial demand growth, averaging 13 percent in the period 2001-2009. This growth has been driven by demand from the mining industry, manufacturing, expansion of business activity and the GOL's rural electrification plan.

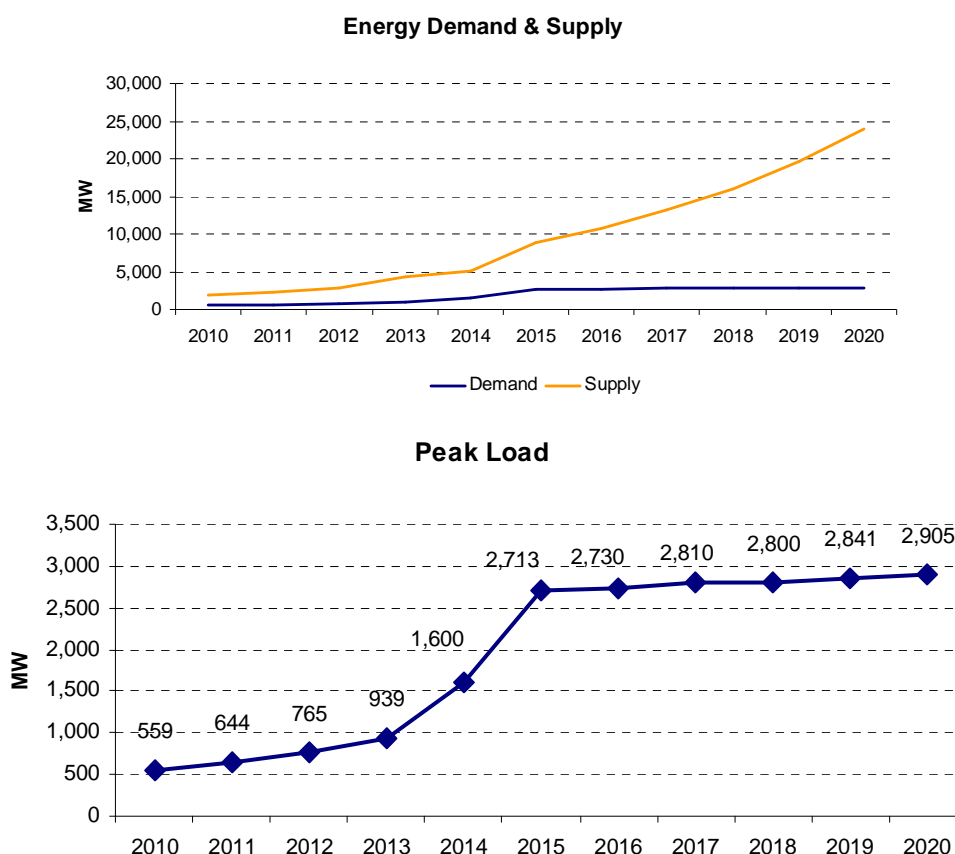
Table 1.6: Lao PDR Domestic Growth Profile

	2005	2006	2007	2008	2009
Domestic demand growth	12.00%	10.02%	16.72%	21.52%	20.50%
Domestic sales (GWh)	1,011.06	1,112.40	1,298.41	1,577.86	1,901.29

Source: EDL Annual Report 2009

In PDP 2010-2020, EDL has projected total domestic energy demand growth (including system losses) averaging 21 percent per year for the 2010 to 2020 period. The Lao domestic peak demand is projected to increase from 559 MW in 2010 to 2,905 MW by 2020. The average forecast growth rate of peak demand over the period of 2010-2020 is 18 percent. Notwithstanding the recent disruptions in the global economy, it is likely that electricity demand growth in Lao PDR will remain robust. Figure 1.1 below illustrates the expected demand growth and peak load demand forecasts to 2020.

Figure 1.1: Lao 2010-2020 Domestic Energy Demand & Supply and Domestic Peak Load Forecast



The expected rapid demand growth has presented a considerable challenge to EDL and the GOL. The PDP 2010-2020 has proposed various alternatives to meet the domestic demand requirements in the future, as well as the substantial export demand expected from Thailand, Vietnam and China going forward to 2020. The total Lao generation capacity is expected to grow from 1,917 MW in 2010 to 24,022 MW by 2020, 85% of which will be for export. The proposed supply options include EDL's new generation capacity, purchase from IPPs, import from abroad and inter-regional exchange. Table 1.7 below details new power projects under construction and planned for the period 2010 – 2020 as per the

PDP 2010-2020. This list includes EDL Construction Period & Planned Generation Assets (Wholly-Owned) and EDL Equity Share Construction Period & Planned IPPs, as well as IPPs in which EDL and the Company will have no investment position.

Table 1.7: Lao PDR's New Generation as per the PDP 2010-2020

Project	Province	EDL Offtake Capacity (MW)	Annual Energy (GWh p.a.)	Plant Factor	Project Period	Ownership	Source of Funding	Status
Northern Area								
Nam Nhon	Bokeo	2.4	11.5	55%	2006-10	IPP (d)	NAM NHON	Construction
Nam Tha 3	Luangnamtha	1.3	8.0	70%	2010-11	IPP (d)	Lao Company	Study
Nam Ngum 5	Vientiane	120.0	500.0	48%	2007-11	IPP (d)	China	Completed 48%
Nam Long	Luangnamtha	5.0	38.0	87%	2009-12	IPP (d)	Luangpasurt Company	Construction
Nam Sim	Huaphanh	8.0	30.0	43%	2011-13	IPP (d)	NORAD	FS
Nam Ham 2	Sayaboury	5.0	15.0	34%	2011-13	IPP(d)	Cobri/PEA	Study
Nam Khan 2	Luangprabang	126.9	568.0	51%	2010-14	EDL	Exim Bank China and EDL	Detail design
Nam Boun 2	Phongsaly	15.0	96.0	73%	2011-14	EDL	India and EDL	FS
Nam Ngiew	Xieng Khuang	20.0	63.0	36%	2010-14	IPP (d)	EDL+Right Engineering	Study
Nam Beng	Oudomxai	34.0	200.0	67%	2010-14	IPP (d)	China	Study
Nam Tha 1	Luangnamtha	168.0	721.0	49%	2009-14	IPP (d)	Exim Bank China and EDL	FS
Viengphukha (Lignite)	Luangnamtha	200.0	1,401.6	80%	2011-14	IPP (d)	China	Planned
Nam Pot	Xieng Khuang	20.0	87.6	50%	2010-14	IPP (d)	Lao Company	Planned
Nam Chein	Xieng Khuang	80.0	390.0	56%	2010-15	EDL	China	MOU
Nam Phak	Oudomxai	30.0	165.0	63%	2009-15	EDL	India	FS
Hongsa (Lignite)	Sayaboury	100.0	700.8	80%	2008-15	IPP (e)	HPC	Construction
Nam Ngiep 2	Xieng Khuang	180.0	1,170.0	74%	2010-15	IPP (d)	Exim Bank China (CWE) and EDL	FS
Nam Pha	Luangnamtha	130.0	750.0	66%	2010-15	IPP (d)	Malaysia	Study
Nam Ngum 4	Xieng Khuang	220.0	1,100.0	57%	2010-15	IPP (d)	Vietnam	Planned
Nam Ou 2	Luangprabang	120.0	545.8	52%	2008-16	IPP (d)	China	Planned
Nam Ou 6	Phongsaly	180.0	817.9	52%	2008-16	IPP (d)	China	Planned
Nam Khan 3	Luangprabang	47.0	222.0	54%	2011-16	EDL	Exim Bank China and EDL	FS
Nam Xam 1 (off take)	Huaphanh	60.0	214.0	41%	2009-16	IPP (e)	Vietnam	Study
Mekong Sayaboury (off take)	Sayaboury	60.0	420.0	80%	2008-19	IPP (e)	Thai	Study
Mekong Luangprabang (off take)	Luangprabang	150.0	660.0	50%	2008-17	IPP (e)	Vietnam	FS
Mekong Pakbeng	Luangprabang	150.0	754.0	57%	2010-20	IPP (e)	Vietnam	Study
Nam Ou 5	Phongsaly	240.0	1,156.3	55%	2011-16	IPP (d)	China	Study
Nam Ou 1	Luangprabang	160.0	798.9	57%	2010-18	IPP (d)	China	Study
Nam Ou 3	Luangprabang	150.0	709.6	54%	2010-18	IPP (d)	China	Study
Nam Ou 4	Phongsaly	116.0	569.0	56%	2010-18	IPP (d)	China	Study
Nam Ou 7	Phongsaly	190.0	915.4	55%	2010-18	IPP (d)	China	Study
Central Area								
Nam Lik	Vientiane	100.0	435.0	50%	2008-10	IPP (d)	China	Completed 99%
Nam Ngum 2	Vientiane	615.0	2,218.0	41%	2006-10	IPP (e)	Thai	Completed 98%
Nam Song (Expansion)	Vientiane	6.0	28.0	53%	2008-11	EDL	India and EDL	Construction
Nam Phao	Bolikhamxai	1.5	3.3	25%	2008-11	IPP (d)	Lao Company /SMG	MOU, PPA
Theunhinboun (Expansion)	Bolikhamxai	220.0	946.0	49%	2008-12	IPP (e)	EDL	Construction
Nam Gnuang 8	Bolikhamxai	60.0	316.0	60%	2009-12	IPP (d)	THPC	Construction
Nam Sana	Vientiane	10.0	43.8	50%	2010-13	EDL	EDL & Krungthai Bank	FS
Nam Ngum 1 (Expansion)	Vientiane	40.0	88.0	25%	2010-14	EDL	JBIC	FS
Nam Mang 1	Bolikhamxai	50.0	235.0	54%	2010-14	IPP (d)	China	Study
Nam Lik 1	Vientiane	60.0	248.7	47%	2011-14	IPP (d)	Exim Thai	Study

Project	Province	EDL Offtake Capacity (MW)	Annual Energy (GWh p.a.)	Plant Factor	Project Period	Ownership	Source of Funding	Status
Nam Kan	Vientiane	5.0	19.7	45%	2010-14	IPP (d)	Lao Company	Planned
Kengseuaten	Bolikhamxai	45.0	200.0	51%	2009-15	EDL	Thai	MOU
Nam Bak	Vientiane	160.0	740.0	53%	2010-15	IPP (d)	Thai	FS
Nam Phai	Vientiane	60.0	280.0	53%	2010-15	IPP (d)	China, Norinco	Study
Nam Theun 1 (off take)	Bolikhamxai	50.0	250.0	57%	2008-17	IPP (e)	Malasia	FS
Nam Mouan	Bolikhamxai	105.0	472.1	51%	2010-17	IPP (d)	Japan (chubu.co)	Study
Nam San 3 (Down) Xieng	Khuang	30.0	120.0	46%	2010-18	IPP (d)	China	Study
Nam Ngum (Down) Vientiane	Capital	60.0	300.0	57%	2010-18	IPP (d)	China	Study
Nam Ngeip 1 (off take)	Bolikhamxai	18.0	102.0	65%	2010-18	IPP (e)	Japan	Study
Nam Phouan Vientiane		60.0	280.0	53%	2010-19	IPP (d)	Malaysia	Study
Southern Area								
Xekaman 3 (off take)	Sekong	25.0	96.0	44%	2008-11	IPP (e)	Viet - Lao Company and EDL	Construction
Tadsalen	Savannakhet	3.2	15.4	55%	2008-11	IPP (d)	Exim Thai	Construction
Xeset 3	Champasak	24.0	86.1	41%	2010-13	EDL	China	Study
Xelabam (Expansion)	Champasak	7.7	37.1	55%	2008-13	EDL	JBIC	FS
Xekaman 1 (off take)	Attapeu	64.0	240.0	43%	2011-13	IPP (e)	Vietnam	Construction
Houaylamphanh Gnai	Sekong	88.0	500.0	65%	2010-14	EDL	Exim Bank China and EDL	Detail design
Houaykaper	Saravan	5.0	21.0	48%	2010-14	IPP (d)	Lao Company	Study
Houaychampi	Champasak	5.0	27.3	62%	2010-14	IPP (d)	Lao Company	Study
Nam Hinboun	Khammouan	45.0	300.0	76%	2009-15	EDL	Thai and EDL	MOU
Xeset 4	Champasak	30.0	191.0	73%	2009-15	EDL	China	MOU
Tha kho (Mekong)	Champasak	50.0	360.0	82%	2009-15	IPP (d)	France	Study
Xepon 3 (Down)	Saravan	30.0	150.0	57%	2008-15	IPP (d)	China	FS
Xepon 3 (Up)	Saravan	70.0	280.0	46%	2008-15	IPP (d)	China	FS
M. Kalum (Lignite)	Sekong	600.0	4,200.0	80%	2010-15	IPP (d)	Thai	Study
Sekong 4 (off take)	Sekong	70.0	278.0	45%	2009-16	IPP (e)	Region Oil Russia FS, Tariff	MOU
Xekatom	Champasak	61.0	373.9	70%	2009-16	IPP (d)	Japan	FS
Donesahong	Champasak	240.0	1,750.0	83%	2010-17	IPP (d)	Malaysia	Study
Nam Phak/Houaykatam	Champasak	120.0	500.0	48%	2010-17	IPP (d)	Japan	Study
Xe Neua	Khammouan	40.0	174.0	50%	2008-18	IPP (d)	Thai	Study
Xelanong 1	Savannakhet	60.0	300.0	57%	2010-18	IPP (d)	Norway	Study
Xelanong 2	Saravan	45.0	170.0	43%	2010-18	IPP (d)	Japan	Study
Xedon 2	Saravan	58.0	280.0	55%	2010-18	IPP (d)	Korea	Study
Small hydropower plants	5 -10 Sites	40.0	122.6	35%	2010-19	IPP (d)	-	Study
Solars		15.6	27.4	20%	2010-19	IPP (d)	-	Study
Nam Kong 3	Attapeu	35.0	157.5	51%	2010-19	IPP (d)	Vietnam	Study
Xebanghieng 1	Savannakhet	60.0	357.0	68%	2010-19	IPP (d)	Vietnam	Study
Nam Kong 2	Attapeu	60.0	238.6	45%	2010-19	IPP (d)	Vietnam	Study

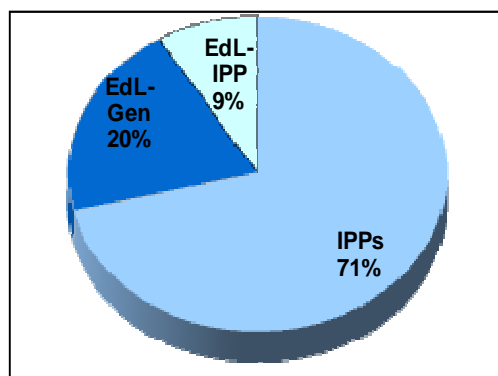
Note: IPP (d) refers to domestic IPP; and IPP (e) refers to exporting IPP.

Source: PDP 2010 – 2020

The capital required to build out the Lao electricity sector has historically represented a considerable burden to EDL. In recent years, because of inadequate financing sources, EDL and the GOL have been able to self-finance only a portion of the generation capacity expansions. Indeed, foreign financing sources such as IPPs, development banks, etc, have provided a major portion of the required debt and equity financing. Thus, EDL and the GOL have been to a great extent dependent on foreign IPP developers and foreign sources of capital in order to continue both Lao’s domestic electricity development efforts as well as the electricity export business.

This situation is illustrated by Figure 1.3 below. Total installed generating capacity in the Lao PDR is currently 1,917 MW. While seven of the Company’s Existing Generation Assets (six commissioned and one under-construction) aggregate to 387 MW, the other 1,530 MW of installed capacity is comprised of EDL Equity Share Operating IPPs (166 MWs) and Non-EDL IPPs (1,364 MW). Of the two IPPs which came on line in 2010, Nam Lik 1-2 (100 MW) and Nam Theun 2 (1,080 MW), EDL owns a 10% stake in Nam Lik 1-2 but has no ownership position in Nam Theun 2 (LHSE owns 25%). EDL has lacked access to substantial amounts of funding to build out the domestic hydropower industry, which has left opportunities to others, particularly for export purposes.

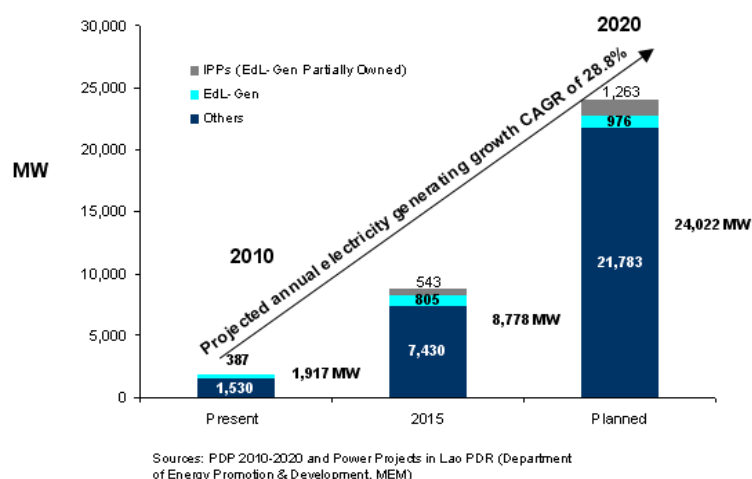
Figure 1.2: Power Installed Capacity by Ownership (%), As of November 2010)



Source: PDP 2010 – 2020

Based on the PDP 2010-2020, EDL estimates that Lao power generation sector capital expenditure (“Cap-Ex”) requirements (for the 10 year period to 2020) for EDL alone (excluding all IPPs), will reach approximately USD 3.22 billion, consisting of New - Build Cap-Ex and Re-Power Cap-Ex of USD 3.01 billion and USD 218 million, respectively. Figure 1.3 illustrates the Lao power expansion plan from 2010 to 2020.

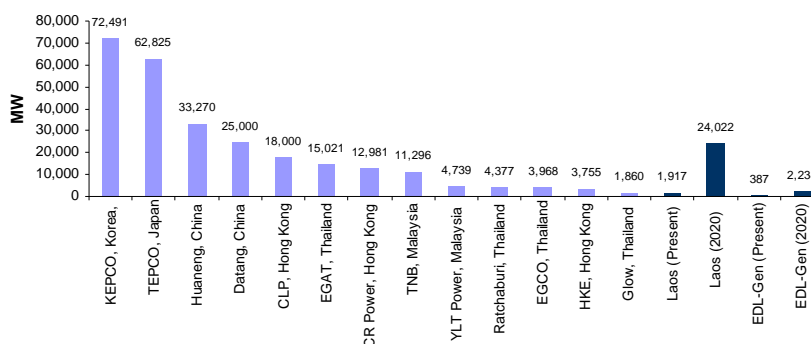
Figure 1.3: Lao Power Expansion Plan 2010 - 2020



The Opportunity in the Lao Power Generation Sector

The GOL has recognized that the Lao power generation sector represents a considerable opportunity for the Company to become a large generating business with attractive export sales and small, but rapidly growing domestic sales. EDL has estimated that the exploitable hydropower potential in the Lao PDR is about 24,000 MW, excluding the Mekong River main stream itself. Lao PDR is positioned to become an energy source in the GMS Countries with substantial national revenue potential.

Figure 1.4: Lao PDR Power Sector Opportunity (As of November 2010)



Source: PDP 2010 – 2020, Bloomberg

In 2009, EDL began to examine restructuring and financing alternatives which could enable EDL to self-finance more of its growth. This self-financing would permit the people of Lao PDR to retain more of the benefits from the country’s substantial hydro resource. Accordingly, in 2008 EDL established a special Financial Task Force (the “FTF”) to liaise with GOL authorities in order “to solve its financial problems systematically” (2008 Annual Report of EDL). As part of this effort, EDL retained its financial advisor in order to (i) study the Lao power industry, EDL’s current situation and future potential and (ii) make recommendations to EDL regarding possible restructuring of EDL and the Laos power industry, specifically concerning privatization and fund raising options available to EDL.

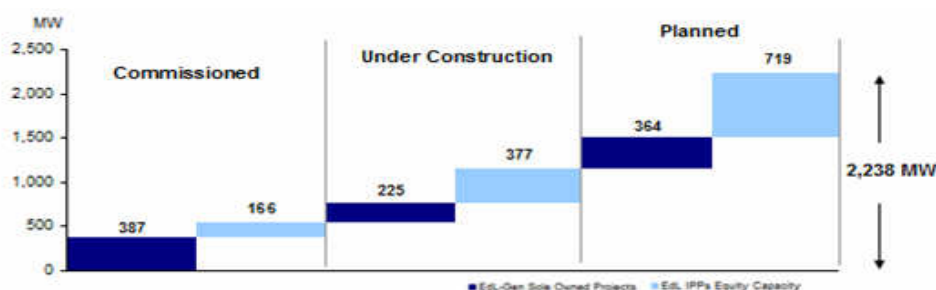
The Company Investment Plan

Based on the future policy of the GOL, the Company may, from time to time, invest in additional generation projects and related businesses which satisfy our investment criteria, including the following:

- (i) EDL Construction Period & Planned Generation Assets (Wholly-Owned) (225 MW and 364 MW, respectively);
- (ii) EDL Equity Share Operating IPPs (166 MW);
- (iii) EDL Equity Share Construction Period & Planned IPPs (377 MW and 719 MW, respectively).

Based on ownership of the Existing Generation Assets and steady injection of EDL's additional generation assets (Please see Tables 1.9, 1.10, 1.11, and 1.12), the Company envisions that it will have a growing mix of high quality domestic and export sale generation assets. The Company would own, control and operate these generation assets, thus making it the largest domestic generator in the Lao PDR and also be positioned to sell power across borders to the growing markets of GMS Countries.

Table 1.8: Summary of Asset Growth of the Company: 2010 – 2020



A summary of the Company's Existing Generation Assets and future generation assets as per Company's investment plan is set out in Tables 1.9 – 1.12, below.

Table 1.9: Existing Generation Assets (Wholly-Owned)

Power Plant	Location	Installed Capacity (MW)	Designed Energy Capacity (GWh p.a.)	COD
Central				
Nam Ngum 1	Vientiane	155.0	1,002.0	1971
Nam Leuk	Vientiane	60.0	218.0	2000
Nam Mang 3	Vientiane	40.0	180.0	2005
Nam Song	Vientiane	6.0	13.5	Expected in 2011
South				
Xeset 1	Saravanh	45.0	180.0	1991
Xeset 2	Saravanh	76.0	309.0	2009
Xelabam	Champasak	5.0	21.0	1969
Total		387.0	1,923.5	-

Source: PDP 2010-2020

Table 1.10: EDL Construction Period & Planned Generation Assets (Wholly-Owned)

Power Plant	Location	Installed Capacity (MW)	Annual Energy (GWh p.a.)	COD
Houaylamphanh Gnai	Sekong	88.0	500.0	2014
Nam Khan 2	Luangprabang	126.9	568.0	2014
Nam Sana	Vientiane	10.0	43.8	2013
Nam Chein	Xieng Khuang	80.0	390.0	2015
Kengseuaten	Bolikhamxai	45.0	200.0	2015
Nam Hinboun	Khammouan	45.0	300.0	2015
Xeset 4	Champasak	30.0	191.0	2015
Nam Khan 3	Luangprabang	47.0	222.0	2016
Nam Ngum 1 (Expansion)	Vientiane	40.0	88.0	2014
Xelabam (Expansion)	Champasak	7.7	37.1	2013
Nam Boun 2	Phongsaly	15.0	96.0	2014
Xeset 3	Champasak	24.0	86.1	2013
Nam Phak	Oudomxai	30.0	165.0	2015
Total		588.6	2,887.0	

Source: PDP 2010-2020

Table 1.11: EDL Equity Share Operating IPPs

Power Plant	Equity Share	Equity Capacity (MW)	% Export / Country	COD
Theun Hinboun	60%	126.0	98.9% / Thailand	1998
Nam Lik 1-2	10%	10.0	0%	2010
Houay Ho	20%	30.0	98.7% / Thailand	1999
Total		166.0		

Source: PDP 2010-2020

Table 1.12: EDL Equity Share Construction Period & Planned IPPs

Power Plant	Location	Equity Share	Equity Capacity (MW)	COD
Theun Hinboun (Expansion)	Bolikhamxai	60%	132.0	2012
Nam Nguang 8	Bolikhamxai	60%	36.0	2012
Nam Ngum 5	Vientiane	15%	18.0	2011
Nam Ngum 2	Vientiane	25%	153.8	2010
Xekaman 3 (Off take)	Sekong	15%	37.5	2012
Nam Long	Luangnamtha	20%	1.0	2012
Nam Tha 1	Luangnamtha	25%	42.0	2014
Nam Bak 1,2	Vientiane	25%	40.0	2015
Nam Beng	Oudomxai	20%	6.8	2014
Nam Mang 1	Bolikhamxai	20%	10.0	2014
Nam Lik 1	Vientiane	10%	6.0	2014
Don Sahong	Champasak	20%	48.0	2017
Nam Ngiep 2	Xieng Khuang	10%	18.0	2015
Nam Ou 2	Luangprabang	N/A	N/A	2015
Nam Ou 6	Phongsaly	N/A	N/A	2015
Mekong Xayabury	Xayabury	25%	315.0	2019
Nam Ngiou	Xieng Khuang	25%	5.0	2013
Thermo Kaleum	Sekong	25%	150.0	2015
Nam Tha 3	Luangprabang	N/A	0.1	2011
Thakor	Champasak	25%	12.5	2015
Xepon 3 Downstream	Saravan	25%	7.5	2015
Xepon 3 Upstream	Saravan	25%	17.5	2015
Thermo Vieng Phu Ka	Luangnamtha	20%	40.0	2014
Total			1,097.7	

The Company’s Future Growth & GOL Policy

The Company management believes that we are well positioned to grow rapidly for the following reasons.

First, the Company has been structured with an asset base, cash flows and balance sheet to enable financial flexibility and growth.

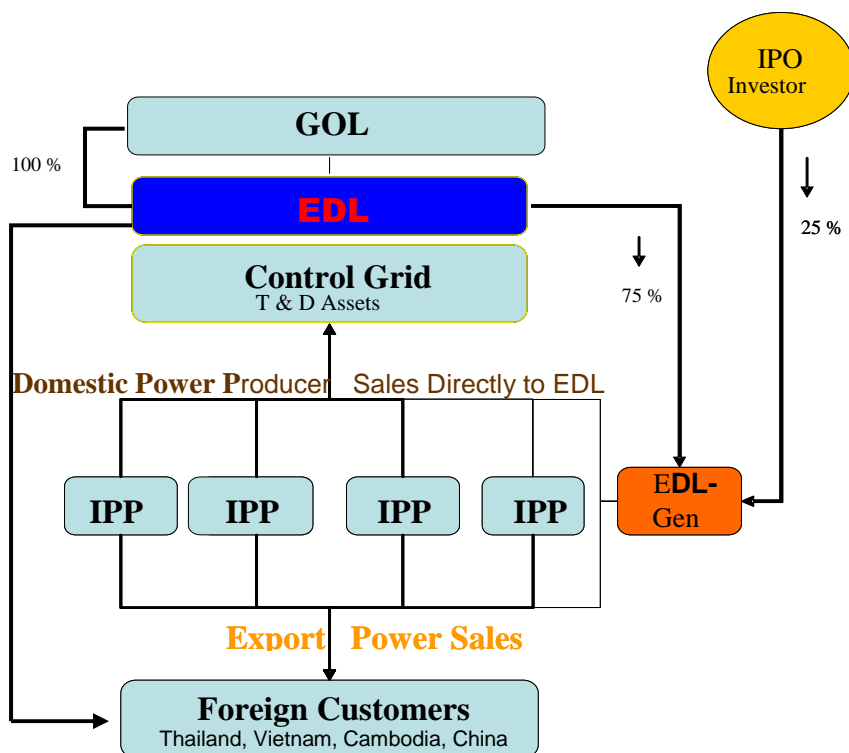
Second, the Company acquired the Existing Generation Assets from EDL at a book value, and expects that this same formula will apply to the additional assets described above.

Third, EDL established an attractive power pricing mechanism along with a series of long-term PPAs with the Company on commercial terms similar to EDL’s PPAs. See “Summary of Standard Power Purchase Agreements” at Appendix 2.

EDL’s Role & Future Regulatory Environment

The transmission and distribution (“T&D”) assets and non-generation assets in relation to the Existing Generation Assets will remain within EDL, which will continue to operate them.

Figure 1.5: EDL’s Electricity Industry Restructuring Plan – Existing Generation Assets



Company’s Objectives for the Privatization

A key part of the electricity industry restructuring plan calls for the Company to offer up to 25 percent of its capital in the form of new ordinary shares to investors pursuant to this Offer, see “Subscription, Offering Process and Allocation”. The shares will be listed on the LSX. After the initial public offering, the Company may consider a debt offering in the international bond market, bank market or both. The combination of these two offerings should allow the Company to raise a substantial amount in order to fund its power business going forward.

The Company's privatization and Offer will accomplish a number of objectives and be extremely positive for the economy of Lao PDR. Key objectives of the privatization are as follows:

1. Create a self-financing entity, the Company, which can raise funds through the private sector and thus reduce the burden on GOL;
2. Improve efficiency and quality of service;
3. Retain ownership by Lao citizens in the growing electric generation sector;
4. Launch the domestic capital markets, setting the stage for other Lao companies to raise capital;
5. Reduce dependence on foreign aid and capital;
6. Shorten decision making processes within EDL / the Company;
7. Introduce the latest management / technology / engineering skills;
8. Provide more efficient allocation of resources within Lao PDR (labor, natural resource and capital);
9. Maximize the country's energy resources through free market discipline.

PART 2
INFORMATION IN RELATION TO THE OFFER

1. RISK FACTORS

An investment in the Company involves risks. Investors should carefully consider all of the information in this Prospectus and, in particular, the risks described below before deciding to invest. The following describes some of the significant risks that could affect the Company and the value of any investment in the Company. Additionally, some risks may be unknown to us and other risks, currently believed to be immaterial, could actually be material.

In general, investing in “frontier markets” such as the Lao PDR with newly established stock exchanges involves risks that may not be found even in many “emerging markets”. Therefore, in addition to issues relating to the Company (quality of assets and management, ability to produce cash flow, financial soundness, regulation of the electricity market), investors should pay careful attention to the issues relating to the new stock exchange, including regulation, taxation, liquidity and transaction costs.

A summary of key risk factors and associated mitigation measures is as follows:

1.1 Delayed Registration of Share Capital

Purchasers of the Shares in the Combined Offer will not become entitled to exercise their rights as shareholders and will not be able to settle sales of their shares until the Company registers the increase in its capital resulting from the Combined Offer with the MOIC and receives the updated enterprise registration certificate from MOIC. During this period, purchasers are likely to be deemed to be unsecured creditors of the Company rather than shareholders.

1.2 Market for the Shares

Prior to the Combined Offer, there has been no public market inside or outside the Lao PDR for the shares of the Company. After the Combined Offer, until the shares are listed and traded on the LSX, it is expected that there will continue to be no official market for the shares, either inside or outside Lao PDR. Upon completion of the Combined Offer and registration of the increase in the share capital with the MOIC, the Company will make the application for listing eligibility review and will then make the application for initial listing of the Company’s shares on the LSX. Approval of the initial listing application is expected to be granted, subject to certain standard conditions of the LSX designed to ensure that the shares of listed companies are widely held.

If the Company is unable to list its shares, shareholders will be unable to trade their shares on the LSX. In accordance with market practice, however, the Underwriter has agreed that, if listing has not occurred by January 11, 2011, they will match buy and sell orders of the shares on behalf of any shareholders that wish to acquire or dispose of such shares.

The Lao securities market is a newly opened market and significantly smaller and less active than the securities markets in Hong Kong or Singapore and certain other developed market economies and, therefore, will likely be less liquid and more volatile than such other markets. The Company believes that the LSX will continue to develop and improve as a stock exchange. In addition, both the LSX and SEC rules and regulations are still evolving. There is less publicly available information about issuers of securities listed on the LSX than that is regularly published by or about listed companies in Hong Kong or Singapore and investors may find it difficult to obtain accurate and timely information about companies listed on the LSX.

1.3 Limited Operating History of the Company

Since the Incorporation Date, the Company has not had any significant operating history or revenues.

The Existing Generation Assets, most of which have been in full commercial operation for many years, are expected to continue to operate as before the transfer of ownership from EDL. However, there can be no assurance that the Existing Generation Assets will continue to operate at current levels of dependable capacity, or to the levels which EDL achieved and, therefore, no assurance can be given that projected revenues or operating profits will be achieved. However, pursuant to the Employee Transfer Agreement entered between the Company and EDL on the Incorporation Date, the Company accepted the transfer of certain numbers of EDL's employees to the Company with the benefits not less than previously received from EDL and continuous term of employment. The employees transferred to the Company continue to operate the Existing Generation Assets for the Company. Therefore, the Company believes that the operation of the Existing Generation Assets will not be affected by the fact of limited operating history of the Company.

1.4 Dependence on EDL for Support and as Electricity Offtaker

As of the date of this Prospectus, EDL is the Company's principal shareholder and owns 99.99 percent of the total issued and outstanding shares. After the completion of the Combined Offer, EDL will maintain approximately 75 percent of the total issued and outstanding shares and will continue to exercise control over the Company. While the Company will have its own board of directors, EDL, acting by itself or together with a small number of other shareholders will have the ability to control the Company and its board of directors and determine the outcome of most actions requiring shareholder approval.

EDL is a state enterprise under supervision and direction of the MOF which owns and operates the country's main electricity transmission and distribution networks, and manages electricity imports into its grids and exports from its substations. EDL also has a project development role and has been the implementing agency for government hydropower power projects. In the case of IPP projects, EDL acts as a shareholder. Presently, EDL is the Company's sole customer for electricity generated from the Existing Generation Assets. EDL is committed to purchase electricity from the Company under the PPAs, each of which is a long-term contract with a term of 30 years, which may be renewed for a period of 10 years according to the CA for each Existing Generation Asset. PPAs are critical to the business of the Company, accounting for 100 percent of the total projected revenues.

EDL is a dominant participant in the Lao electricity market, being the single wholesale buyer and controlling all of the wholesale transmission of electricity in Lao PDR. The Company believes that it will benefit from business support and oversight provided by EDL. However, should EDL experience any unexpected financial, operating or other difficulties, the negative consequences to the Company could be material.

As EDL is a "promoter" under the Enterprise Law, EDL is restricted from transferring its shares in the Company within two years of incorporation of the Company, provided that EDL and other promoters must jointly hold shares representing at least 10 percent of the registered capital during such two years period (the "Promoter Lock-up"). After such two year period, and other than for limited periods after the closing of the Combined Offer pursuant to LSX listing requirements and certain contractual agreements, EDL is under no obligation to retain its shareholding in the Company, and the Company cannot assure whether and for how long EDL will continue to retain its shareholding. EDL reserves the right to sell any or all of its shares in the Company after the Promoter Lock-up. Indeed, the GOL policy may determine over time that a sell-down by EDL is desirable and instruct EDL accordingly. Any sale by EDL of its shareholding in the Company, or a deterioration of the Company's relationship with EDL for any reason, could have a material adverse effect on the business, results of operations, financial condition and prospects of the Company.

1.5 Operational Risks

1.5.1 Risk relating to CAs

According to the Electricity Law, the maximum concession period allowed in relation to a generation asset is 30 years, with a renewal period of not more than 10 years. Thus, the Company's main source of revenue (which is the sale of electricity to EDL under the PPAs) is subject to such limit. See "Summary of Standard Power Purchase Agreements". After such period, the Company is required to transfer the relevant generation asset to the GOL according to the CAs. This does not prevent the Company seeking to negotiate a further concession to run after the original concession expires. Nonetheless, the Company expects that the GOL will grant the Company the new concession after the original concession expires subject to conditions to be negotiated with the GOL since the Company has a partly state-owned through EDL.

In addition, the rights granted under each CA in relation to an Existing Generation Asset may be revoked by the GOL if a PPA relating to that project is terminated because of Company insolvency, Company failure to pay fees and taxes or Company breach of the CA or PPA amounting to a fundamental breach. While the termination of one CA does not itself base on the termination of all other CAs, if a CA is terminated for any reason, the Company would be unable to or would be restricted from operating the relevant Existing Generation Asset within the relevant concession area and the Company's business, financial condition, results of operations and prospects would be materially and adversely affected.

1.5.2 Risk of Failure to Reach Target Return on Investment

The Company has the responsibility to properly monitor and manage plant operations in order to reach or exceed targeted performance parameters. Typical measures imposed to mitigate such risks are as follows:

- Assign the Company's management and personnel to be representative directors or management of its wholly owned hydropower projects and joint ventures.
- Set up the Company's asset management division to regularly monitor operating performances of each facility and its staff and to analyze and update the actual return on investment against the set target.
- Prepare regular progress reports and exceptional performance report to senior management and the board of directors so that a timely and appropriate action can be taken.

1.5.3 Main Customer Risks

Presently, the Company's sole source of revenue is the generation and sale of electricity to EDL under PPAs which provide for EDL to purchase electricity energy generated from the Existing Generation Assets. Given that EDL is responsible for ensuring a reliable power supply system in the Lao PDR and that EDL is a state enterprise with a relatively strong financial status, the Company believes that its revenue risk exposure is low. However, the Company's dependence upon a single customer could lead to dramatically reduced revenue in the event of any number of difficulties at EDL. Revenues from the Company will depend on the continued integrity of the PPAs, the Company's ability to perform under them as well as EDL's ability and willingness to make payments under them. Specific risks associated with the PPAs are described below.

Changes in Law. The PPAs provide for compensation to the Company in the event that any changes in law that have an adverse impact on the Company's revenues or costs.

Termination. Upon the occurrence of certain events of default under the PPAs, EDL may terminate the PPAs.

In addition, the GOL may in the future partially or wholly restructure EDL, with the GOL maintaining an interest in EDL. However, there is no assurance that the GOL will restructure EDL in a manner favorable to the Company or that the payment obligations of EDL under the PPAs will continue to be obligations of a state enterprise. The Company believes that the GOL will continue to control and support EDL for foreseeable future because of EDL's continuing importance to electricity transmission and distribution in Lao PDR. However, there is no assurance of this outcome.

1.5.4 Plant Performance Risks

(i) Plant and Machinery Damage

The electricity generation operations depend on key plant and machinery, such as turbines and generators. Damage to, failure of, or operational difficulties with any of our plant or machinery, could materially and adversely affect our business, financial conditions, results of operations and prospects of the Company.

(ii) Plant Efficiency

The Company believes that, given its maintenance track record, the risk of a failure to be able to continue to generate and deliver electricity within the designed parameters of the Existing Generation Assets is low. The Company focuses on ensuring that all relevant performance targets are met.

(iii) Water Shortage for Electricity Generating

Water shortages could result in plant outages and revenue shortfalls. Historically, EDL has not had serious problems with water shortage and the Company deems the risk is low. However, an especially severe drought or dramatic climate change event could result in a shortage of sufficient volumes of water, which could put the Company's financial health at risk.

(iv) Possible Inadequate Insurance Cover / Safety, Health, Environment (“SHE” Risk)

The Company's operations are subject to operating and other risks typically associated with electricity generation. If the Company suffers a large uninsured loss, the business, financial condition and results of operations may be materially adversely affected.

The Company's Existing Generation Assets have a good track record in terms of SHE issues. The Company has taken good care to ensure that our employees and surrounding communities enjoy a safe environment and decent quality of life. Nevertheless, the Company deals with large volumes of water, extensive civil engineering undertakings and large pieces of industrial equipment. An accident caused by human oversight or natural event could result in a situation which threatens lives, property and our business. The Lao PDR endures a rainy season each year from June to November which at times can be intense and create an environment in which accidents may occur more easily.

According to the CA, the GOL has relaxed requirements that the Company obtains and maintains in effect insurance policies and coverage throughout the concession period. See “Summary of Standard Concession Agreements”. The Company's insurance must at least cover:

- (i) “Workers’ Compensation” insurance that complies with the law of the Lao PDR;
- (ii) “Third party liability” insurance; and
- (iii) subject to the Company being satisfied as to the commerciality of the terms on which such insurance is available:

- (a) “All Risks Property Coverage” insurance against damage to the Project Facilities (on a “replacement cost” basis); and
- (b) “Business Interruption” insurance.

The Company believes that it will maintain adequate insurance to protect the Company against the most likely events. However, there can be no assurance that a severe event impacting one or more of our Existing Generation Assets will be adequately covered by insurance.

1.6 Foreign Exchange Risk

The Company is exposed to foreign exchange risk in a number of respects. Most of the Company’ operating costs are expensed and paid in Lao Kip. Moreover, we have limited fuel needs since all of our Existing Generation Assets are hydropower plants. However, the Company purchases parts and equipment in US dollars and other foreign currencies. We may not be able to pass the fluctuations in these costs, (including as a result of currency fluctuations) through to EDL in our PPA tariff. In addition, most of EDL’s long term debt, which the Company is obliged to repay under the Debt Repayment Agreements is foreign currency debt, which could further put the Company at risk in the event of a financial crisis, or even a moderate economic dislocation. For these reasons, significant fluctuations in exchange rates could have a material adverse effect on the Company’s business, results of operations, financial condition and prospects.

1.7 Uncertainty of Electricity Sector Regulation in Lao PDR

A full regulatory framework applicable to electricity generating companies in Lao PDR is not yet in place. In the future, the GOL could introduce significant legal and regulatory changes to the electricity industry which could affect the Company negatively. While the Company believes the GOL will make every effort to assist the Company and nurture our business, there can be no assurance that future GOL regulation will do so.

1.8 Investments in Additional Projects; Project Development Consideration

The Company’s primary business activity involves the acquisition, ownership and operation of power generation assets which have been developed and constructed by EDL. However, the Company may also from time to time invest in additional generation projects and related businesses which satisfy our investment criteria. See “Business”, page 55. The additional projects are expected to involve the building of and investment in large and complex electric power generating plants, the completion and operation of which may be subject to substantial risks. Before construction on any project may commence, preliminary and final feasibility studies addressing issues relating to financing, site selection, design, grid access, and environmental and other matters must be submitted to and approved by various government authorities. Project participants will be required to obtain various approvals which are essential for completion of a project or facilities essential to its operation. Obtaining such approvals could take substantial amounts of time. Also, such approvals could contain conditions unacceptable to the Company.

The commencement of operation of a newly-constructed power plant involves many risks, including the breakdown or failure of equipment or processes and performance below expected levels of output or efficiency. New plants may employ recently developed and technologically complex equipment. The operation of any new electric power generating plant may be adversely affected by other factors, such as labor disputes, natural disasters and the need to comply with government regulations and various industry standards.

Given the substantial risks involved in development, construction and operation of large hydropower projects, there can be no assurance that the Company will be able successfully to identify, develop, operate and finance any additional projects or related businesses successfully.

1.9 Transfer of EDL Generation Assets to the Company

Pursuant to the Company's investment plan, the Company expects that EDL will transfer the EDL Equity Share Operating IPPs to the Company at a price which is at or around a book value.

In addition, the Company believes that EDL will transfer EDL Construction Period & Planned Generation Assets (Wholly-Owned) and the EDL Equity Share Construction Period & Planned IPPs also at or around a book value.

However, the NASC Resolution represents current policy in respect only of the Existing Generation Assets. Such NASC's policy does not guarantee that our investment plan to acquire future EDL generation assets will be carried out. In addition, the transfer of these assets must obtain prior approval from the GOL and the NASC. There can be no assurance that the GOL and/or the NASC will approve such transfer and that the future assets will be transferred to the Company. The GOL and/or the NASC may change their policy in the future. Moreover, even if these assets are transferred to the Company, the price could be higher than the book value or there may be certain conditions unacceptable to the Company. These decisions by the GOL and the NASC could impact the Company negatively by reducing future growth as well as potential returns from the power generation business.

1.10 Voting of EDL in Matters that May Have Benefit

Pursuant to the Enterprise Law, a shareholder may be restricted from voting in case where the shareholder has any involvement that could benefit him or a director benefit in connection with the matter to be voted on, provided that the shareholders' meeting shall determine whether the shareholder falls within the said restriction. In such case, in the event of the Company's acquisition for future assets from EDL after the Offer, EDL may be restricted from voting in a shareholders' meeting on the matters relating to the sale of the assets to the Company since EDL will be deemed having a direct benefit on the sale, unless the shareholders agree that EDL may vote on such matters. In the event that the shareholders cannot reach an agreement to allow EDL to vote in a shareholders' meeting in a matter that EDL may have benefit, the shareholders may not be able to pass a resolution seeking approval to invest in the future assets from EDL since the resolution of the capital increase requires at least two-thirds of the shareholders or their proxies attending the meeting and representing at least 80 percent of the total paid shares.

1.11 Competition for Development of Future Projects

The Company may face competition in pursuing its strategy of investing in and developing new power projects in Lao PDR. Certain of the Company's competitors may have greater financial resources and experience in the development or financing of power generating plants than the Company. In addition, the GOL's policy considerations may play a role in decisions regarding the award of projects among the Company and competing private companies. In particular, it is in GOL's discretion to assign other entities, besides the Company, to operate in power generating plants or to invest in the future IPP projects.

1.12 Availability of Skilled Personnel

The Company's ability to develop and operate its generation assets properly as well as to control labor costs associated with operation and maintenance is dependent upon its ability to attract and retain qualified engineers, architects and technicians with sufficient experience in the engineering, design, construction, operation and maintenance of such projects. By offering competitive salaries and benefits, the Company expects to be able to recruit qualified personnel, principally from EDL. There can be no assurance however, that the Company will be able to attract or retain such personnel.

1.13 Differences in Regulatory, Disclosure and Accounting Practices

Disclosure and accounting standards in Lao PDR are less stringent in certain respects than those in effect in more developed markets such as Hong Kong, Singapore and members of the Organization for Economic, Cooperation and Development (OECD), and there may be less publicly available information about Lao companies than that regularly published by or about publicly held companies in other countries. See “Summary of Significant Difference between EDL Current Accounting Practice and IFRS”, pages 40.

In addition, there is a difference between the level of regulation and monitoring of the Lao PDR securities markets and the activities of investors, brokers and other participants and that of markets such as Hong Kong, Singapore and the OECD member countries. The Lao SEC and the LSX are responsible for improving disclosure and other regulatory standards for the Lao PDR securities markets. The Lao SEC has issued regulations and guidelines on disclosure requirements and other matters. However, there can be no assurance that: (i) these regulations will be adequate to protect investors, (ii) market participants will obey the regulations or (iii) the Lao PDR authorities can properly regulate and enforce these regulations.

1.14 Lao Political and Economic Factors

The Company is subject to political, economic, legal and regulatory conditions in Lao PDR that differ in certain significant respects from those prevailing in other countries with more developed economies. Any downturn in the Lao economy could have a material adverse effect on the Company’s business, financial condition, results of operations and prospects. The GOL’s intervention in the Lao economy can result in significant changes in economy policy and have a negative impact on the Company. The Company’s future prospects and those of EDL and our other future customers may be adversely affected by changes in the GOL’s policies involving electricity pricing, rates of return, exchange controls, tax policies and other matters. Additionally, the GOL’s policy of privatizing the electricity generation industry could change in the future.

1.15 Enforceability of Foreign Judgments in Lao PDR

The Company is organized under the laws of Lao PDR. Most of the directors and officers of the Company are citizens and residents of Lao PDR, and substantially all of the assets of the Company and such persons are located in Lao PDR. As a result, it may be difficult for investors to effect service of process upon the Company or such persons inside or outside the Lao PDR or to enforce against them judgments obtained in courts outside Lao PDR.

Lao PDR implements judgments of a foreign court as long as they meet the following conditions:

- Decisions of those countries which are signatories to treaties to which the Lao PDR is also a signatory or party;
- Cases that do not impact adversely on the sovereignty or contradict the laws of the Lao PDR; and
- Decisions that do not violate the regulations on civil procedures and do not contradict the laws and regulations relating to security and social order.

However, as a practical matter, the history of enforcement of foreign judgments in the Lao PDR is not substantial and there is likely to be much uncertainty regarding the manner in which local courts would interpret and enforce foreign judgments.

Under Lao laws as a general principle, in case of disputes parties have the right to decide on their disputes resolution mechanism i.e negotiation, mediation, arbitration and court proceeding and such mechanism must be specified in the contract. Lao PDR has ratified the New York Convention on the Recognition of Foreign Arbitral Award (“New York Convention”).

However, the Law on Arbitration of 2005 sets out generally that in case the Office of Economic Dispute Resolution (“OEDR”) of Lao PDR finds that a foreign arbitral award is inconsistent with Lao laws the OEDR will reject the award and will send it back together with the explanation for rejecting such award. In addition, there have been very few precedents of enforcing a foreign arbitral awards in Laos.

1.16 Corporate Governance Standards

Corporate governance standards in the Lao PDR may differ from those applicable in other jurisdictions in significant ways including the independence of the board of directors, the audit committee, and internal and external reporting standards.

1.17 GOL’s Actions as the Company’s Ultimate Controlling Shareholder

Following the Offer, EDL will hold approximately 75 percent of the Company’s voting shares. The GOL controls EDL and, at least until EDL sells down its equity holding in the Company to a minority level, the GOL will effectively be able to control the Company through appointments to the board of directors. The Company believes that it will be treated as a public company and will be left to make its own business decisions on asset acquisitions, electricity pricing, staffing, etc. However, the GOL may in the future decide to impose policies on the Company which conflict with the interests of the Company’s shareholders.

2. PLAN OF DISTRIBUTION

The Underwriter has entered into an Underwriting Agreement pursuant to which the Company has agreed to issue and the Underwriter has agreed to procure subscribers for the subscription and purchase of 217,149,000 Shares. These Shares will equate to approximately 25 percent of the expanded capital of the Company following the completion of the Offer, which will result in the Company having 868,597,050 shares outstanding.

The Selling Agent has entered into a separate agreement with the Underwriter pursuant to which Selling Agent will place the Shares with general investors and/or employees of EDL and the Company inside the Lao PDR and the Underwriter will place the Shares with investors outside the Lao PDR in reliance on applicable laws in the countries in which such offers are made, which will not be subject to any filing requirement. The Underwriter and the Selling Agent plan to place approximately (i) 10,857,400 Shares for employees of EDL and the Company, provided that the employees who subscribe for the Shares in this portion will be restricted to transfer their shares held by them for a period of one year from the date of delivery of the Shares, (ii) 119,432,000 Shares (together with any remaining Shares from the employees offer) in the Lao Offer, and (iii) 86,859,600 Shares (together with any remaining Shares from the Lao Offer) in the International Offer.

The Underwriter is to market the Shares, subject to approval of legal matters by its counsel, including the validity of the Shares, and other conditions contained in the Underwriting Agreement, such as the receipt by the Underwriter of officer's certificates. The Underwriter reserves the right to withdraw, cancel or modify its offer of the Shares and to reject orders in whole or in part to the extent permissible under the securities laws of the Lao PDR.

The Company has agreed to indemnify the Underwriter against certain liabilities, including liabilities under the Lao laws and any other Lao securities laws, and to contribute to payments which the Underwriter may be required to make in respect of those liabilities.

Commissions & Expenses

The Company will pay the Underwriter an underwriting commission for the underwriting of the Shares. The Selling Agent will share in the underwriting commission of the Underwriter. The aggregate expenses of the Combined Offer, not including the Underwriter's underwriting commission will be substantially paid by the Company and are estimated to be approximately US\$ 1,6 million).

Over-allotment Option

There will be no over-allotment option in the Offer.

Shares Are Not Being Registered In Any Jurisdiction Except the Lao PDR

The Offer will be in compliance with the applicable rules and regulations of the Lao SEC, and the Lao Prospectus was prepared specifically for the initial public offering of the Shares in the Lao PDR. Accordingly, the Shares will not be registered under the securities laws in any jurisdiction other than the Lao PDR. No representation is being given that the form or contents of the Lao Prospectus and the English Prospectus are appropriate or sufficient for an offering in any other jurisdiction. The Lao Prospectus and the English Prospectus should be read together prior to making an investment decision to purchase the Shares. Foreign Investors are directed to pay careful attention to the Selling Restrictions set out beginning on Page 2 of the English Prospectus.

Lao Offer

This Offer is the initial public offering of the Company's Shares and if the LSX approves the initial listing application of the Company, the Company's shares will be the first securities listed on the LSX. The LSX is a new secondary market which was established in October 2010. For more details please see "The Lao Securities Market" on page 91. Prior to this Offer, there has been no public market for the Shares. The Company will apply for the listing and trading of the shares on the LSX on December 28, 2010. The Company expects that its shares will be listed on the LSX and begin trading on or around January 11, 2011.

The Company expects that payment for the Shares will be no later than 7 business days after the Offering Period, in immediately available funds, that delivery of the Shares to shareholders will be made through the LSX's depository facility with Securities Depository Centre no later than two business days and the shares of the Company will be approved for listing on the LSX no later than January 11, 2011

Price Stabilization

Neither the Underwriter nor the Selling Agent makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Shares. In addition, neither the Underwriter nor the Selling Agent makes any representation that the Underwriter or the Selling Agent will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

3. CAPITALIZATION

The following table shows the cash and cash equivalents, indebtedness and capitalization of the Company as of December 15, 2010. In accordance with the PMO Decision, the GOL approved the establishment of the Company as well as the transfer of a portion of the business of EDL (generation business) to the Company. EDL transferred certain assets and liabilities to the Company at the book value of the net assets as at Incorporation Date. The Company registered its share capital with the MOIC at book value of net assets transferred.

The proceeds from the Combined Offer after underwriting discounts of the Combined Offer, together with any earnings thereon, will be used for working capital, development of new power projects, investment in (or acquisition of) existing power projects and maintenance of the Existing Generation Assets in accordance with the Company's strategy.

The following table is derived from the Company's financial statements contained in the Prospectus. Investors should read this table in conjunction with:

- The Company's financial statements, the related notes and other financial information contained elsewhere in this Prospectus; and
- The sections of the Prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial and Operating Data."

	USD Equivalent (millions)	Lao Kip (millions)
ASSETS		
Non-current assets		
Property, plant and equipment, net	486.87	3,924,189
	<u>486.87</u>	<u>3,924,189</u>
Current assets		
Spare parts and supplies, net	0.46	3,737
Account receivable others (cash equivalents)	27.43	221,075
	<u>27.89</u>	<u>224,812</u>
Total assets	<u><u>514.76</u></u>	<u><u>4,149,001</u></u>
EQUITY		
Shareholders' equity		
Share capital	323.30	2,605,792
Total equity	<u>323.30</u>	<u>2,605,792</u>
Liabilities		
Non-current liabilities		
Long - term borrowings, net	170.35	1,372,999
	<u>170.35</u>	<u>1,372,999</u>
Current liabilities		
Current portion of borrowings	18.21	146,762
Accrued expenses	2.90	23,352
Accounts payable	0.01	96
	<u>21.12</u>	<u>170,210</u>
Total liabilities	<u>191.47</u>	<u>1,543,209</u>
Total equity and liabilities	<u><u>514.76</u></u>	<u><u>4,149,001</u></u>

Note: Exchange rate = 8,060 LAK/USD, Exchange rate = 99.21 LAK/ Yen, Exchange rate = 81.24 Yen/USD

4. FINANCIAL AND OPERATING DATA

As the Company was recently established in December 2010, historical information of the Company is not available. Therefore, the pro forma financial information was prepared by the Company and was reviewed by PWC with the assumption that the Company was carved-out from EDL since 2008.

The carved-out financial information which comprises the balance sheet as at December 31, 2009 and 2008 and the related carved-out statements of income and changes of equity for the year is unaudited but reviewed by PWC in accordance with the International Standard on Assurance Engagements. The forecast financial information as at 31 December 2011 and the related forecast statements of income and changes of equity for the year is reviewed by PwC in accordance with the International Standard on Assurance Engagements. Financial information as at 31 December 2010 and the related forecast statements of income and changes of equity for the year have been prepared by management for comparative purpose. Basis of preparation and other assumption is similar with basis of preparation for financial information as at 31 December 2011.

Financial Summary (Kip million)				
	2011	2010	2009	2008
Balance Sheet				
Cash and cash equivalents	598,169	507,916	354,346	180,847
Current assets	674,612	587,328	414,286	241,521
Non-current assets	3,929,755	3,908,031	4,031,908	3,066,961
Total Assets	4,604,367	4,495,359	4,446,195	3,308,483
Current liabilities	211,467	206,876	191,576	106,904
Long-term borrowing, net	1,218,606	1,389,197	1,648,275	789,105
Non-current liabilities	1,218,605	1,389,197	1,648,275	789,105
Total liabilities	1,430,073	1,596,073	1,839,852	896,009
Total equities	3,174,294	2,899,286	2,606,343	2,412,474
Profit & Loss Statement				
Sales	793,745	758,671	655,090	639,957
Total Revenue	960,853	828,104	658,811	670,239
Gross profit	541,823	470,076	481,321	482,795
Gain before expenses	708,932	539,509	485,042	513,076
Administrative expenses	(39,847)	(37,118)	(29,535)	(26,414)
Earning before financial costs and tax	669,085	502,391	455,507	486,662
Finance costs	(49,200)	(51,710)	(37,429)	(39,416)
Income tax	(69,869)	(157,738)	(146,327)	(156,536)
Net profit for the year	550,016	292,943	271,751	290,710

Summary of Significant Difference between EDL Current Accounting Practice and IFRS

Area	Factual Findings	Implication	Recommendation	Reference
Property, plant & equipment	<p>Valuation of property, plant & equipment</p> <p>EDL was to transfer assets to the Company at the book value.</p>	Book value of some transferred assets may not fairly represent its future economic value.	Fair value of transferred assets should be identified by an independence valuer.	IAS 16
Property, plant & equipment	<p>Valuation of property, plant & equipment</p> <p>The Company recorded cost of dams as a whole amount and depreciated them at only one depreciation rate.</p>	If the dam has many components and each component has a different useful life, the depreciation expenses and net book value of such asset is not accuracy.	The component approach should be applied. All significant assets should be reviewed to separate the significant component and depreciate them base on useful life for such component (This should be included the spare parts which useful life more than one year).	IAS 16
Property, plant & equipment and decommissioning liabilities	<p>Decommissioning, Restoration and similar liabilities</p> <p>The Company has land rental agreements to lease the land at dams. A decommissioning, restoration or similar liability may exist for decommissioning dams, rehabilitating environmental damage in extractive industries, or removing equipment according to such land rental agreement.</p>	The Company may under state decommissioning liabilities and property, plant & equipment if a decommissioning, restoration or similar liability exist under land rental agreement.	If a decommissioning, restoration or similar liability exist under land rental agreement, the Company should estimate cost of decommissioning dams, rehabilitating environmental damage in extractive industries, or removing equipment and calculate a net present value of such liabilities to recognize as the Company's liabilities and assets at the inception date. The Company has to depreciate decommissioning cost (assets side) throughout the land rental agreement	IAS 16 & IFRIC1
Revenue recognition	<p>Revenue from electricity charged</p> <p>An accounting policy related to revenue recognition (revenue from electricity) may not appropriate. The Company recognizes a revenue from electricity charged base on the formulae as stated in PPA.</p>	An accounting policy related to revenue recognition (revenue from electricity) may not appropriate, if an arrangement under the PPA contained a lease or the PPA is interpreted as a concession arrangement.	The Company should review the arrangement under the PPA and identified that the PPA is under the scope of IFRIC4 or IFRIC12.	IFRIC4 & IFRIC12

Area	Factual Findings	Implication	Recommendation	Reference
<p>Functional currency</p>	<p>Functional currency of the financial statements</p> <p>The presentation currency of EDL Gen is Laos Kip but the functional currency may not be Laos Kip.</p> <p>Definition: Functional currency is the currency of the primary economic environment in which the entity operates. The term 'functional currency' is used in place of 'measurement currency' because it is the more commonly used term, but with essentially the same meaning.</p> <p>Presentation currency is the currency in which financial statements are presented.</p>	<p>The Company's financial statements may not fairly present (not in line with IAS21), if the functional currency is difference from presentation currency.</p>	<p>The Company should indentified its functional currency and prepare the financial statements base on functional currency (not presentation currency) if the functional currency is other than Laos Kip.</p>	<p>IAS 21</p>
<p>Deferred income tax</p>	<p>Deferred income tax</p> <p>The Company did not recognize deferred tax assets / liabilities for the future recovery (settlement) of the carrying amount of assets (liabilities) that are recognized in an entity's statement of financial position.</p>	<p>The Company's financial statements may not fairly present (not in line with IAS12), if the Company has a difference between the accounting base and tax base in its financial statements.</p>	<p>The Company should apply the accounting treatment according to IAS12 "Income tax".</p>	<p>IAS 12</p>

5. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The Company was established in December 2010 in accordance with the restructuring of the energy business of EDL by transferring the Existing Generation Assets to the Company. A summary of the Existing Generation Assets is set out in Table below.

Table: Existing Generation Assets

Power Plant	Location	Installed Capacity (MW)	Designed Energy Capacity (GWh p.a.)	COD
	Central			
Nam Ngum 1	Vientiane	155.0	1,002.0	1971
Nam Leuk	Vientiane	60.0	218.0	2000
Nam Mang 3	Vientiane	40.0	180.0	2005
Nam Song	Vientiane	6.0	13.5	Expected in 2011
	South			
Xeset 1	Saravanh	45.0	180.0	1991
Xeset 2	Saravanh	76.0	309.0	2009
Xelabam	Champasak	5.0	21.0	1969
Total		387.0	1,923.5	-

Source: PDP 2010-2020

Currently, the Company's shareholding structure comprises EDL as the promoter holding 99.99 percent shares in the Company and other eight individuals holding one share each

The discussion and analysis of financial condition and results of operations of the Company are purely based on those pro forma financial statements. The Company operates generation facilities and the core business is to produce and supply electricity to EDL. As of December 2010, we have a total generating capacity of 381 MW (excluding Nam Song).

2009 Compared to 2008

1. Report and analysis of the Operating Results

We recorded total revenues of Kip 658,811 million in 2009, a 1.7 percent decrease from Kip 670,239 in the same period of 2008. Our normalized net profit (net profit excluding unrealized exchange gains/losses) was Kip 268,180 million in 2009, an increase of Kip 7,707 million from Kip 260,473 million in the same period 2008. As of December 2009, we had total assets of Kip 4,446,195 and total liabilities of Kip 1,839,852 million.

1.1 Revenues

We derived our revenues primarily from sales of electricity to EDL. The following table breaks down our revenues by source for the periods indicated:

	Revenue			
	Year to Date Ended December 31			
	2009	2008	Difference	
	(Kip millions)	(Kip millions)	(Kip millions)	(%)
Revenue from operation				
Electricity Sale	655,090	639,957	15,133	2.4%
Other Income	3,721	30,282	-26,561	-87.7%
Total Revenue	658,811	670,239	-11,427	-1.7%

Revenues from Sales and Services

Electricity Sale to EDL

For the 12 months of 2009, our revenues from sale of electricity increased 2.4 percent to Kip 655,090 million from 639,957 million in 2008, reflecting an increase in average selling price per kilowatt-hour of 4.2 percent from 383 Kip/KWh to 399 Kip/KWh based on actual sales and a slight decrease in electricity sold.

Other Income

Our other income consists of currency exchange gain/loss and interest income. Other income decreased by 87.7 percent to Kip 3,721 million in 2009 as compared to Kip 30,282 million in 2008, reflecting primarily from change in currency exchange gain as the Kip appreciated 9.2 percent against the USD during 2007-2008, while in 2009 currency exchange gain is mostly due to the Kip appreciating two percent against the Yen.

1.2 Expenses

Our expenses consist of cost of sales of goods and selling and administrative expenses. The following table sets out the different components of our expenses by their amount and as a percentage of our total expenses for the periods indicated:

	Expenses			
	Year to Date Ended December 31			
	2009	2008	Difference	
	(Kip millions)	(Kip millions)	(Kip millions)	(%)
<i>Cost of Sales</i>				
Maintenance	69,497	53,218	16,279	30.6%
Depreciation	104,272	103,944	327	0.3%
Total Cost of Sales	173,769	157,162	16,607	10.6%
<i>Selling and Administrative Expenses</i>				
Salary and Welfare	10,770	8,102	2,669	32.9%
General and Administrative	11,960	8,435	3,525	41.8%
HQ Allocated expense	6,555	9,649	-3,094	-32.1%
Other expenses	250	228	22	9.6%
Total Selling and Administrative	29,535	26,414	3,121	11.8%
Total Expenses	203,304	183,576	19,728	10.7%

Expenses

Cost of sales was Kip 173,769 million in 2009, a 10.6 percent increase from Kip 157,162 million in the same period of 2008, which was attributable to the following factors:

- Our facilities maintenance costs were Kip 69,497 million in 2009, a 30.6 percent increase from Kip 53,218 million in the same period of 2008, primarily due to maintenance cost of Automatic Voltage Regulator in Nam Leuk and maintenance cost of generation unit 5 in Nam Ngum 1.
- Our facilities depreciation cost was Kip 104,272 million in 2009 a 0.3 percent increase from Kip 103,944 million in the same period of 2008.

Selling and administrative expenses in 2009 amounted to Kip 29,535 million, a 11.8 percent increase from Kip 26,414 million in the same period of 2008. This was primarily attributable to the following factors:

- Our salary and welfare costs were Kip 10,770 million in 2009, a 33 percent increase from Kip 8,102 million in 2008 primarily due to an increase of employees engaged in Xeset 2 and other projects such as Nam Song expansion and Operating and Maintenance services.
- Our general and administration costs were Kip 11,960 million in 2009, a 42 percent increase from Kip 8,435 million in 2008 due to expenses related to Xeset 2 project.

As a result of the foregoing, our total expenses in 2009 were Kip 203,304 million, a 10.7 percent increase from Kip 183,576 million in the same period of last year.

1.3 Profit Before Finance Costs and Income Tax

As a result of the foregoing, our profit before finance costs and income tax in 2009 was Kip 455,508 million a decrease of 6.4 percent from Kip 486,663 million in the same period of 2008.

Profit Before Finance Costs and Income Tax					
Year to Date Ended December 31					
		2009	2008	Difference	
		(Kip millions)	(Kip millions)	(Kip millions)	(%)
Revenue		658,811	670,239	-11,427	-1.7%
Expenses		203,304	183,576	19,728	10.7%
Profit Before Finance Costs and Income Tax		455,508	486,663	-31,155	-6.4%

Finance costs

Our finance costs, which were solely interest expenses, in 2009, were Kip 37,429 million, a decrease of 5.0 percent from Kip 39,416 million in 2008. Even though, the net outstanding loan in 2009 was higher than 2008, the additional loan relating to Xeset 2 incurred in 2009 was in a grace period and did not require interest payments to be made.

Income Tax Expenses

Our income tax expenses for electricity sales in 2009 were Kip 146,327 million, a decrease of 6.5 percent from Kip 156,532 million in the same period of 2008.

Net Profit

As a result of the foregoing, our net profit in 2009 amounted to Kip 271,751 million, a 6.5 percent decrease from Kip 290,710 million in the same period of 2008.

Normalized Net Profit

In 2009, our normalized net profit, which was net income excluding Kip 3,571 million currency exchange gain was Kip 268,180 million or a three percent increase from Kip 260,473 million in the same period 2008.

1.4 Business Expansion Analysis

The Company's policy is to increase its shareholder value. It has business an expansion strategy of focusing on investing in regional hydropower plants to supply high growth demands across Lao PDR and neighboring countries, as well as maintaining its strong credit standing in order to receive the sustainable and long-term growth.

2. Report and Analysis of Financial Position

2.1 Asset Analysis

As at December 31, 2009, total assets of the Company amounted to Kip 4,446,195 million, increased by Kip 1,137,712 million or 34.4 percent increase compared to the end of 2008 due to an increase in the assets of Xeset 2. The important details are as follows:

- 1) Cash and cash equivalent amounted to Kip 354,346 million and Kip 180,847 million in 2009 and 2008 respectively.
- 2) Trade accounts receivable totaled Kip 53,855 million increased by 2.4 percent as a result of increase in electricity sales.
- 3) Spare parts and supplies were Kip 6,081 million and Kip 8,071 million in 2009 and 2008 respectively.
- 4) Net property, plant, and equipment totaled Kip 4,031,599 million, an increase of Kip 964,947 million or 31.5 percent from 2008. This increase was primarily attributable to assets of Xeset 2.

2.2 Liability Analysis

As at the end of 2009, the company's total liabilities were Kip 1,839,852 million, as a result of increase in the debt in the total amount of Kip 943,843 million from the same period in 2008.

The liabilities consisted of the followings:

- 1) **Long-term loans** totaled Kip 1,648,275 reflecting 108.9 percent increase from 2008. The increase was due primarily to increased borrowing for the Xeset 2 project.
- 2) **Other liabilities** amounted to Kip 191,576 million increased by Kip 84,672 million from 2008 mostly resulting from an increase in the current portion of loans, primarily from the Xeset 2 project.

2.3 Shareholder's Equity Analysis

As at December 31, 2009, Shareholder's Equity amounted to Kip 2,606,343 million, which was Kip 193,869 million higher than the previous year.

From the analysis of the above assets and liabilities, the company's capital structure was as follows:

Shareholders' equity was Kip 2,606,343 million or 58.6 percent of total assets. Liabilities were Kip 1,839,852 million or 41.4 percent of total assets. Important financial ratios were as follows:

- Debt to equity ratio was 0.71 times, higher than 0.37 times in 2008.

6. DIVIDEND POLICY

In the absence of unforeseen circumstances and when prior approval of the shareholders' meeting of the Company is obtained, the Company may distribute dividends at no less than 50 percent of the available net profits of the Company after deducting for taxes, statutory/legal reserve fund and other reserve funds (if any). Dividend allocation may depend on economic situation and the Company's investment plans. Any dividends will be paid to shareholders in Kip and will be subject to Lao withholding tax. See "Taxation" on page 80.

7. DESCRIPTION OF SHARES

Set forth below is certain general information relating to the shares of the Company, including brief summaries of certain provision of its Contract of Incorporation and the AOA, the Enterprise Law and the SEC Decree, all as currently in effect.

General

The Company is governed by the AOA and certain provisions of the Enterprise Law. The Company was established as a Lao public company with limited liability by EDL and eight individuals on the Incorporation Date. Thereafter, the Company resolved in its shareholders' meeting to increase its capital from Kip 2,605,792,200,000 to Kip 3,474,388,200,000 in order to allow for the offer for sale of the newly issued shares at the initial public offering of the Company and to comply with the SEC Decree.

Share Capital

The share capital of the Company as of the date of this Prospectus is Kip 2,605,792,200,000, consisting of 651,448,050 ordinary shares with Kip 4,000 par value each. All of the shares are fully paid. The share certificates have not yet been issued, but pursuant to the Enterprise Law the share certificates are required to be issued within 30 days from the Incorporation Date.

After the Combined Offer, the Underwriter will make the initial listing application for the Company's shares on the LSX after the registration of the increase in the share capital with the MOIC and the receipt of the updated enterprise registration certificate from the MOIC. The Company expects the application to be approved, subject to the compliance and qualification of the Company with the LSX rules.

Transfer of Shares

Under the Enterprise Law, the transfer of shares of a public company is completed when the transferor has endorsed the share certificate by indicating the name of the transferee, and the share certificate is signed by both parties and the transferor hands over the share certificate to the transferee. The transfer of shares is effective towards the Company when the Company receives a request to register the transfer. Once the transfer is registered by the Company, the transfer of shares is effective towards third parties.

Limitation on Foreign Ownership of Shares

There are certain businesses in which Lao law maintains restrictions on foreign ownership or requires a certain percentage of shares to be held by Lao citizens. However, the business of electricity generation is a concession business for which the law does not limit the percentage of shares which non-Lao citizens may hold. Moreover, neither the Enterprise Law nor the AOA imposes any limitation on the percentage of shares that non-Lao citizens may hold in the Company. In any event, as a practical matter, the GOL is unlikely to allow non-Lao citizens to hold a majority of the common shares of the Company.

Dividends

The distribution of dividends requires prior approval of the shareholders' meeting of the Company. Dividends are distributed equally on a pro rata basis to every share.

Pursuant to the Enterprise Law, the Company may not distribute dividends when it sustains accumulated losses from previous years. Additionally, the Company is required to convert 10 percent of its net profit into a statutory/legal reserve fund, after deducting its accumulated losses. The Company may suspend converting its net profit to such fund when the reserve fund reaches half of the registered capital of the Company except as otherwise provided by the AOA.

General Meetings of the Shareholders

Pursuant to the Enterprise Law, the Board of Directors of the Company will convene an annual general meeting of shareholders within four months from the last day of the Company's fiscal year which ends on December 31. The Board of Directors of the Company may call an extraordinary meeting when it deems necessary, such as when the position of an auditor is vacant, and when more than half of the directors agree to hold the shareholders' meeting, when shareholders file complaints and the court orders the meeting to be convened and when shareholders representing at least 20 percent of the total paid shares make a request in writing by indicating the purpose of the request. After receiving the request, the Board of Directors shall convene the extraordinary meeting within 30 days from the date the request was received.

Notice of any general meeting must be delivered directly or through an appropriate communication system, to all shareholders of the Company at least five business days prior to the meeting.

The quorum for any shareholders' meeting of the Company shall be at least two shareholders representing more than half of the total paid shares.

Voting Rights

A shareholder is generally entitled to one vote per share. A resolution may be adopted at a general meeting by a simple majority vote presented at the meeting. There are certain matters which require a special resolution, which shall be passed by a vote of at least two-thirds of the shareholders or their proxies attending the meeting and representing at least 80 percent of the total paid shares, as follows:

- (i) voting on matters specified by the Enterprise Law;
- (ii) amending the AOA or the Contract of Incorporation of the Company;
- (iii) increasing or reducing the capital;
- (iv) the merger or dissolution of the Company;
- (v) the sale or transfer of all or a substantial part of the business of the Company to another person; and
- (vi) the purchase or acceptance of a transfer of the business of another enterprise.

Pursuant to the Enterprise Law, a shareholder may be restricted from voting in case where the shareholder has any involvement that could benefit him or a director benefit in connection with the matter to be voted on, provided that the shareholders' meeting shall determine whether the shareholder falls within the said restriction. In such case, in the event of the Company's acquisition for future assets from EDL after the Offer, EDL may be restricted from voting in a shareholders' meeting on the matters relating to the sale of the assets to the Company since EDL will be deemed having a direct benefit on the sale, unless the shareholders agree that EDL may vote on such matters. In the event that the shareholders cannot reach an agreement to allow EDL to vote in a shareholders' meeting in a matter that EDL may have benefit, the shareholders may not be able to pass a resolution seeking approval to invest in the future assets from EDL since the resolution of the capital increase requires at least two-thirds of the shareholders or their proxies attending the meeting and representing at least 80 percent of the total paid shares.

Pre-Emptive Rights and Issuance of Additional Ordinary Shares

The Enterprise Law provides that any increase of the Company's capital must be approved by shareholders. The shareholders have a pre-emptive right to the additional shares issued from the increase of capital. The additional shares shall be offered to the shareholders in proportion to their shareholding in the first order. The additional shares, which were not acquired within the specified timeframe or where the shareholders refuses to acquire, may then be offered to other shareholders who have an interest in acquiring them. Then, the directors of the Company have the right to purchase the remaining of additional shares and any remaining shares will be offered to third parties.

Pursuant to the NASC Resolution, the Company has obtained a waiver from the pre-emptive right of the shareholders of the Company under the Enterprise Law with respect to this Offer and every public offer of the Company's shares to be listed on the LSX. In any event, pursuant to the Enterprise Law, the Company is required to call for a shareholders' meeting seeking approval for any increase of the Company's capital.

The Enterprise Law also provides that the Company shall register the increase of capital with the relevant enterprise registration officers within 10 business days from the date specified for the payment of subscribed shares. In addition, after the registration of the increase of capital, the Company will give public notice of the increase at least once within 10 business days from the registration date.

Financial Statements

The Enterprise Law provides that the Board of Directors must cooperate with the auditors by providing clarifications on the source and accuracy of numbers and information appearing in the balance sheets before submitting them to the shareholders' meeting for adoption. The balance sheet must be certified by the auditors and approved by the shareholders at the annual general meeting.

In addition, the SEC Decree requires the Company to prepare and submit to the Office of the SEC audited annual financial statements and reviewed quarterly financial statements. Moreover, the Company is subject to further requirements of the LSX.

Liquidation Rights

In the event of liquidation, the assets remaining after distribution to the creditors in full shall be distributed to the shareholders in proportion to the number of shares held.

Acquisition by the Company of its Shares

Pursuant to the Enterprise Law, the Company may not acquire its own shares.

Register of Shareholders

The registrar of the Company will record the name of the shareholders in the register book of the Company. The information regarding the shareholders appears in the register book of the Company and shall be deemed correct evidence concerning the rights in the shares of the Company.

PART 3
NAME OF INDEPENDENT ACCOUNTANT,
FINANCIAL ADVISOR AND
LEGAL ADVISOR

- Independent Accountant** : PricewaterhouseCoopers (Laos) Ltd.
Unit 1, 4th Floor,
ANZ Vientiane Commercial Building
33 Lane Xang Avenue,
Ban Hatsady, Chanthaboury,
Vientiane, Lao PDR
Tel: (+856-21) 222-718
Fax: (+856-21) 222-723
- Financial Advisor** : BCEL Krungthai Securities Company Limited

Tel: (+856-21) 285-477
Fax: (+856-21) 285-488
- Legal Advisor** : LS Horizon (Lao) Limited
Unit 4/1.1, 4th Floor
Simuong Commercial Center,
Fa Ngum Road, Phiavat Village,
Sisatanak District, Vientiane, Lao PDR
Tel: (+856-21) 217762, 217768
Fax: (+856-21) 217590

PART 4
SUBSCRIPTION, OFFERING PROCESS AND ALLOCATION

1. OFFERING METHOD

The Shares are being distributed and offered in a public offering in Lao PDR by the Underwriter through the Selling Agent to investors inside Lao PDR and by the Underwriter to investors outside Lao PDR in reliance on applicable laws in the countries in which such offers are made.

1.1 Combined Offer

217,149,000 ordinary shares are being offered in the Combined Offer, consisting of the following:

- Lao Offer, under which approximately 130,289,400 shares are to be offered as follows:
 - (1) approximately 10,857,400 shares to be offered to the employees of EDL and the Company. Employees who subscribe for the Shares in this portion will be restricted to transfer their shares held by them for a period of one year from the date of delivery of the Shares;
 - (2) approximately 119,432,000 shares to be offered to public in Lao PDR; and
- International Offer, under which approximately 86,859,600 shares are to be offered.

The Combined Offer has been registered as an initial public offering with the Lao SEC.

1.2 International Offer

Shares are being offered outside the Lao PDR by the Underwriter to investors in reliance on applicable laws in the countries in which such offers are made.

1.3 Lao Offer

Shares are being offered in an initial public offering in the Lao PDR by the Underwriter through the Selling Agent, concurrently with the International Offer.

1.4 The Offering Price in the Combined Offer equals to Kip 4,300per share.

2. DETAILS OF UNDERWRITER AND SELLING AGENT

(1) Underwriter

BCEL Krungthai Securities Company Limited
Tel: (+856-(E)21) 285E477
Fax:(+856-(E)21) 285E488

(2) Selling Agent

Banque Pour Le Commerce Exterieur Lao
No 01, Pangkham Street,
Ban Xiengneun, Chanthabouly District,
Vientiane Lao PDR
Tel: (+856-21) 213200, 222495
Fax: (+856-21) 213202

3. CONDITION OF UNDERWRITING

The Company has appointed the Underwriter to procure the subscription of and payment for the total 217,149,000 Shares, with a par value of Kip 4,000 per share, on the firm underwriting basis, subject to the terms and conditions of the Underwriting Agreement.

4. ESTIMATED EXPENSES IN RELATION TO THE OFFER

The Company will pay the Underwriter an underwriting commission for the underwriting of the Shares. The Selling Agent will share in the underwriting commission of the Underwriter. The aggregate expenses of the Combined Offer, not including the Underwriter's underwriting commission will be substantially paid by the Company and are estimated to be approximately US\$ 1.6 million).

5. PROCEDURES FOR OBTAINING PROSPECTUS AND SUBSCRIPTION FORM

The Prospectus and the subscription form will be made available for investors at the contact address of each branch of the Selling Agent in the Combined Offer between 9 a.m. to 4 p.m., during December 16 - 24, 2010 (the "**Offering Period**") and at BCEL Krungthai Securities Company Limited, 7th Floor, Stock Market Building, Khampaengmouang Road, Xaysetha District, Vientiane Capital, Lao PDR

6. SUBSCRIPTION METHOD

A subscriber can obtain the Prospectus and subscription form at the Underwriter and Selling Agent, within the Offering Period specified in Item 5 of this Part. The subscriber must clearly fill out the subscription form and cause its authorized signatory to sign together with the company's seal affixed (if any), and must pay a subscription price according to the procedures in Item 7 of this Part, by the end of the Offering Period.

In the Combined Offer, the subscription shall be at the minimum amount of 100 Shares and in multiples of 100 Shares.

A subscriber must fully and clearly fill out the subscription form and submit all documents as shall be required by the Underwriter or Selling Agent (as the case may be) together with the full payment of the subscription price to the Underwriter and Selling Agent.

The Underwriter and Selling Agent accepting the subscription shall provide evidence of the subscription for the Shares to the subscriber as evidence and make available in good fund by the end of the Offering Period. The number of the Shares allocated, procedures and period of payment will be notified by the Underwriter or the Selling Agent.

However, the Underwriter and Selling Agent reserve the right to refuse a subscription for the Shares according to the subscription form where the Underwriter or Selling Agent (as the case may be) deems that such subscription does not comply with the subscription method.

7. RECEIPT OF PAYMENT AND KEEPING OF SUBSCRIPTION PAYMENT

Each subscriber must make a subscription payment in full to the Underwriter or the Selling Agent, by cash or cashier's cheque, which can be collected at a clearing house in Vientiane area only by the end of the Offering Period. The cheque must be dated the day of subscription and crossed and payable exclusively to the following account:

“BCEL Krungthai Securities Co., LTD for EDL” Account number 010 8 19 00 00001

In case of payment by cashier’s cheque, the name, family name, address and telephone number of subscriber must be specified on the back of the cashier’s cheque, for convenience in the contact. The subscriber must be responsible for bank charge or expenses relating to conversion of foreign exchange by paying them separately from the subscription price, and must also send the evidence of transfer to the Underwriter or Selling Agent in confirmation of the subscription. The subscriber who has made subscription payment may not cancel the subscription and request a refund of subscription payment.

8. OVER-SUBSCRIPTION

In the event that the aggregate number of the Shares for which valid subscription is received by the Underwriter and Selling Agent exceeds the number of the Shares that the Company has agreed to issue, the Underwriter shall have discretion to allocate the Shares to any or all of the investors according to the Prospectus.

9. REFUND OF SUBSCRIPTION PAYMENT

The Underwriter and Selling Agent shall notify the result of the allotment of the Shares to subscribers who do not receive the allotment of the Shares in whole or in part. The Underwriter or Selling Agent (as the case may be) shall send a refund of subscription payment to the subscribers who do not receive the full allotment of the Shares for which they subscribed by means of wire transfer or issuance of crossed cheques to the subscribers within 10 business days from the end of the Offering Period. Such refund shall be made proportionately to the subscription price of unallotted Shares. The refund of the unallotted Shares shall be without any interest or compensation for damages provided the payment is made in accordance with the procedures herein, failing which the Underwriter and Selling Agent shall be liable to pay the relevant subscribers default interest at the rate of 5 percent per annum of the unreturned subscription money until that amount is fully paid.

10. ALLOTMENT OF SHARES

The allotment of the Shares will be made in the best interests of the Company. However, the allotment of the Shares to subscribers shall be at the discretion of the Underwriter and Selling Agent according to the Prospectus.

11. DELIVERY OF SHARE

The Share Registrar shall deposit the Shares in the securities account of the subscribers through brokers or of the person whom the Company has appointed for the subscribers which has been opened with a member company of Securities Depository Centre of the LSX as notified by the subscribers in the subscription forms. However, a shareholder of the Company is entitled to a share certificate upon request subject to relevant procedures.

PART 5 BUSINESS

1. Background

The Company is the Lao PDR's leading domestic power generating company. The Company currently sells all of our electricity production to EDL, which is responsible for the transmission and distribution of electricity in the Lao PDR. Through our seven wholly-owned generation plants (six commissioned and one under-construction) aggregating to 387 MW, the Company currently controls approximately 20 percent of the total installed generation capacity in Lao PDR (including EDL IPPs and Non-EDL IPPs). All of the Company's power generation assets are hydropower stations. The table below sets out the Company's Existing Generation Assets and the accompanying map indicates the location of these assets.

Table 5.1: Existing Generation Assets (Wholly-Owned)

Power Plant	Location	Installed Capacity (MW)	Designed Energy Capacity (GWh p.a.)	COD
	Central			
Nam Ngum 1	Vientiane	155.0	1,002.0	1971
Nam Leuk	Vientiane	60.0	218.0	2000
Nam Mang 3	Vientiane	40.0	180.0	2005
Nam Song	Vientiane	6.0	13.5	Expected 2011
	South			
Xeset 1	Saravanh	45.0	180.0	1991
Xeset 2	Saravanh	76.0	309.0	2009
Xelabam	Champasak	5.0	21.0	1969
Total		387.0	1,923.5	-

Source: PDP 2010-2020

Historically, power generation assets in the Lao PDR have been developed and constructed by both EDL on its own and various IPP developers. Typically, EDL has developed power generation assets for the domestic market and IPPs for export, with EDL or LHSE taking a stake in these IPPs. This pattern will continue with the Company taking over the EDL assets at or near the COD.

2. Company Investment Plan in EDL Equity Share Operating IPPs into the Company

Subsequent to the Offer, the Company expects to acquire EDL's ordinary shares in each of the project companies holding the EDL Equity Share Operating IPPs, a summary of which is set out in Table 5.2 below. In consideration for these transfers, the Company may make the payment in cash or issue new shares to EDL. The Company expects that the valuation of the EDL Equity Share Operating IPPs will be set at or around a book value.

The EDL Equity Share Operating IPPs have not been included in the Existing Generation Assets at the time of this Offer since the NASC does not specify EDL Equity Share Operating IPPs in the NASC Resolution. In addition, EDL has yet to receive certain consents from other shareholders and third parties, but the Company believes that these will be forthcoming.

Once each asset transfer takes place, the Company will receive revenue in the form of regular dividends from these IPPs. The EDL Equity Share Operating IPPs are described below:

1. Houay Ho Hydropower Project (150 MW) achieved COD in 1999. Shareholders are GDF Suez Energy (Belgium) (60 percent), Houay Ho Thai Company Limited (HHTC) (20 percent) and EDL (20 percent). Non-recourse project debt financing was raised from international banks. Pursuant to a 30-year take-or-pay PPA with EGAT, 98.7 percent of the generated electricity is supplied to Thailand.

2. Theun-Hinboun Hydropower Project (210 MW) achieved COD in 1998. EDL holds 60 percent of the equity and each of GMS of Thailand and the Nordic Group has 20 percent. Non-recourse project debt financing was raised from international banks. Pursuant to a 30-year take-or-pay PPA with EGAT, 98.9 percent of the generated electricity is supplied to Thailand. EDL is carrying out an expansion of this IPP in order to increase capacity by an additional 220 MW and is expected to achieve COD in 2012.

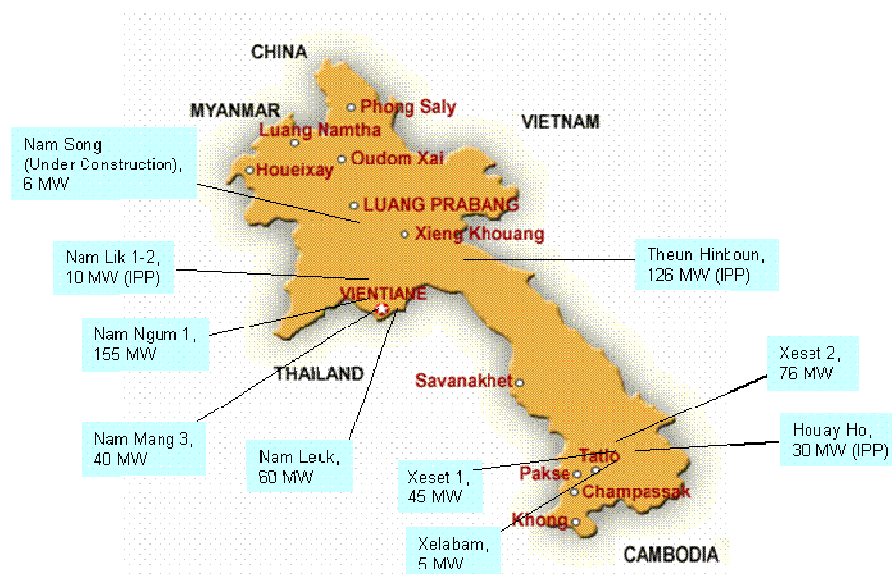
3. Nam Lik 1-2 Hydropower Project (100 MW) is joint venture between China Water & Energy Corporation (CWE) and EDL, holding 90 percent and 10 percent, respectively. The project achieved COD in August 2010. All electricity is sold to EDL pursuant to a 30-year take – or – pay PPA and is used to supply the domestic market.

Table 5.2: EDL Equity Share Operating IPPs

Power Plant	Equity Share	Total (MW)	EDL Equity (MW)	% Export / Country	COD
Theun Hinboun	60%	210	126.0	98.9% / Thailand	1998
Nam Lik 1-2	10%	100	10.0	0%	2010
Houay Ho	20%	150	30.0	98.7 % / Thailand	1999
Total		460	166.0		

Source: PDP 2010 - 2020

Table 5.3: Existing Generation Assets & EDL Equity Share Operating IPPs



3. Electricity Demand Growth – Historical and Future

Demand for electricity in Lao PDR has grown dramatically over the last decade. Laos is typical of rapidly developing countries in that electricity demand is growing at a rate which is a multiple of GDP growth.

Domestic consumption increased from 728 GWh in 2001 to 2,258 GWh in 2009, resulting in a compound annual growth rate of 13 percent for the period. Peak demand during the period 2001-2009 increased from 192 MW to 478 MW. The key growth drivers have been the success of the Lao PDR rural electrification expansion program and expanding industrial and commercial loads. Major increases in consumption have come from mining, manufacturing and commercial businesses.

The Company expects that domestic electricity demand growth will continue to be robust. This will occur in part because of GOL's aggressive rural electrification program. As living standards in the Lao PDR continue to improve, people will demand electricity supply. The GOL's goal is to have up to 80 percent of total households electrified by 2015, and 90 percent by 2020. However, industrial and commercial growth will have a major impact as well. According to PDP 2010-2020, domestic average electricity demand (including system losses) and peak load for the period 2010-2020 expected to grow by 21.1 percent and 17.9 percent per annum, respectively.

Table 5.4: Lao Domestic Electricity Demand Forecast 2009 – 2020

Descriptions	Units	Actual		Forecast		Growth Rate (%)	
		2009	2010	2015	2020	2010-2015	2010-2020
		Energy Demand (Excluding system losses)	(GWh)	2,111.5	2,569.9	16,292.6	17,757.1
System Losses	(GWh)	361.5	433.2	2,705.0	2,577.4	-	-
	(%)	14.62%	14.42%	14.24%	12.68%	-	-
Energy Demand (Including system losses)	(GWh)	2,473.1	3,003.0	18,997.7	20,334.6	44.6%	21.1%
Peak Load	(MW)	477.9	558.9	2,713.3	2,905.2	37.2%	17.9%
Load Factor	(%)	59.1%	61.3%	79.9%	79.9%	-	-

Source: PDP 2010-2020

3.1 Domestic Energy Consumption by Consumer Type

The Company sells all of our production to EDL, which sells the electricity directly to the domestic market. EDL divides its domestic customers into seven categories: (1) Industry, (2) Agriculture, (3) Enterprises, (4) Entertainment, (5) Government Office, (6) Residential and (7) Embassies. With the success of the GOL's electrification program and general growth in the commercial and industrial sectors, the number of customers in each category increased substantially during 2001-2009. For example, the increase in residential sector customers rose from 254,445 to 700,547 households, an average growth rate of 13.5 percent.

3.2 Company's Generation Build-Out Plan

In order to meet the Lao PDR's domestic power demand as well as some future export demand, EDL has developed a generation supply plan (which is set out the PDP 2010-2020). This plan calls for a combination of the Company's future wholly-owned generation plants as well as IPPs. Table 5.5 below summarizes this plan.

Table 5.5: Company's Generation Build-Out Plan

Year	Total Additional Capacity (MW)	EDL Wholly-Owned Assets (MW)	EDL - IPPs (MW)
2011 – 2015	967	424 (44%)	543 (56%)
2016 – 2020	891	171 (19%)	720 (81%)
Total 2011 - 2020	1,858	595 (36%)	1,263 (64%)

Source: PDP 2010 – 2020

The Company's build-out plan excludes Non-EDL IPPs, which aggregate to another 5,900 MW by end 2015 and perhaps an additional 14,000 MW in the 2016-2020 period if the PDP 2010-2020 plan is realized. The Company may have the opportunity to participate in some of the Non-EDL IPPs, but assumes nothing at the present time.

3.3 Company's Investment Plan in EDL Construction Period & Planned Generation Assets (Wholly-Owned)

In addition to the Nam Song expansion, which has already been transferred to the Company as one of the Existing Generation Assets, EDL currently has a number of wholly-owned generation assets under construction or at the planning stage, a summary of which is set out in Table 5.6 below. The Company believes that, for the foreseeable future, it will be most efficient for EDL to continue to take responsibility for development and construction of these assets and to transfer upon or before the COD.

The Company expects to acquire the EDL Construction Period & Planned Generation Assets (Wholly-Owned) on or before the COD of each of the assets described in Table 5.6. In consideration for each asset transfer, the Company may make the payment in cash or issue new shares to EDL and also enter into a PPA with EDL and CA with the GOL on terms consistent with those agreed for IPPs. The Company expects that the valuation of these assets will be set at or around a book value.

Once each asset transfer takes place, the Company will own and operate the relevant asset and receive revenue pursuant to the applicable PPA.

Table 5.6: EDL Construction Period & Planned Generation Assets (Wholly – Owned)

Power Plant	Location	Capacity (MW)	Annual Energy (GWh p.a.)	COD
Houaylamphanh Gnai	Sekong	88.0	500.0	2014
Nam Khan 2	Luangprabang	126.9	568.0	2014
Nam Sana	Vientiane	10.0	43.8	2013
Nam Chein	Xieng Khuang	80.0	390.0	2015
Kengseuaten	Bolikhambxai	45.0	200.0	2015
Nam Hinboun	Khammouan	45.0	300.0	2015
Xeset 4	Champasak	30.0	191.0	2015
Nam Khan 3	Luangprabang	47.0	222.0	2016
Nam Ngum 1 (Expansion)	Vientiane	40.0	88.0	2014
Xelabam (Expansion)	Champasak	7.7	37.1	2013
Nam Boun 2	Phongsaly	15.0	96.0	2014
Xeset 3	Champasak	24.0	86.1	2013
Nam Phak	Oudomxai	30.0	165.0	2015
Total		588.6	2,887.0	

Source: PDP 2010 - 2020

3.4 Company's Investment Plan in EDL Equity Share Construction Period & Planned IPPs

In addition to the EDL Equity Share Operating IPPs and EDL Construction Period & Planned Generation Assets (Wholly-Owned) described above, EDL also has equity stakes (or agreement to take equity stakes in the case of planned IPPs) in a number of IPPs known as the "EDL Equity Share Construction Period & Planned IPPs", a summary of which is set out in Table 5.7 below.

The Company believes that, for the foreseeable future, it will be most efficient for EDL to continue to take responsibility as shareholder in the consortia developing and constructing assets and for EDL to transfer its common shares in each IPP upon or before the COD.

The Company expects, on or before the COD of each of the IPPs, to acquire EDL's ordinary shares in the relevant project company. In consideration for this transfer, the Company may make the payment in cash or issue new shares to EDL. The Company expects that the valuation of the EDL Equity Share Construction Period & Planned IPPs will be set at or around a book value.

Once such a transfer takes place, the Company will receive revenue in the form of regular dividends from these IPPs.

Table 5.7: EDL Equity Share Construction Period & Planned IPPs

Power Plant	Location	Equity Share	Equity Capacity (MW)	COD
Theun Hinboun (Expansion)	Bolikhambxai	60%	132.0	2012
Nam Nguang 8	Bolikhambxai	60%	36.0	2012
Nam Ngum 5	Vientiane	15%	18.0	2011
Nam Ngum 2	Vientiane	25%	153.8	2010
Xekaman 3 (Off take)	Sekong	15%	37.5	2012
Nam Long	Luangnamtha	20%	1.0	2012
Nam Tha 1	Luangnamtha	25%	42.0	2014
Nam Bak 1,2	Vientiane	25%	40.0	2015
Nam Beng	Oudomxai	20%	6.8	2014
Nam Mang 1	Bolikhambxai	20%	10.0	2014
Nam Lik 1	Vientiane	10%	6.0	2014
Don Sahong	Champasak	20%	48.0	2017
Nam Ngiep 2	Xieng Khuang	10%	18.0	2015
Nam Ou 2	Luangprabang	N/A		2015
Nam Ou 6	Phongsaly	N/A		2015
Mekong Xayabury	Xayabury	25%	315.0	2019
Nam Ngiou	Xieng Khuang	25%	5.0	2013
Thermo Kaleum	Sekong	25%	150.0	2015
Nam Tha 3	Luangprabang	N/A	0.1	2011
Thakor	Champasak	25%	12.5	2015
Xepon 3 Downstream	Saravan	25%	7.5	2015
Xepon 3 Upstream	Saravan	25%	17.5	2015
Thermo Vieng Phu Ka	Luangnamtha	20%	40.0	2014
Total			1,097.7	

Source: PDP 2010 - 2020

3.5 Company's Current Revenues - Existing Generation Assets

(1) Power Purchase & Concession Agreements

Currently, the sole source of the Company's revenue is the sale to EDL, pursuant to the PPAs, of the electricity produced by the Existing Generation Assets. The electricity sales are based on the tariff agreed with EDL and set out in the PPA for each Existing Generation Asset. The PPAs and accompanying CAs are modeled on a short form of the standard agreements utilized successfully by EDL. The Company has executed a separate PPA with EDL and CA with the GOL for each of the Existing Generation Assets. These agreements provide for a term of 30 years, together with a renewal period of 10 years and the requirement to transfer the relevant generation asset back to the GOL at the end of the term or on contract termination. See "Summary of Standard Concession Agreements" at Appendix 2 and "Summary of Standard Power Purchase Agreements" at Appendix 3.

(2) Tariff Structure for Existing Generation Assets

Prior to the establishment of the Company, EDL designed a tariff structure to provide the Company with an attractive, reliable revenue stream. The starting tariff as of the Incorporation Date was 413.89 Kip/KWh (approximately 5.13 US Cents/KWh). This tariff was established after extensive discussions within EDL (between the Generation and Distribution Departments) and is based on tariff rate of comparable IPPs. Key assumptions used to develop the tariff are as follows:

- Escalation of the tariff at one percent per annum
- Designed to deliver equity Internal Rate of Return (IRR) of approximately 15 percent

- Tariff structure will apply to EDL’s six existing plants (Nam Ngum 1, Nam Leuk, Nam Mang 3, Xeset 1, Xeset 2 and Xelabam) as well as the Nam song expansion (under-construction)
- Constant plant capacity factor of 56.4 percent assumed across the portfolio
- Royalty fee of one percent and corporate tax of 10 percent will apply to the Company, similar to other IPPs (Nam Lik 1-2 and Nam Ngum 5)

The Company expects that, based on the resulting revenue stream and historical operating cost structure, it will post positive results with approximately one percent annual growth in net income and reduction in liabilities. The Company believes that this situation will enable the Company to self finance itself on future power developments.

The financial health of the Company is important to EDL, which will depend heavily on dividends from the Company. The dividend payment policy at the Company calls for no less than 50 percent of net profit after tax to be paid to EDL.

(3) Domestic and Foreign Sales Mix

In 2009, the Existing Generation Assets generated approximately 1,655.9 GWh of electricity. Some of this production was sold to export markets such as Thailand. See Table 5.8, below.

Table 5.8: Domestic Generation

Year	Generation	
	(GWh)	Growth Rate (%)
2005	1,701.42	21%
2006	1,626.65	-4%
2007	1,382.45	-15%
2008	1,761.11	27%
2009	1,638.80	-7%

Source: PDP 2010 - 2020

From approximately 2014, the Company expects a dramatic increase in exports from the country. Irrespective of the final sales destination, if the Company sells power to EDL, the Company will receive from EDL the tariff rates set out in the PPAs. Going forward, the Company expects that it would be free to sell power to foreign buyers (just like the other IPPs) at prices which we may freely negotiate. However, we would be required to make all of our domestic sales through EDL. We would be required to pay a wheeling tariff to EDL for sales to overseas buyers, unless we build our own transmission capacity. While the wheeling tariffs have not yet been finalized, the Company believes that any wheeling tariffs charged by EDL will be set at commercially reasonable levels.

3.6 Company’s Future Revenues – Non-Power Sales Revenues

In the future, the Company also plans to pursue revenues from clean development mechanism (carbon credits), project development services and operation & maintenance services. However, there are no revenues from these sources at present time and none can be accurately forecast.

3.7 No Public Policy Role

Traditionally, EDL plays an important role in the implementation of the GOL’s national energy policy. As an entity formed to serve public policy goals of the GOL, EDL was expected to supply power sometimes at tariffs which were unprofitable. Since the Company is incorporated and has been privatized, the Company has no public service or policy responsibility. Rather, we are free to pursue electricity production as a profit – seeking business.

3.8 Company's Business Strategy

The Company intends to maintain our position as the leading domestic power generation company. We expect to expand to meet the rapidly growing domestic demand for electricity. However, upon the grant of the GOL, we expect to develop the key foreign markets on the doorstep of the Lao PDR: Thailand, China, Vietnam and Cambodia.

We believe that the domestic and foreign markets offer substantial growth opportunities. However, we will pursue additional revenue sources which we see as particularly suited to the Company's skill-set and positioning: carbon credit revenues, project development services and operation & maintenance services.

This combination of core revenues and new businesses should enable the Company to achieve our aim of being one of Asia's fastest growing and most profitable generating businesses. To achieve these aims, we intend to:

(1) *Grow our Core Domestic Lao Generation Business*

Electricity demand in the domestic market grew at approximately 13 percent per year during the period 2001-2009. The PDP 2010-2020 forecasts that this market will grow at a Compound Annual Growth Rate (CAGR) of 18 percent during the period 2010-2020. Per capita consumption of electricity in Lao PDR is still very low compared to our Asian neighbors and this represents a significant growth opportunity for the Company.

Table 5.9: Key Power Industry Data for Selected Area Countries

Country	Total Electricity Generation (GWh)	Installed Capacity (MW)	Total Population	Consumption (MWh)	Per Capita Consumption (KWh)
Cambodia	1,273,000	410	14,453,680	1,272,000	88
China	3,451,000,000	900,000	1,330,141,295	3,438,000,000	2,585
Hong Kong	39,400,000	12,624	7,089,705	42,100,000	5,938
Indonesia	134,400,000	25,987	242,968,342	119,300,000	491
Lao PDR	1,656,000	1,911	6,368,162	1,798,000	282
Malaysia	103,200,000	22,720	28,274,729	99,250,000	3,510
Philippines	56,570,000	15,610	99,900,177	48,960,000	490
Singapore	41,720,000	12,374	4,701,069	37,940,000	8,071
South Korea	440,000,000	79,859	48,636,068	385,100,000	7,918
Taiwan	238,300,000	47,985	23,024,956	229,800,000	9,980
Thailand	148,200,000	30,160	67,089,500	134,400,000	2,003
Vietnam	86,900,000	26,000	89,571,130	74,500,000	832

Sources:

(1): Central Intelligence Agency; 2007 est.: Cambodia, Indonesia, Malaysia, Philippines. 2008 est.: China, Singapore, South Korea, Taiwan, Thailand. 2009 est.: Hong Kong, Lao PDR, Vietnam

(2): Central Intelligence Agency; Jul 2010 est.

(3): 2009, Industrial Info Resources

(4): Sep 2010, National Development and Reform Commission

(5): 2009, Hong Kong Census and Statistics Department

(6): 2008, Badan Pusat Statistik Republik Indonesia (Statistics Indonesia)

(7): 2009, Power Development Plan

(8): 2009, Suruhanjaya Tenaga (Energy Commission)

(9): 2009, Philippine Department of Energy

(10): 2009, Singapore Department of Statistics

(11): 2008, US Energy Information Administration

(12): 2009, Bureau of Energy, Taiwan Ministry of Economic Affairs

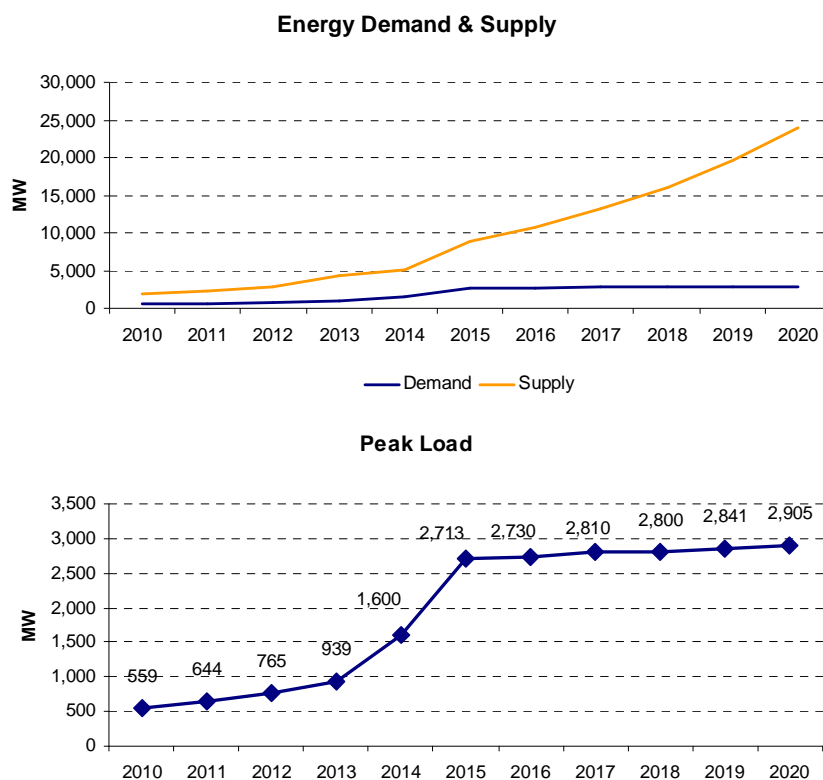
(13): Aug 2010, Thailand Ministry of Energy

(14): 2010, RusHydro

While Lao PDR is a relatively small country, the growth potential of our domestic opportunity is considerable. The Company may utilize our close relationships with both EDL and the GOL in order to optimize our growth. Moreover, EDL itself is highly dependent on dividends from the Company and has every incentive to ensure a steady flow of attractive projects to the Company.

The Chart below summarizes the forecast of domestic demand from the PDP 2010 – 2020. The projected growth in domestic peak demand from the present 559 MW to 2,905 MW in 2020 would represent a CAGR of approximately 18 percent over this period.

Figure 1: Lao 2010 – 2020 Domestic Energy Demand & Supply and Peak Demand Forecasts



Source: PDP 2010 - 2020

(2) Seek Growth through Electricity Sales to our Energy Hungry Neighbors

The power sector, and especially hydropower, is an important contributor to the Lao PDR’s economic growth. Historically, power generation assets in the Lao PDR have been developed and constructed by both EDL on its own and various IPP developers. Typically, EDL developed power generation assets for the domestic market and IPPs for export, with EDL or LHSE taking a stake in these IPPs. This pattern will continue with the Company acquiring the assets from EDL upon or before the COD. However, while EDL previously lacked funding to target more than a minority of the foreign power sales markets, in the future, the Company intends to adopt a more aggressive strategy toward this market.

EDL currently owns stakes in three IPPs which the Company expects to be transferred to the Company: Theun Hinboun IPP (capacity of 210 MW, owned 60 percent by EDL, COD 1998), Houay Ho IPP (capacity of 150 MW, owned 20 percent by EDL, COD 1999) and Nam Lik 1-2 IPP (capacity of 100 MW, owned 10 percent by EDL, COD 2010). Theun Hinboun and Houay Ho are export-oriented IPPs.

In addition to the IPPs, our Existing Generation Assets also sell surplus power across borders (through EDL). For example, Nam Ngum 1, Nam Leuk and Nam Mang 3 (255 MW in total) provide power to the Central-1 area and to some parts of the Northern area, while Xeset 1 and Xelabam (50 MW in total) supply energy to the Southern area. Surplus energy of the Central-1 and Southern area systems is exported to Thailand through a 115 kV line from Phonetong to Thanaleng substations (Vientiane Capital) and Pakxan substation (Bolikhamxzy Province) to Bang Yo substation (Pakse).

In the future, the Company will seek to maximize our opportunities to gain exposure to the export sector, either through sales to EDL or direct exports through ownership of IPPs. The power development plans of major importing countries such as China, Thailand and Vietnam indicate substantial plans for electric power imports over the next two decades, as illustrated by Table 5.10 below.

Table 5.10: Forecast Imports by China, Thailand & Vietnam

Country	Forecast Import 2015 (MW)	Forecast Import 2020 (MW)	Forecast Import 2025 (MW)	% of Peak Demand in 2025
China	2,200	8,000	19,000	13%
Thailand	4,100	5,400	7,700, of which, Lao: 5,500 Myanmar: 1,900 Malaysia: 300	15%
Vietnam	2,200	4,800	4,800	7%

Note: China refers to only Yunnan and Guangxi provinces.
Source: ADB, Final workshop (No %) October 2010

The export of electric power is a relatively recent development in the Lao PDR. The Lao PDR now has MOUs with both Thailand and Vietnam, and is also cooperating with Cambodia and China on the supply of power through IPPs base in the Lao PDR. Not all of the IPPs will be undertaken by the Company. However, a number of these IPPs will involve the Company. This export exposure will accelerate as the EDL IPPs reaching COD are injected into the Company.

(2.1) Plans to Supply to Thailand

In June 1993, the GOL and the Government of Thailand signed the first MOU to support the development of power projects in the Lao PDR through the supply of up to 1,500 MW of electricity to Thailand. To accommodate the steady increase in demand for electricity in Thailand, the two Governments have expanded the MOU several times. In December 2007 the most recent agreement saw the power purchase scheme expanded to cover the potential supply of 7,000 MW of electric power to Thailand by 2020.

(2.2) Plans to Supply to Vietnam

In 1998, the GOL also signed an MOU with the Government of Vietnam covering the supply from the Lao PDR of 2,000 MW to Vietnam. In December 2006, the two Governments signed a second MOU that resulted in the agreed supply being increased from 2,000 MW to 3,000 MW by 2015. Then, in January 2008, a further increase, from 3,000 MW to 5,000 MW for the supply of electricity by 2020, was agreed in principle.

A number of hydropower projects such as the Sekong Hydropower Project 3A and 3B, with installed capacities of 152 MW and 96 MW respectively, are under study. A further study, of the Dak Emeule Hydropower Project having an installed capacity of 138 MW, is due to be finalized by the end of 2010. There are 20 projects in the pipeline to supply electricity under the 5,000 MW MOU which was signed between the two governments.

(2.3) Plans to Supply to Cambodia

In December 2009, EDL started delivering around 10 MW from its southern grid to meet small load demand centers in Cambodia. In the meantime, there was an agreement in place between the two governments for the supply of 200 MW from Lao PDR to the Kingdom of Cambodia by 2020. Done Sahong on the main stream of the Mekong River is the first hydropower project to supply electricity to the northern grid of Cambodia.

(2.4) Transmission & Load Dispatch Issues

Key to the ability to take advantage of both domestic and export opportunities is proper load dispatch and coordination. Therefore, EDL is developing a new Load Dispatching Centre (LDC). The main objectives of LDC are to control the system in order to keep it reliable, stable in terms of technical and economic aspects and to efficiently manage power trading between EDL and IPPs. The National Control Centre (NCC) at Sokpaluang in Vientiane is under construction and expected to begin commercial operations in March 2011. There will be four Regional Control Centres (RCC) and completed by 2015, as follows:

1. Central Regional Control Centre located at Phontong substation, Vientiane Capital;
2. Northern Regional Control Centre located at Sansouk substation, Luang Prabang province;
3. Southern Regional Control Centre located at Thakhek substation, Khammouan province; and
4. Southern Regional Control Centre located at Bangyo substation, Champasak province.

There are also two Hydropower Plant Control Centres (HPCC) to be completed in 2015, as follows:

1. Hydropower Plant Control Centre for the Northern and Central areas, located at Nam Ngum 1 hydropower plant, Vientiane province and
2. Southern Hydropower Plant Control Centre located at Xeset 1 hydropower plant, Saravan province;

(3) Enter New Markets where we are Well-positioned

We intend to seek out opportunities, where appropriate, to leverage existing technical expertise, local knowledge and our assets to add to our operating revenues from non-power sales businesses. For example, the Company may seek clean development mechanism (carbon credit) revenues from our hydro power assets. The Lao PDR's neighboring countries maintain relatively high carbon-intensive electricity production systems. Lao PDR was once thought to be off-limits to clean development mechanism (carbon credit) revenue because of the near 100 percent hydro nature of our system. However, pursuant to the UN Executive Board Decision "EB28", carbon credits are now available to projects in Lao PDR. The Company is aware of at least one IPP which is currently pursuing carbon credit revenue for an IPP in the Lao PDR.

A key feature of the Kyoto Protocol is that it sets binding targets for 37 industrialized countries and the European community for reducing greenhouse gas (GHG) emissions. Recognizing that developed countries are principally responsible for the current high levels of GHG emissions in the atmosphere as a result of more than 150 years of industrial activity, the Protocol places a heavier burden on developed nations under the principle of "common but differentiated responsibilities."

The Clean Development Mechanism ("CDM"), defined in Article 12 of the Protocol, allows a country with an emission-reduction or emission-limitation commitment under the Kyoto Protocol ("Annex B Party") to implement an emission-reduction project in developing countries. Such projects can earn saleable certified emission reduction (CER) credits, each equivalent to one tonne of CO₂, which can be counted towards meeting Kyoto targets.

While the majority of power generated in Laos is from a renewable resource – namely hydropower – the Laos Grid is part of a broader grid covering Laos, Thailand, Cambodia and Vietnam. Under the UNFCCC Clean Development Mechanism, the Project Boundary can be defined as this wider grid network. The Executive Board of the UNFCCC has already approved projects where the project boundary crosses national borders.

It was made clear in the text of EB28 that grids which cross national boundaries can be regarded as a single project, and this was confirmed by the approval of Project 2746 : Dagachhu Hydropower Project, Bhutan, in March 2010. Three key factors influenced the Executive Board, which were

- The Bhutanese Grid Is Fully Integrated With The Eastern Grid Of India And Exports 90 percent Of The Total Electricity Generation Of Bhutan To The Eastern Grid Of India.
- Most Of The High Voltage Transmission Lines In Bhutan Have Been Built Mainly For The Purpose Of Exporting Electricity To India.
- The Concept Of Trans-national Electricity Between India And Bhutan Can Also Be Verified From The Umbrella Agreement Signed On 28 July 2006 Between Government Of India & Government Of Bhutan.

Laos and Thailand enjoy a similar position to Bhutan and India in all three of the above aspects. Consequently, based on the current Energy Mix of the Thai and Laos Grid, for each 100GWh of power generated in Laos, the carbon credits earned would be USD55,000 per year. These credits can be sold on an exchange such as the ECX or a forward contract, known as an Emissions Purchase Reductions Agreement (“ERPA”) can be signed for a period of seven or ten years, which fixes the revenue at the commencement of generation. These ERPAs can be renewed for up to 21 years. When reviewing projects, carbon credits revenues can become a material factor which significantly improves the Internal Rate of Return on each project.

The Company may also look at providing project development services to IPP developers and operation & maintenance services to IPPs. Our engineering staffs are highly capable and will be in a position to provide Operation & Maintenance services to IPPs in the future. Moreover, our development teams will be in a much better position to deal with local siting, permitting issues than teams seconded from overseas.

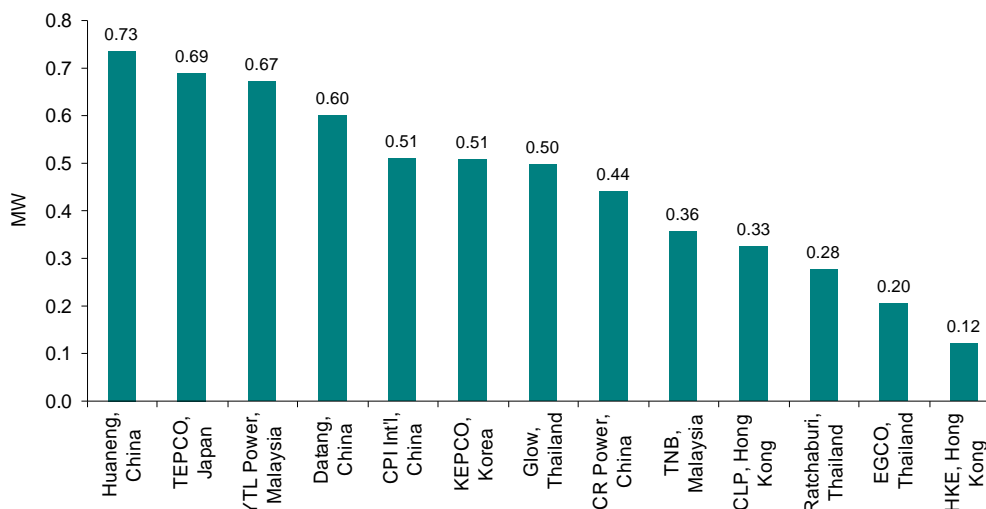
3.9 Optimize the Company’s Capital and Asset Base Through Project Financing

The Company Existing Generation Assets provide reliable, attractive cash flows. Moreover, the combination of robust domestic market and export market growth will provide the Company with a reliably expanding revenue stream. This situation positions us well to tap a variety of project finance debt sources for our project developments. Project finance debt is available to the Company from commercial banks in China, Thailand, Vietnam, export credit agencies and multilateral and bilateral funding agencies.

The Company intends to use project finance debt prudently in order to maximize equity returns on our projects going forward. We currently have no official policy regarding capital structure. However, we intend to target our debt / capital ratio in order to provide the Company with the necessary financial flexibility. In order to maintain a prudent stance, over the next few years the Company will likely target a debt / total capital ratio which is at or lower than the average debt to total capital of our peers in Asia, some of which are set out in Table 5.11, below.

Table 5.11: Asian Comparable Universe: Debt to total capital

Debt to total capital (%)



Source: Bloomberg

4. Production Processes

Our electricity generating system is comprised of generating units which are all hydropower plants. In basic terms, the hydropower plants use the gravitational force of falling or flowing water from dams or large rivers to turn a turbine. Near the bottom of each dam's wall there is the water intake. Gravity causes water flowing through that to fall through a pipe called a "penstock" inside the dam. At the end of the penstock there is a turbine propeller, which is turned by the moving water. The shaft from the turbine goes up into the generator, which produces the power. Power lines are connected to the generator that carries electricity to the houses and business throughout the Lao PDR.

In large generators such as in Nam Ngum 1, electromagnets are made by circulating direct current through loops of wire wound around stacks of magnetic steel laminations, which are called field poles, and are mounted on the perimeter of the rotor. The rotor is attached to the turbine shaft, and rotates at a fixed speed. When the rotor turns, it causes the field poles (the electromagnets) to move past the conductors mounted in the stator. This, in turn, causes electricity to flow and a voltage to develop at the generator output terminals.

Source: US Dept. of the Interior; Bureau of Reclamation

5. Operation and Maintenance

The maintenance of our production facilities is a critical aspect of our business. Proper maintenance allows us to operate more efficiently and generate more electricity.

We manage the maintenance of our plants to minimize disruption to our business. This includes coordinating our maintenance outages with the requirements of our customers, EDL and otherwise planning and scheduling our maintenance to achieve maximum efficiency and minimize the time that our facilities are not operating.

Our PPAs provide allowances for our scheduled maintenance outages and we work to ensure that we fall within these parameters. The Company maintains a large staff of technicians and engineers to provide day-to-day operation and maintenance services. We typically maintain key components and spare parts in order to handle any outage situation. The Company's regular maintenance program focuses on ensuring that all relevant performance targets are met. These procedures include the following:

- The daily maintenance includes the inspection of the smell, sound, light and color (i.e. the color of silica cell indicates the humidity of transformers). The inspection is conducted hourly which includes inspecting water levels, oil pressure, water level in the dam and water treatment system and pumping the water from the drainage well.
- The weekly and monthly maintenance emphasizes inspection according to the manufacturers' instructions.
- Major overhaul maintenance is conducted every ten years, emphasizing inspection of the main equipment including electrical equipment and relay equipment (i.e. generators, turbines, guide vanes, transformers, switch yard equipment, etc.). This inspection also includes repairing and replacing such equipment, as the case may be.

6. Insurance

According to the CA, the GOL has relaxed requirements that the Company obtains and maintains in effect insurance policies and coverage throughout the concession period. See "Summary of Standard Concession Agreements". The Company's insurance must at least cover:

- (i) "Workers' Compensation" insurance that complies with the law of the Lao PDR;
- (ii) "Third party liability" insurance; and
- (iii) subject to the Company being satisfied as to the commerciality of the terms on which such insurance is available:
 - (a) "All Risks Property Coverage" insurance against damage to the Project Facilities (on a "replacement cost" basis);
 - (b) "Business Interruption" insurance.

The Company believes that it will maintain adequate insurance to protect the Company against the most likely events. However, there can be no assurance that a severe event impacting one or more of the Existing Generation Assets will be adequately covered by insurance.

7. Environmental, health and safety matters (SHE)

Although all the Existing Generation Assets apart from one are in operation and impacts on the safety, environment and quality of life of surrounding communities, if any, should have been settled during construction stage. The Company still has taken the following actions to reduce potential impacts and likelihood of risks on safety, environment and quality of life of surrounding communities:

- Implement the measures specified in the SHE management manual. The manual contains SHE policy, work plans, and practices, including review process to ensure that the operations, waste treatment and related work processes are efficient from a SHE standpoint.
- Prepare the work manuals and emergency plan, implement training plan and testing of plan, equipment, and warning system while ensuring strict compliance with the manual.
- Develop a list of governing laws and regulations and designate responsible person to monitor the compliance with such list.
- Monitor and ensure the compliance with SHE manual

8. Human Resources

On the Incorporation Date, we had approximately 440 employees, almost all of whom are employed within the Lao PDR. Shortly after the Incorporation Date, approximately 30 employees are employed at our head office in Vientiane. Of the total number of employees, approximately 440 employees are in generation department, 15 employees are in accounting and finance department, and 15 employees are in other departments. Since our formation, our businesses have not been interrupted by any work stoppages or strikes. We consider our relations with our employees to be good.

The employees are one of the most strategic and valuable assets of the Company, and are the foundation of its success and growth. Our philosophy in human resources management aims to create work environment where our people can grow their careers and develop themselves as well as enabling them to perform at their best. All highly skilled technical employees and engineers involved in power generation were transferred to the Company; meaning that, the Company has the benefit of the best pool of human capital in the field of power generation in the country. This is our strategic advantage which the Company believes that it will ensure future growth, strong positioning in the power generation industry and the opportunity to expand into other related businesses.

In addition to technical competencies, the Company also aims to develop business development competency, and competency in investor relations, and to enhance employees' knowledge of capital markets in order to understand how the Company plays its role, impacts on the market and interacts with its shareholders. Integrity and ethics are reinforced as part of the Company's core values to ensure commitment and responsibility to shareholders.

The Company intends to create a performance based culture through its performance management system which will assess performance results and competencies as well as identify areas for development of employees. Reward will be managed according to employees' performance. Training needs are defined based on competency assessment and area for development. Human resources development is planned to support business direction and manpower planning.

9. Existing Generation Assets

On the Incorporation Date, the Company's Existing Generation Assets aggregating to 387 MW, all of which are hydropower plants. A summary of the Company's Existing Generation Assets is set out in Table 5.12 below, followed by a more detailed description of each of these assets.

Table 5.12: Existing Generation Assets (Wholly-Owned)

Power Plant	Location	Installed Capacity (MW)	Designed Energy Capacity (GWh p.a.)	COD
Central				
Nam Ngum 1	Vientiane	155.0	1,002.0	1971
Nam Leuk	Vientiane	60.0	218.0	2000
Nam Mang 3	Vientiane	40.0	180.0	2005
Nam Song	Vientiane	6.0	13.5	Expected in 2011
South				
Xeset 1	Saravanh	45.0	180.0	1991
Xeset 2	Saravanh	76.0	309.0	2009
Xelabam	Champasak	5.0	21.0	1969
Total		387.0	1,923.5	-

Source: PDP 2010-2020

9.1 Nam Ngum 1

The Nam Ngum River is one of the major rivers in the Lao PDR. It offers a hydropower potential up to 1,600 MW from various possible sites. NNG1 HPP has an installed capacity of 150 MW. In the year 2003-2004, a rehabilitation project was implemented on two of the units in NNG1 HPP and it has increased the installed capacity of those units. At present, the NNG1 HPP has installed capacity of 155 MW. The NNG1 HPP is located about 90 km to the north of Vientiane Capital City. NNG1 HPP construction project has been developed into 3 phases as follows:

Phase I

Phase 1 of NNG1 HPP was commenced in 1968 and was commissioned in 1971 at the cost of USD 28 million. The facilities in this phase include a gravity concrete dam, a power plant at the base of the dam with two 15 MW generating units and provisions for 3 additional units. The generation units supply to EDL's single circuit high voltage transmission line, with transmission capacity of 115 kV, from Nam Ngum site through Vientiane Capital City at Phonetong Substation to EGAT's grid at Nongkhai (Thailand) Substation.

Phase II

Phase II of NNG1 HPP began its activities in 1976 and was successfully commissioned in 1978 at the cost of USD 49 million. The facilities in this phase includes installation of spillway gates, new penstocks and intake gates, an extension of the powerhouse to accommodate three new generating units of 40 MW each, connecting to EDL's double circuit high voltage transmission lines, with transmission capacity of 115 kV, from NNG1 HPP site through Vientiane Capital City at Phonetong Substation to EGAT's grid at Udone 2 (Thailand) Substation.

Phase III

Phase III of NNG1 HPP began its activities in 1983 and was successfully commissioned in 1984 at the cost of USD 20 million. The 40 MW generating unit was installed in order to fully utilize the hydro potential and facilities which are already installed. After the completion of this phase, the average annual energy production is 865 GWh.

Nam Song Diversion and Nam Leuk Hydropower Plant

The addition of Nam Song Diversion Project to NNG1 HPP reservoir in 1996 has increased the average annual energy production of NNG1 HPP up to 995 GWh. Moreover, the completion of Nam Leuk Hydropower Plant has increased the average annual energy production of NNG1 HPP up to 1,025 GWh.

Summary of Principal Technical Data of NNG1 HPP

1. Capacity		
Total installed capacity	:	155 MW
Number of Units	:	5 Units; 2 Units x 17.5 MW 3 Units x 40 MW
Average energy production	:	1,025 GWh/year
2. Storage		
Catchment area	:	8,460 km ²
Full water level	:	212.30 masl
Low water level	:	196.0 masl
Normal maximum water level	:	213.0 masl
Reservoir surface (at El. 212.00):	:	370 km ²
Storage capacity	:	7,030 x 10 ⁶ m ³
Active storage	:	4,700 x 10 ⁶ m ³

3. **Tailrace**
Minimum tail water level (Q=0) : 164.0 masl
4. **Dam**
Type : Concrete gravity
Length : 468 m
Height : 70 m
Width : 6 m
5. **Spillway**
Type of gate : Radial
Number : 4 Nos.
Width x Height : 12.5 m x 10.0 m

9.2 Nam Song

The Nam Song Diversion was completed by 1996 to divert water from Nam Song River to NNG1 HPP reservoir and has help increasing the energy production in NNG1 HPP. Currently, hydropower equipment is being installed in the diversion canal in order to develop Nam Song Diversion into a hydropower plant. The project cost is approximately USD 13 million. Upon completion, the installed capacity is expected to be approximately 6 MW and annual energy generation of 25 GWh/year. The energy generating from Nam Song Hydropower Plant will be sent to 22 kV EDL system. The project is expected to be fully completed by 2011.

9.3 Nam Leuk

Nam Leuk Hydropower Plant was completed in 2000, having capacity of 60 MW and 2 generator units with capacity 30 MW each. The project is located approximately 10 km upstream of the dam, has a 2,830 m long pressured tunnel, a surge tank and a 458 m long open-air penstock from the tunnel outlet to power house. The open-air penstock has a diameter of 3.40 m. From the Nam Poun diversion weir, water is transferred to the reservoir through a 2,600 m long and 3.30 m diameter tunnel.

The spillway

The main spillway of the free overspill type is located on the left bank of the dam. It is 60 m wide and able to accommodate 2,100 m³/s. The secondary spillway, located on the nearest saddle on the left bank, is designed to supplement the main spillway for floods, with a peak discharge higher than 1,500 m³/s.

The transmission line

From the switchyard located next to the power house, electricity is conveyed by three single circuit 115 kV transmission lines, all owned and operated by EDL. The first line, 85 km long, joins Nam Leuk to Pakxan, where a 115 kV substation is located. The second 115 kV line, 55 km long follows the Nam Ngum lake shore, linking Nam Leuk to Nam Ngum power house. The third 115 kV line, 187 km long, travels from Nam Leuk to Phonsavanh substation in Xiengkhuang province.

The project in figures

The dam is of the rock fill type with an earth fill core. It rises to a total height of 45.5 m above the riverbed, with a crest length of 800 m and a fill volume of about 1.2 mm³.

1. Storage

Full supply level	: 405 m
Minimum operating level	: 388 m
Reservoir area (full supply level)	: 12.8 km ²
Reservoir active storage	: 154 x 10 ⁶ mm ³
Reservoir dead storage	: 31 x 10 ⁶ mm ³
Annual runoff	: 517 x 10 ⁶ mm ³
Net head	: 182.9 m

2. Dam

Height	: 45.5 m
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3. Operation Discharge System:

Headrace tunnel length	: 2,830 m
Headrace tunnel diameter	: 4.90 m
Steel lining	: 305 m
Penstock (open air)	: 458 m
Power station rated output	: 60 MW
Maximum operation discharge	: 39 m ³ /s

9.4 Nam Mang 3

Nam Mang 3 Hydropower Plant is a multi-purpose project. It does not only provide electricity, it is also helpful regarding water irrigation. Nam Mang 3 Hydropower Plant is located at Phou Khao Khouay Mountain, 60 km north of Vientiane Capital City, 15 km south west of Nam Leuk Hydropower Plant. Nam Mang 3 Hydropower Plant is a run-of-river scheme. The water from Nam Yong River (750 masl) which is one of the Nam Mang River's tributaries comes from a point substantially higher than the reservoir (200 masl). The 550 m of height difference is able to provide a hydropower potential up to 40 MW, with an average energy production of 138 to 140 GWh/year.

The preliminary feasibility study in 1992, proposed a bigger reservoir which would included the reservoir from another dam with an installed capacity of 35 MW. In 1994, another feasibility study, which had more information regarding the geographic of Lao PDR proposed various options. However, the conclusion from the feasibility study in 2001, which considered more thoroughly environmental impacts, was a proposal for a smaller reservoir and only one dam with a height of 28 m, located near the confluence of the Nam Yong River with the Nam Mang River. The proposed dam has a the catchment area of 68 km² and the water is diverted from Huay Kwang, which is a branch of Nam Yong River, through a water intake, tunnel and penstock, to Nam Mang 3 reservoir, which has a catchment area of 14 km², reservoir area (full supply level) of 10.2 km², average discharge of 4.19 m³/s and total discharge of 132 km³/year.

Nam Mang 3 Hydropower Plant construction is divided into 2 phases. The total construction cost of the first phase is USD 63 million and the second phase is USD 27 million. In both phases, 80 percent of the fund came from a loan from the Export-Import Bank of China and the other 20 percent came from EDL.

Main features of the project

1. Storage:

Catchment area	: 68 km ²
Full water level	: 750 masl
Low water level	: 742 masl
Storage capacity	: 59 x 10 ⁶ m ³
Active storage	: 44.5 x 10 ⁶ m ³
Reservoir area (full supply level)	: 10.20 km ²

2. Dam:

Type	: reinforced cement concrete
Height	: 28 m
Length	: 150.93 m
Reservoir level	: 754 masl
Over spillway	: 1,030 m ³ /s

3. Saddle Dam:

Height	: 19.9 m
Reservoir level	: 755 masl
Length	: 435.8 m

4. Operation Discharge System:

Tunnel :

Size	: 1.8 x 2.2 m
Length	: 512 m

Penstock :

Headrace tunnel diameter	: 0.95 – 1.8 m
Headrace tunnel length	: 3,152 m
Maximum operation discharge	: 9.14 m ³ /s
Power station rated output	: 40 MW

9.5 Xeset 1

Xeset 1 Hydropower Plant has been supplying electricity to the provinces of Saravan and Champasak, and surplus power has been exported to Thailand.

Lao PDR received a loan from ADB, and grants from UNDP, the Swedish government and the Norwegian Government to finance the project. The Xeset 1 Hydropower Plant is a run-of-river scheme utilizing about 1.5 km of the river with a drop of 157 m. As this type of scheme has limited storage capacity, the energy production will in general vary with the river discharge from day to day. The intake pond is created by a 10 m high gravity dam. From the intake pond to the power house, the water is conveyed through underground tunnels, which are partly steel lined to withstand the high water pressure. The power house is built in the open air with five generating units, three with 13 MW capacity each, and two units with 3 MW capacity each. All works were carried out in one stage and completed in 1991 after two and a half years of construction.

Main Features of the Scheme

1. Storage:

Catchment area	: 325 km ²
Reservoir dead storage	: 0.3 x 10 ⁶ m ³
Full water level	: 482 masl
Low water level	: 478 masl

2. Dam

Height	: 10 m
Length	: 91 m

3. Operation Discharge System:

Headrace tunnel length	: 436 m
Headrace tunnel diameter	: 3.2 m
Maximum operation discharge No. 1 or 2	: 2.25 m ³ /s
Maximum operation discharge No. 3, 4 or 5	: 9.5 m ³ /s

9.6 Xeset 2

Xeset 2 Hydropower Plant is located in the province of Saravan and Champasak in southern Lao PDR, approximately 35 km from Saravan city and five km from Xeset 1 Hydropower Plant.

A MOU on the development of Xeset 2 Hydropower Plant was signed in August 2001 between EDL and Norinco Company Limited (China). In October 2003, the basic design report was submitted to EDL and in January 2004, EDL invited consultants from Norway to review the basic design report. The final design report was accomplished in September 2005. The project started construction in 2005 and was completed in 2009.

The Xeset 2 Hydropower Plant has two generating units, having the installed capacity of 38 MW each, and an average production of approximately 309 GWh. In addition, the Xeset 2 Hydropower Plant is a run-of-river scheme, diverting water from Houay Tapoung to Xeset reservoir.

The project total cost was approximately USD 135.5 million. 80 percent or approximately USD 108 million came from a seller credit from the Export-Import Bank of China and the other 20 percent or approximately USD 27 million came from EDL local component.

Indices of Hydrologic and Reservoir Characteristics

- **Xeset 2 Dam Area:**

Catchments area	392 km ²
Mean annual precipitation	2066 mm
Mean annual evaporation	1188 mm
Normal storage level of the reservoir	813 masl
Design flood level of the reservoir	816 masl
Total storage capacity	800,000 m ³
Installed capacity	2 x 38 MW

- **Houay Tapoung Dam Area:**

Normal Storage Level of the Reservoir	824 masl
Design Flood Level of the Reservoir	826 masl

9.7 Xelabam

Xelabam Hydropower Plant is located in Champasak province, 35 km north of Pakse city. The Xelabam Hydropower Plant which is the first hydropower plant in Lao PDR is a small hydropower plant with an installed capacity of 5.04 MW, average energy capacity of 25 Gwh per annum. Xelabam Hydropower Plant has a role of producing and supplying electricity to the development of socio-economy in accordance with the policy of GOL.

The construction can be divided into 2 phases as follows:

Phase 1: Construction started in 1966 and completed in 1970 with 3 units and installed capacity of 850 KVA per unit, and

Phase 2: Construction started in 1990 and completed in 1994 with 1 unit and installed capacity of 3530.

Summary of Principal Technical Data of Xelabam Hydropower Plant

1. Storage:

Catchment area	: 6,360 km ²
Full water level	: 120.70 masl
Low water level	: 118.80 masl

2. Dam

Height	: 23 m
Length	: 435 m

3. Operation Discharge System:

Headrace tunnel diameter (No. 1, 2 and 3)	: 2 m
Headrace tunnel diameter (No. 4)	: 3.2 m
Maximum operation discharge (No. 1, 2, 3)	: 15 m ³ /s
Maximum operation discharge (No. 4)	: 25 m ³ /s

PART 6

ENVIRONMENTAL AND SOCIAL IMPACT ISSUES

Certain of the information contained in this section has been extracted from sources which we generally believe to be reliable, including information made public by the Company, organizations and private sectors. Neither we nor advisors have independently verified this information. Information contained in this section may not be consistent with other information compiled within or outside the Lao PDR.

1. Overview

The Company, along with all developers of power generation projects in the Lao PDR, is subject to strict regulation regarding the environmental and social impact of their developments. According to Lao law, an Initial Environmental Impact Assessment (“IEIA”) and Environmental Impact Assessment (“EIA”) are required for all hydro-electric power projects less-than-15-MW and 15-MW-or-over respectively. In addition, a Socio-cultural Impact Assessment is also required. Based on these studies, the developer is required to prepare environmental and socio-cultural management plans in order to obtain approvals from the Lao regulatory authorities.

2. Environmental & Social Legal Framework

2.1 The Environmental Protection Law (1999)

The Environmental Protection Law (the “EPL”), enacted in 1999, established a framework for sustainable management of environmental resources with the objective of preserving and facilitating the sustainable use of natural resources. The Science Technology and Environment Agency (“STEPA”) is responsible for the implementation of the EPL. Other ministries issue guidelines for implementing provisions but ultimately STEPA issues the environmental certificate.

The basic precept of the EPL is that all persons or organizations residing in Lao have an obligation to protect the environment. People or parties who cause damage to the environment are responsible for the impact under the EPL. Relevant Sections of the EPL include:

- **Article 5** of the EPL stipulates that natural resources, raw materials and energy shall be used in an economical manner to minimize pollution and waste, and to allow for sustainable development;
- **Article 8** states that all development projects and activities that have the potential to affect the environment shall require an EIA;
- **Article 22** It is the obligation of all organizations to control pollution in accordance with the Environmental Quality Standards set forth in regulations by the various agencies involved.

Relevant Governmental Decrees, Regulations and Standards include:

- **The Decree on Organization and Activities of the National Environment Committee** (2002) provides the legal tool for implementation of the law;
- **The Environmental Management Standard** (2001) stipulates the minimum requirements to develop a project. STEPA has also developed a set of regulations for conducting the EIA of proposed hydropower projects (2000, 2001). These regulations and standards established general impact assessments requirements, including a timing of the EIA in the project development cycle. They stipulate detailed project screening, initial Environmental Examination and Environmental Impact Assessment requirements, including content and format of reporting, and approval of the report.

2.2 The Law on Forestry (2007)

The Ministry of Agriculture and Forestry (the “MAF”) administers the Law on Forestry. General provisions include:

- The GOL is responsible for allocating the use of all forest land and resources;
- Forestry resources are comprised of all resources, whether living or nonliving that are found on forest land (**Article 3**); and
- All organizations have an obligation to protect and conserve forest resources including watersheds, wildlife and the environment (**Article 7**).

Other important Articles of the Law on Forestry include:

- **Article 9** of the Forestry Law categorizes forest in Lao PDR into 3 groups: Protection, Conservation, and Production; and
- **Article 77** states that the MAF has the right and responsibility to perform executive, regulatory, and advisory roles to the GOL in the development of programs, projects and legislation regarding forestland and resources.

2.3 The Law on Water and Water Resources (1996)

The Law on Water and Water Resources (1996) is intended to assure the sustainable use of water. The Water Resources Committee under the PMO administers the Water Law and is responsible for the review and evaluation of EIA’s related to use of water resources. Law on Water and Water Resources of October 11, 1996 by the NA, Article 4 stipulates that ownership of water resources and water resides with the people of the Lao PDR. The Government acts on behalf of the people to manage and to evenly and equitably share the uses of water. Individuals and organizations have the right to use the water for specific purposes only with given authorization by the concerned authority, except use on a small-scale basis as stipulated in the law. “Water and water resources are the property of the national community whom the state represents in managing and thoroughly and reasonably allocating its use to various parties. Individuals, juristic entities, or organizations shall have the right to control and use any natural water and/or water resource in any activity only so long as they have received approval from relevant authorized agencies, except in the case of small scale usage as provided by this Law”.

Relevant sections of the Law on Water and Water Resources (1996) include:

- **Article 14**, Water use is divided into small, medium and large-scale uses;
- **Article 4** defines the rights obligations and procedures for gaining approval for use of water and water resources;
- **Article 18** establishes the requirements for preparation of an EIA for any large-scale use of water;
- **Article 17** states that medium and large-scale uses of water and water resources are restricted to permitted reservoir developments.

2.4 The Law on Electricity (2008)

The Law on Electricity (2008) provides the basis for developing a concession agreement to construct and operate a hydropower project (**Article 24**), and provides the requirements for construction of transmission lines. In both cases, the Law on Electricity (2008) provides for minimal damage to the environment that is to be monitored by the Environmental Management Unit (“EMU”) in the Hydropower Department of the MEM. The law requires that EIA’s be prepared, particularly for large-scale hydropower projects (**Articles 6, 29**). The Hydropower Department within the MEM also reviews project EIAs.

The EIA requires incorporation of mitigation measures and requires compensation for damages to the environment, people's livelihoods and if necessary, relocation of affected people (**Articles 31, 37**).

2.5 Decree on the Compensation and Resettlement of the Development Project (2005)

Under the Electricity Law, the Water Law, and the Road Law, project developers are required to provide the affected population with compensation and/or replacement land for land taken from them as a result of the construction and/or operation of a project. This decree sets out the regulations for preparing and implementing an involuntary relocation programs. The compensation and resettlement for people adversely impacted by project are found in the following laws and regulations:

- Law on Electricity (2008);
- Decree on EIA (2010);
- Environmental Management Standards for Electricity Project in Lao PDR (2001 and 2003);
- National Compensation and Resettlement Policy (2005);
- National Resettlement Guideline (2005).

All electricity projects in Lao PDR that require acquisition of land or land use rights (or rights to possess fixed or immovable assets, change in land use or restriction of the use of resources that affect the livelihood or income of the people) are required to develop and implement the recommendations made by responsible government authorities. Project developers must carry out necessary studies and field investigations, prepare and submit the following reports to concerned government authorities for approval (Article 2, 15):

- Initial Social Assessment (ISA) / Land and assets Acquisition Assessment;
- Social (Impact) Assessment;
- Land Acquisition and Compensation Report;
- Resettlement Plan (RP);
- Ethnic Minority Development Plan (EMDP).

2.6 The Land Law (2003)

Ownership and land/water resources user rights are regulated in the Constitution of Lao PDR (amended version) Article 17. The State protects the rights of ownership (right to possess, use and transfer) and organizations' and individuals' rights to inherit property. As for the land, which is owned by the national community, the State ensures the rights to use, transfer, and inherit it in accordance with the law. Land Law 2003, Article 3 states that land is under the ownership of the national community of which the state is the representative in charge of a unified administration throughout the country in protecting and distributing land to multi-ethnic people and giving land to aliens, stateless people, and foreigners on lease or concession. Land cannot be bought and sold by any person or organization.

Land within the boundaries of the Lao PDR is the property of the national community, as provided in Article 9 of the constitution, which is centrally and uniformly administered by the state throughout the country and individuals, families, and economic organizations are assigned the right to use, lease, or grant concession of that land. Armed forces, state organizations, political organizations, the Lao Front for National Construction, and the mass organizations are assigned the right to use that land. Resident aliens, stateless persons, foreign persons and organizations may lease or obtain concession of that land.

Article 5: "The State protects the legal rights and benefits of those who have received the right to use land to ensure efficient, peaceful and sustainable land use while also guaranteeing the rights to preserve, the rights to use, the rights to usufruct, the right to transfer, and the right to inherit".

2.7 The Law on National Heritage (2005)

Under this law, all potential archaeological sites are Protected Areas until approval for development of such sites is given by the Ministry of Information and Culture. It is necessary to obtain approval for development of the reservoir area from the Ministry of Information and Culture.

3. International Agreements

Since the GOL has ratified the international agreement and conventions to promote sustainable development, bilateral and multilateral co-operations to manage the water resources and sustainable utilization of natural resources have been put into place. The following is a description of each:

(a) Agreement on the Cooperation for Sustainable Development of the Mekong River Basin (1995)

In 1995 the four riparian countries in the lower Mekong basin Cambodia, Laos, Thailand, and Vietnam signed the Agreement of Cooperation for Sustainable Development of the Mekong River Basin (1995). This Agreement established the institutional framework for cooperation in the Mekong River Basin called the “Mekong River Commission”. The primary purpose of the agreement has been to promote the economic and social well-being of the people in all the riparian countries through the protection of the environment, improvement of navigation and the cooperation in the maintenance of flows and intra-and inter-basin diversions.

(b) ASEAN Membership

The Lao PDR became a member of the Association of Southeast Asian Nations (“ASEAN”) in 1997. The principal legal instrument of ASEAN with nature conservation obligations is the Agreement on the Conservation of Nature and Natural Resources. However, it has been ratified by only three countries since it was adopted in 1985 so it is not yet in effect. ASEAN also has provisions to assist member countries to establish trans-boundary nature reserves.

(c) International Conventions and treaties

The following conventions are also relevant to development projects in the Lao PDR:

- **Convention on Biological Diversity (“CBD”)**: the Lao PDR became a signatory to the CBD in 1996. The obligations of the CBD have been fulfilled in terms of new policy and legislation and by establishing the National Biodiversity Conservation Areas (NBCA).
- **Convention on the protection of World Cultural and Natural Heritage**: was ratified by the GOL in 1987. This convention addresses the protection of both cultural and natural objects and sites of outstanding and universal value.
- **Convention on International Trade in Endangered Species (CITES)**: was ratified by the GOL in early 2004. In addition, threatened species are protected by Law on Aquatic Life and Wildlife 2008. Illegal hunting and trading of protected species are punishable under such Law. Hunting for consumption was still allowed. This implies that the GOL is now committed to increasing efforts to halt the extensive trade in wildlife from the Lao PDR to its neighboring countries.

PART 7 TAXATION

The discussion below is not intended to constitute a complete analysis of all tax consequences relating to the purchase, sale and ownership of our shares. Prospective purchasers of our shares should consult their own tax advisors concerning the tax consequences of their particular situations and in relation to the taxation imposed by any foreign jurisdiction in which they are resident, or under any double taxation treaty between their country and Lao PDR. This description is based on laws, regulations and interpretations now in effect and available as of the date of this Prospectus. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of the Shares. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below.

Lao Taxation

This summary contains a description of the principal Lao income tax consequences of the purchase, ownership and disposition of ordinary shares by individuals or corporate entities resident in Lao PDR for tax purposes, or by an individual or corporate entity who is not resident in Lao PDR for tax purposes.

In general, the registered owner of ordinary shares will be treated as the owner of such ordinary shares for Lao tax purposes. In the case of ordinary shares that settle through the scripless system of Securities Depository Centre, the holder whose name appears on the list of owners with respect to the ordinary shares maintained by each Securities Depository Centre-member, broker, sub-broker, or custodian will be treated as the owner for Lao tax purposes.

Taxation of Dividends

Subject to relief that may be available under double tax agreements, dividends in respect of ordinary shares are generally subject to Lao income tax at a rate of 10 percent, regardless of who they are paid to. The tax is withheld by the company paying the dividend and remitted to the tax authority.

Taxation of Capital Gains

Subject to relief that may be available under double tax agreements:

Income received by each company listed on the LSX is subject to tax privilege at a rate of five percent from the normal rate for four years from the date of listing on the LSX.

Gain realized by holders from the sale of shares through the LSX is exempted from Lao tax pursuant to the NASC Resolution. However, individual holders are subject to a transfer fee from the sale of shares through the LSX at a rate of 0.2 percent of the purchase price and the rate of 0.5 percent of the purchase price is for corporate holders. Lao law does not make a distinction between situations where the sale is by a resident or by a non-resident, or where the sale occurs in Lao PDR or outside it.

Tax Treaties

Each non-resident holder should inquire for himself or herself whether he or she is entitled to the benefit of a tax treaty between Lao PDR and his or her resident country. Where an applicable tax treaty so provides, any otherwise taxable gain on the sale or other disposition of ordinary shares may be exempt from or subject to reduced Lao withholding tax. Lao PDR currently has tax treaties for the avoidance of double taxation with the following countries: China, Korea, Thailand and Vietnam.

Applicable Fees

Other than fees imposed under the LSX regulations, no other fees or stamp duties are imposed on the sale of shares through the LSX.

The above description is not intended to constitute a complete analysis of all tax consequences relating to acquisition, ownership and disposition of our ordinary shares. You should consult your own tax advisor concerning the tax consequences of your particular situation.

PART 8

LAO FOREIGN EXCHANGE REGULATION

1. Lao Foreign Exchange Regulation

Lao foreign exchange controls are administered by the BOL under Presidential Edict No. 01/OP dated March 17, 2008 regarding the Management of Foreign Exchange and Precious Metals (the “Presidential Edict”). Commercial banks are authorized to conduct foreign exchange transactions domestically and internationally under BOL regulations.

1.1 The Use of Foreign Exchange

Under the Presidential Edict, no-one may directly pay, or receive payment, in foreign exchange for goods and service supplied to or by them, or settle debts in foreign exchange within the Lao PDR unless approved by the BOL on behalf of the GOL. Anyone holding foreign exchange who needs to make a payment within the Lao PDR is required to make an exchange to Kip at a commercial bank or at a licensed foreign exchange bureau. Additionally, purchases of foreign exchange may only be made through those channels.

The price quoted for goods or and services, including the value of financial obligations to the GOL, must be in Kip unless approved by the GOL (again, through the BOL).

1.2 Transfer of funds into Lao PDR

Investors in the Lao PDR must open accounts at a commercial bank established in the Lao PDR so that movement of funds in foreign currency can be monitored. The transfer of funds in a foreign currency for investment in the Lao PDR must be made through the banking system. No reference is made as to how foreign investors should pay for investment in shares listed on the LSX.

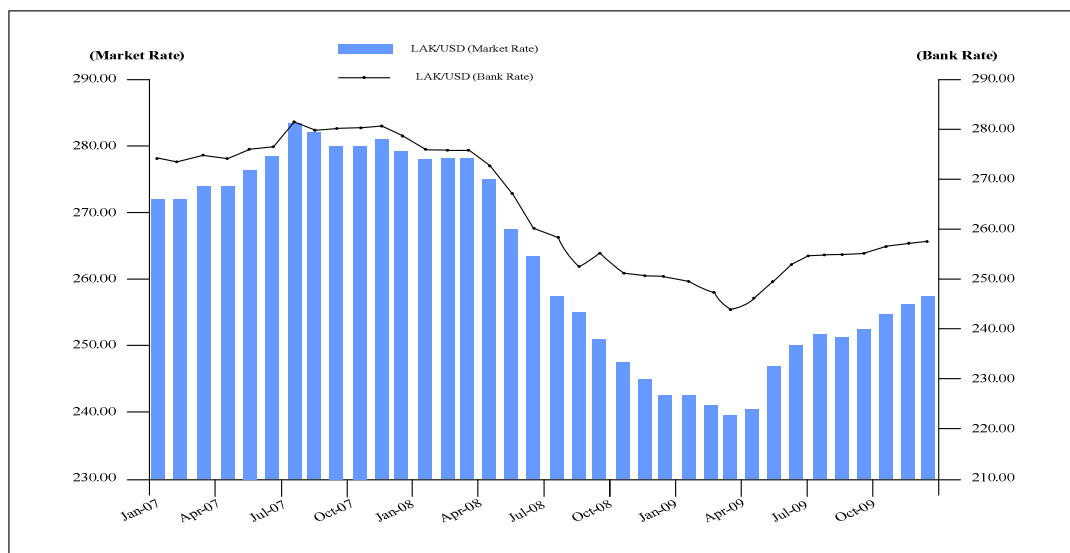
1.3 Objectives of sale and use of foreign currency

The sale of foreign exchange by commercial banks and the use foreign exchange by both residents and non-residents of the Lao PDR must be in accordance with regulations issued by the BOL. That includes the use of foreign exchange:

- To pay for imported goods ;
- To pay for services related directly to the import or export of goods. such as transportation, insurance and transit warehousing charges;
- To repay foreign debts in accordance with an agreement approved by the GOL or by the organization authorized by the GOL (that is, the BOL);
- To repatriate profits, dividends, initial investments, interest, service charges of foreign investors, and wages of foreign workers back to their home countries or to a third country as permitted by law;
- For investment abroad with the GOL approval;
- For other spending in accordance with regulations of the BOL including medical treatment, studying, visiting abroad.

2. Exchange Rate Information

The BOL maintains a floating exchange rate regime aimed at using market forces as the basis for setting a daily reference rate for commercial banks and exchange bureaus. In addition, BOL carries out intervention in order to balance the supply and demand for foreign currencies in the foreign exchange market. The Lao Kip appreciated against the US dollar in recent years. The appreciation has increasingly raised public confidence in the Lao Kip and the economy as a whole. The spread of exchange rate between commercial banks and the parallel market has become narrow at 0.09 percent for Kip per US dollar and 0.01 percent for Kip per Thai Baht. See Figure 1 for more details.



Source: Bank of the Lao PDR

PART 9 MANAGEMENT

1. The Board of Directors

The Board of Directors of the Company currently consists of eight directors as follows;

1.	Mr. Sychath Boutsakitirath	Director
2.	Mr. Khammany Inthirath	Director
3.	Mr. Sisavath Thiravong	Director and Chief Executive Officer
4.	Ms. Lattana Pathoumvanh	Director and Chief Operating Officer
5.	Mr. Bounma Manyvong	Director
6.	Associate Professor Dr. Kongsy Senmany	Director
7.	Associate Professor Dr. Khamlusa Nouansavanh	Director
8.	Associate Professor Khampheui Phommachanh	Director

Authorized Director(s) and Authorization

The Chairman of the Board of Directors or the Chief Executive Officer signs to bind the Company, or any two directors jointly sign to bind the Company, together with the Company's seal.

Scope of Authority and Responsibilities of the Board of Directors

Other than specified in the Enterprise Law, the Board of Directors of the Company has responsibility for the administrative affairs of the Company and has specific responsibilities as follows:

- to consider the Company's strategy, as well as work plan of the Company;
- to consider and determine the remunerations and compensation of Chief Executive Officer and top management;
- to consider and determine the capital, its usage, its structure, the ratio of the capital and loan, as well as loan agreements, credit facility agreements, joint venture agreements, electricity sale and purchase agreement and other agreements with high value;
- to propose an external auditor;
- to consider the appointment or removal of an agent to be in the board of directors of the joint venture company (if any);
- to adopt the appointment or removal of the accounting department manager and the manager of internal audit's office as proposed by the Chief Executive Officer; and
- to propose the remunerations of the external auditor.

The Board of Directors does not involve in the day-to-day operations of the Company unless any of the directors is appointed as the management.

Selection of Directors

The Board of Directors of the Company shall consist of nine directors and shall be Lao nationalities. Each director shall possess basic knowledge of engineering, economics, finance, law and business administration.

The Board of Directors shall be appointed or removed by the shareholders' meeting with majority votes of the shareholders attending the meeting. Each director has a term of office of two years and may be re-elected for another term.

Remunerations of the Board of Directors

The Board of Directors receives no salary but receives meeting allowance for each meeting at the rate of Kip 2,500,000 for the Chairman of the Board of Directors and Kip 2,000,000 for other members of the Board of Directors.

2. Management

Selection of Management Team

The management is appointed by the Board of Directors. In the appointment of each position of the management team, the qualifications of the candidates are considered whether they are suitable to each position.

There are certain individuals holding the principal management positions as follows:

- | | | |
|----|---------------------------|-------------------------|
| 1. | Mr. Sisavath Thiravong | Chief Executive Officer |
| 2. | Ms. Lattana Pathoumvanh | Chief Operating Officer |
| 3. | Mr. Bounsalong Southidara | Chief Financial Officer |
| 4. | Mr. Phoumy Netibandith | Generation 1 Director |
| 5. | Mr. Bounom Philavanh | Generation 2 Director |

Remunerations

The management of the Company receives salaries as approved by the Board of Directors' meeting of the Company.

PART 10
PRINCIPAL SHAREHOLDER

As of the date of this Prospectus, EDL owns a controlling equity interest in the Company, holding 99.99 percent of the Company's total issued and outstanding shares of 651,448,042. The remaining eight shares in the Company are held by eight individuals in order to comply with the Enterprise Law, which requires that there be at least nine shareholders in a public company.

After the completion of the Combined Offer, EDL will maintain approximately 75 percent of the total issued and outstanding shares and will continue to exercise control over the Company. The remaining 25 percent of the Company's total shares will be held by other investors. The table below indicates the equity ownership of the Company prior and after the Combined Offer.

Shareholders	Number of Shares Owned prior to the Combined Offer	Percentage of Shares Owned prior to the Combined Offer (approximately)	Number of Shares Owned after the Combined Offer	Percentage of Shares Owned after the Combined Offer (approximately)
EDL	651,448,042	99.99	651,448,042	75.00
Eight Individuals	1 each	0.01	1 each	0.01
Other Investors	-	-	217,149,000	24.99

PART 11 THE LAO PDR

Certain of the information contained in this section has been extracted from sources which we generally believe to be reliable, including information made public by the Company, organizations and private sectors. Neither we nor advisors have independently verified this information. Information contained in this section may not be consistent with other information compiled within or outside the Lao PDR.

Overview¹

Lao PDR is a landlocked country, approximately 236,800 square kilometers in center of Southeast Asian, surrounded by China in the north, Vietnam in the east, Cambodia in the south, Thailand and Burma (Myanmar) in the west. Lao population is approximately 6.8 million people from 47 different ethnic groups. The population has been increasing at 2.4 percent annual rate in recent years.

The capital city is Vientiane, with an estimated population of 740,010 in 2008. The country is facing numerous development challenges but has been undertaking reforms designed to promote sustainable development. With strong economic performance and structural reforms in trade, private sector development, and public financial management, among others, Lao PDR is fighting poverty, addressing social inequities, and building stronger capacity to manage its rich natural resources.

Government and Politics

Under the Constitution of 1991 as amended in 2003 the Lao PDR is a people's democratic state. The President of the State is the Head of State of the Lao People's Democratic Republic. The Government is the executive branch of the State. The Prime Minister is the Head of the Government and represents the Government. The National Assembly is the legislative branch that has the right to make decisions on fundamental issues of the country.

The current National Assembly was elected in April 2006 and is the sixth legislature since the establishment of the Republic. Further elections are due in 2011. The National Assembly is composed of 115 members. The National Assembly holds biannual sessions. The Standing Committee of the National Assembly, composed of seven elected members; is a permanent legislative body, empowered by the Constitution to interpret and explain the Constitution and the laws, and to carry out the responsibilities of the National Assembly between its sessions.

The People's Court is the judiciary organ of the State. Court Judges are nominated by the Standing Committee of the National Assembly. The People's Court consists of the People's Supreme Court, the appellate court, the people's provincial courts and city courts, the people's district courts and the military courts. Courts are required to reach their decisions on the basis of facts and laws. Each case is considered collectively by a three-judge panel at the District Court level and above. Litigants can be represented and social organizations (such as the Lao Women's Union and Lao Trade Union) are also allowed to take part in the trial. Trials and hearings are openly conducted, except as otherwise provided by law.

The 2004 Amendment of the Law on Civil Procedure establishes specialized divisions within the judiciary, including a commercial division, a family division and a juvenile division. Under the Constitution the Office of the Public Prosecutor has the duty to monitor the implementation of the laws. The Office of the Public Prosecutor consists of (i) the Office of the Supreme Public Prosecutor; (ii) the Office of the Appellate Public Prosecutor; (iii) the offices of the Public Prosecutor at provincial and city levels; (iv) the offices of the Public Prosecutor at district level, and (v) the Office of the Military Prosecutor.

¹ The World Bank

Legal System

Lao PDR has enacted a number of new laws in recent years. The country is also governed largely through the issuance of decrees of the Prime Minister.

The existing Lao legal system has inherited aspects from several sources, Lao traditions and customs, and has developed to civil law system. The development of the Lao legal system is currently being driven by the requirements of regional integration and the country's prospective admission to the World Trade Organization ("WTO").

The legal framework governing the transition into the market economy finds its source in the Constitution, which states that all economic sectors are equal before the law and will be carried out in line with the market economy mechanism.

Economy²

Laos is a poor, landlocked country with an inadequate infrastructure and a largely unskilled work force. The country's per capita income in 2009 was estimated to be US\$878. Agriculture, mostly subsistence rice farming, dominates the economy, employing an estimated 75 percent of the population and producing 37 percent of GDP. Domestic savings are low, forcing Lao PDR to rely heavily on foreign assistance and concessional loans as investment sources for economic development. In 2009, donor-funded programs accounted for approximately 9.8 percent of GDP and 84 percent of the government's capital budget. In 2009, the country's foreign debt was estimated at US\$3.085 billion.

In 1989, the GOL reached agreement with the World Bank and the International Monetary Fund on additional reforms. The government agreed to expand fiscal and monetary reform, promote private enterprise and foreign investment, privatize or close state firms, and strengthen banking. In addition, it agreed to maintain a market exchange rate, reduce tariffs, and eliminate unneeded trade regulations. A liberal foreign investment code was enacted and appears to be slowly making a positive impact in the market. The process of economic reform continues.

These reforms led to increased availability of goods and economic growth that has continued since the early 1990s, despite short-term economic setbacks resulting from the 1997 Asian financial crisis. The economy continues to be dominated by a relatively inefficient agricultural sector operating largely outside the money economy, and the public sector continues to play an important role. Tourism is a growing industry and important source of foreign exchange. The GOL is promoting infrastructure development, especially in the hydropower and mining sectors. Several large hydropower projects currently under construction are expected to increase national revenue significantly once completed.

Revenues³

In fiscal year 2008/2009, budgetary revenues including foreign grants achieved Kip 8,173.60 billion, equivalent to 17.35 percent of GDP or increased by 6.03 percent compared to fiscal year 2007/2008. The said number, budgetary revenues collected from domestic source was Kip 7,030.43 billion, equivalent to 14.90 percent of GDP or increased by 9.18 percent and foreign aid was Kip 1,143.17 billion. Tax revenues achieved Kip 6,207.58 billion, equivalent to 13.10 percent of GDP, or increased by 10.31 percent compared to fiscal year 2007/2008 and represented 75.95 percent of total domestic revenues. Tax revenues were mainly from excise tax accounted for 23.07 percent, turnover tax represented 22.57 percent, profit tax represented 20.98 percent and import duties represented 11.69 percent of total tax revenues as compared to fiscal year 2007/2008. Non-tax revenues achieved Kip 822.85 billion, equivalent to 1.7 percent of GDP, decreased by 5.20 percent compared to fiscal year 2007/2008 and accounted for 11.70 percent of total domestic revenues. The said number, dividends covered 41.12 percent and over-flight fees accounted for 24.72 percent.

² Source from <http://www.state.gov/r/pa/ei/bgn/2770.htm>

³ 2009 Annual Report of BOL

Expenditure⁴

In fiscal year 2008/2009, expenditure achieved Kip 9,761.56 billion, equivalent to 20.70 percent of GDP, increased by 7.67 percent compared to fiscal year 2007/2008. The said number, current expenditure increased by 18.68 percent, which accounted for 65.94 percent of total budgetary expenditure. Total capital expenditure for infrastructure was in the amount of Kip 3,324.43 billion, decreased by 8.72 percent compared to fiscal year 2007/2008 which accounted for 34.05 percent of total budgetary expenditure. The said number, capital investment stemmed from domestic source was Kip 1,137.83 billion, which accounting for 34.23 percent of total expenditures and the remainder was from external finance.

Currency

The official currency of Lao PDR is the Kip, which is convertible. Kip has been the currency of Lao PDR since 1952. One Kip is divided into 100 Att.

Taxes⁵

Lao PDR has a moderate income tax rate and a relatively high corporate tax rate. The top income tax rate is 25 percent, and the top corporate tax rate is 35 percent (20 percent for companies that fall under the Foreign Investment Law). As at the date of this Prospectus, a value-added tax (VAT) introduced to Lao PDR in January 1, 2010.

Inflation⁶

In 2009, average annual inflation was 0.03 percent, lower than the figure of 7.63 percent in 2008. In comparison with neighboring countries the Lao PDR inflation was relatively low. This figure was the lowest of its Lao PDR economic events. The main causes driving inflation downfall were due to two factors, such as (i) the fall of oil price in the market, pushing Consumer Price Index (CPI) in transport constantly down; (ii) the Kip gained strength against the US dollar and Baht, leading to decreasing import goods prices expressed in Kip and sufficient supply of goods to meet the market demand. In addition, foreign inflation rate was down; pushing low imported price.

Interest Rates⁷

In 2009, the interest rates on the deposit of commercial banks had adjusted in line with the domestic and global economic conditions. On average, interest rates on 12 months deposit for Kip decreased from 10.28 percent in 2008 to 9.53 percent, while US dollar and Baht accounts increased by 2.04 percent and 2.82 percent respectively. Similarly, interest rates on loans had adjusted in line with the domestic condition and demand for loans of the economy. In 2009, the 12 months interest rates of loans for Kip, US dollar and Baht, on average, were decreased from 17.55 percent in 2008 to 15.25 percent, from 9.89 percent to 8.99 percent and from 11.34 percent to 9.55 percent respectively.

Investment Freedom⁸

Foreign investors cannot engage in business activities that are deemed detrimental to national security, have a negative impact on the environment, or are regarded as harmful to health or national traditions. Foreign investors must submit project proposals for screening and approval by various levels of government. Residents and non-residents may hold foreign exchange accounts subject to government approval. Foreign investors may lease but not own land.

⁴ Same as Item No. 11

⁵ The 2010 Index Of Economic Freedom, The link Between Economic Opportunity & Prosperity by The Heritage Foundation and Wall Street Journal

⁶ Same as Item No. 13

⁷ Same as Item No. 13

⁸ Same as Item No. 13

PART 12 THE LAO SECURITIES MARKET

Certain of the information contained in this section has been extracted from sources which we generally believe to be reliable, including information made public by the Company, organizations and private sectors. Neither we nor advisors have independently verified this information. Information contained in this section may not be consistent with other information compiled within or outside the Lao PDR.

History & Overview of the LSX

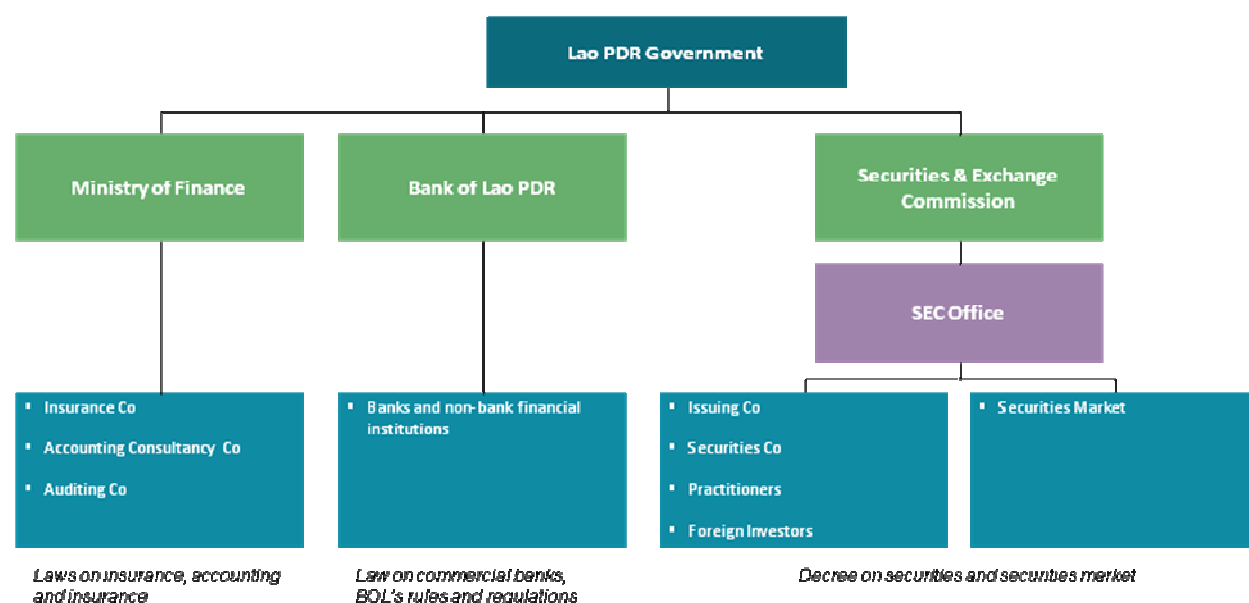
In July 2009, a joint venture agreement providing for the establishment of the LSX was signed by the BOL (51 percent ownership) and the Stock Exchange of Korea (49 percent ownership through the Korea Exchange (“KRX”). After 15 months of preparation, the LSX was formally launched in October 2010 and will commence trading operations in January 2011 with the listing of the Company.

The objectives of the LSX are as follows: (i) promote development of the Lao capital markets; (ii) enable Lao companies and state-owned enterprises to access capital markets; and (iii) provide local and international investors exposure to Lao securities.

Initially, the LSX will offer trading in two types of securities, stocks and debentures. As the LSX develops, additional types of tradable securities will be added as authorized by the SEC. The securities may be dominated in Lao Kip. All companies seeking LSX listing must have registered capital of at least LAK 10 billion among other conditions.

The LSX will support the continued growth of domestic industry sectors such as infrastructure, financial, manufacturing, and mining, whose companies will be among the first to list on the LSX.

The LSX is governed by the 2010 SEC Decree, which bestows upon the Lao SEC the authority to regulate and issue sub-regulations. The Supervisory Board of the LSX is composed of members from the Lao MOF and BOL with special advisors from the Stock Exchange of Thailand and Korea Stock Exchange.



Foreign Investors

Foreign investors may buy securities on the LSX dominated in Lao Kip. Foreign investors may also establish securities companies (i.e. broker-dealers) in the Lao PDR, but must be in joint venture with a Lao investor and the foreign investor may not hold more than 51 percent of shares in a securities company. Foreign securities companies may establish a branch in the Lao PDR

Strategic International Alliances

LSX has formed strategic alliances & training programs with international partners. At the moment, partners include:

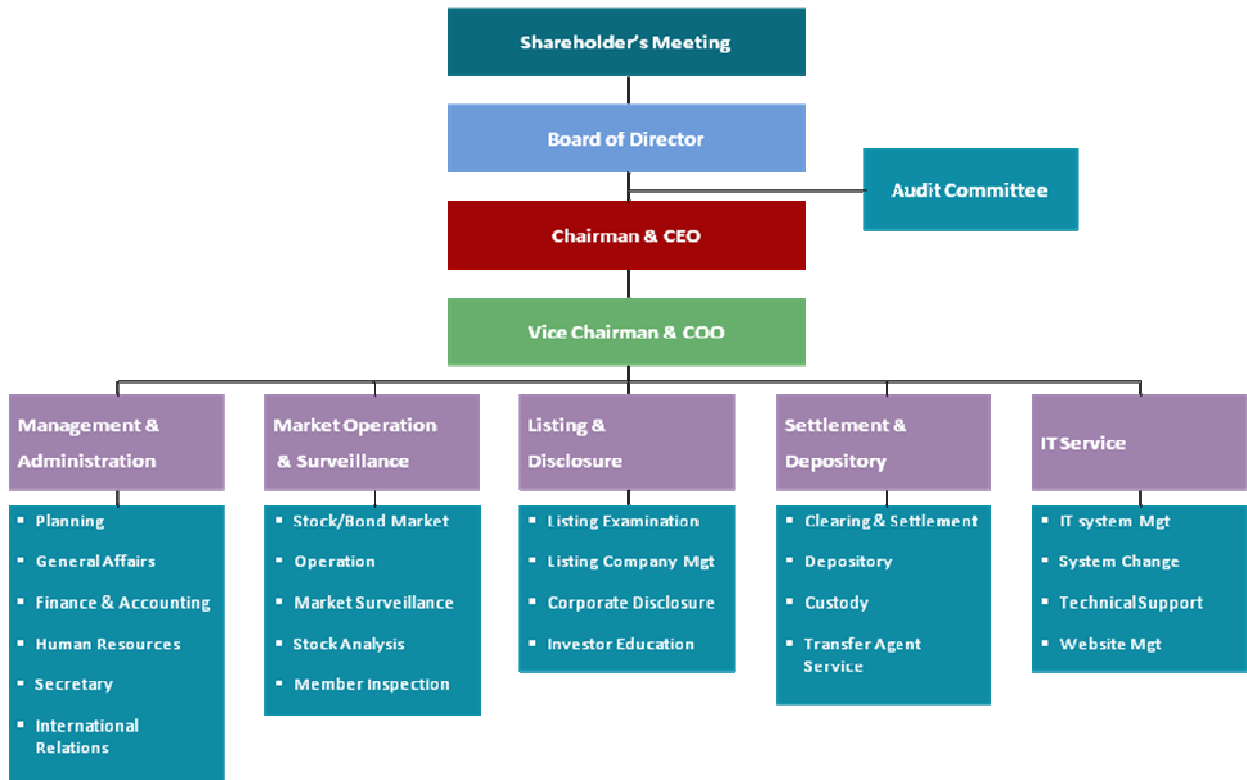
- (i) South Korea: the LSX is a joint venture with KRX and will collaborate with Korean International Cooperation Agency (“KOICA”) in human resource development;
- (ii) Thailand: collaborate with the Stock Exchange of Thailand (“SET”) in human resource development;
- (iii) Japan: collaborate with the Japan Ministry of Finance in training and regulatory development;
- (iv) Vietnam: collaborate with the State Securities Commission of Vietnam (“SSC”) in general training; and
- (v) East Asia Summit (“EAS”), including 17 foreign countries, consisting of Australia, Brunei, China, Cambodia, India, Indonesia, Japan, Malaysia, Myanmar, New Zealand, Philippines, Russia, Singapore, South Korea, Thailand, United States and Vietnam, in general training.

Development Plan (2011-2015)

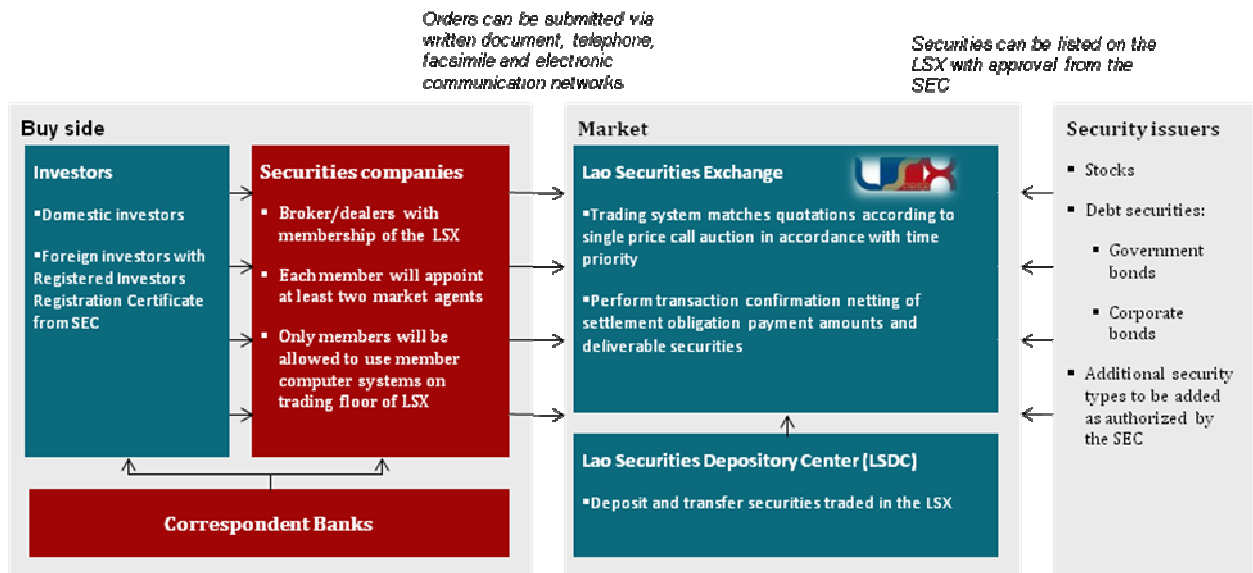
The LSX has established a development plan for 2011-2015 which includes the following objectives:

- (i) listing promotion – 20 companies listed by 2015;
- (ii) bond trading platform launched;
- (iii) pre-listed company board launched;
- (iv) establish regulation for listing of foreign companies;
- (v) strengthen LSX’s financial position;
- (vi) promote further international cooperation and World Economic Forum (“WEF”) membership

LSX Organizational Structure



Trading Platform



Market Operations

The trading hours of the LSX will be 08.30 a.m. and 11.30 a.m. with trade execution twice a day at 10.00 a.m. and 11.30 a.m. Trading will commence on every business day, except: (i) Lao PDR public holidays; (ii) Saturdays; (iii) last three business days of year; and (iv) sudden changes in economic conditions.

The trading units will be one share. Tick size will be regulated at 0.2 – 1.0 percent of share price, depending on price per share. All trade execution will be done at single price call auction format, in accordance with time priority. The daily price change will be limited to 5 percent of base price. The LSX will provide public information including: (i) opening and closing prices; (ii) trading volume and values; (iii) closing price of previous trading day; and (iv) index value.

Market Management

Trading halts of securities will be at the discretion of LSX, due to: (i) price or volume drastic fluctuations due to rumors; (ii) timely trade execution impossible due to excessive influx of orders; (iii) related department requests due to listing regulations or disclosure regulations, and; (iv) additional issues deemed necessary for market management. In case of computer system failure, order receiving, suspension of trading and execution will be suspended.

Transaction errors can be corrected, when: (i) wrong inputs on issue, volume, price or bid/ask classification and (ii) wrong classification of customer and proprietary account. Application for corrections must be submitted 12.00 noon the following day.

Initial listing prices will be determined on first trading day using call auction, and will be within 90-200 percent of offer price. Ex-dividend and ex-rights will be one trading day before record date.

Trading fees charged by the LSX will be 0.15 percent for stocks and 0.015 percent for bonds. Brokerage commission will not be more than three percent of trading value at time of settlement.

IPO Listing Process

Step 1: Satisfying pre-conditions. Companies considering a listing on the LSX must satisfy the following conditions:

- (i) no accumulated loss;
- (ii) audited financial statements for the past three years.

Step 2: Documentation. Companies must complete the securities issuance application to the SEC and include the following items:

- (i) copy of enterprise registration certificate of the company;
- (ii) copy articles of association, including resumes of major shareholder and management of company;
- (iii) resolution of the shareholders' meeting that approves the issuance of securities;
- (iv) audited financial statements by an external auditor;
- (v) firm commitment and underwriting by securities company;
- (vi) public offering plan and the plan for use of proceeds; and
- (vii) other documents determined by the SEC.

Step 3: Payments to the SEC. Payments include:

- (i) payment of application fee to SEC of LAK 15 million (USD 1,875);
- (ii) payment of issuance fee to SEC of 0.03 percent of value of shares to be issued, which will be no less than LAK 30 million (USD 3,750); and
- (iii) payment of annual supervision fee of LAK 10 million (USD 1,250).

LSX Comparison with International Peers

	Lao Securities Exchange (“LSX”)	Stock Exchange of Thailand (“SET”)	Singapore Exchange (“SGX”)	Hong Kong Stock Exchange (“HKEx”)	Tokyo Stock Exchange (“TSE”)	London Stock Exchange (“LSE”)	New York Stock Exchange (“NYSE”)
Launch date	10 Oct 2010	1975	1999	1891	1878	1801	1817
Ownership	51% Lao MOF, 49% Korea Exchange	The Stock Exchange of Thailand (Public listed)	Singapore Exchange Limited (Public listed)	Hong Kong Stock Exchange (Public listed)	Tokyo Stock Exchange Group (Public listed)	London Stock Exchange Group (Public listed)	NYSE Euronext (Public listed)
Governing body	Las Securities & Exchange Commission (“SEC”)	Securities and Exchange Commission, Thailand	Self-regulatory	Securities and Finance Commission	Financial Services Agency	Financial Services Authority	U.S. Securities and Exchange Commission
Listing requirements	<ul style="list-style-type: none"> • No accumulated loss • Audited financial statements of past three years 	<ul style="list-style-type: none"> • Paid up capital of THB300mn • Number of shareholders $\geq 1,000$ • Net profit of \geq THB50MN for past 2 years. 	<ul style="list-style-type: none"> • Market cap of \geqSGD80mn • Public float of 12-25% (depending on market capitalization) 	<ul style="list-style-type: none"> • Market cap of \geqHKD200mn • Net profit of \geqHKD50mn for past 3 years 	<ul style="list-style-type: none"> • Market cap of \geqJPY2bn • Number of shareholders ≥ 800 • Same board of directors for past three years • Net profit average of \geqJPY200-250mn for past 2-3 years 	<ul style="list-style-type: none"> • Market cap of GBP700,000 • Audited financial statements of past three years • Public float of $\geq 25\%$ • Sufficient working capital ≥ 12 months 	<ul style="list-style-type: none"> • Market cap of \geqUSD100 million • Shares outstanding ≥ 1mn • Net profit of \geqUSD10mn over last three years
Market depth	[FILL] (expected values)	USD200bn 523 listings	USD600bn 774 listings	USD2.3tr 1,356 listings	USD3.1tr 2,294 listings	USD2.6tr 2697 listings	USD12.5tr 2304 listings
Currency	LAK	THB	SGD	HKD	JPY	GBP	USD

PART 13
CERTIFICATION OF THE ACCURACY OF LAO PROSPECTUS

We have reviewed the information contained herein the Lao Prospectus and with cautious as the position of the Chief Executive Officer that such information is accurate and complete.

IN WITNESS WHEREOF, we also certified that the entire information is the documents certified true and correct as the same set. We hereby authorized Mr. Sisavath Thiravong to initial every page of the documents. If any documents do not contain such initial of Mr. Sisavath Thiravong, we will deem that such documents are not the information that we have certified.”

<u>Name</u>	<u>Position</u>	<u>Signature</u>
1. Mr. Sisavath Thiravong	Chief Executive Officer	-Signature-

The Execution of the Directors of the Company

<u>Name</u>	<u>Position</u>	<u>Signature</u>
1. Mr. Sychath Boutsakitirath	Director	-Signature-
2. Mr. Khammany Inthirath	Director	-Signature-
3. Mr. Sisavath Thiravong	Director and Chief Executive Officer	-Signature-
4. Ms. Lattana Pathoumvanh	Director and Chief Operating Officer	-Signature-
5. Mr. Bounma Manyvong	Director	-Signature-
6. Associate Professor Dr. Kongsy Senmany	Director	-Signature-
7. Associate Professor Dr. Khamlusa Nouansavanh	Director	-Signature-
8. Associate Professor Khampheui Phommachanh	Director	-Signature-

The Execution of the Internal Audit Department

<u>Name</u>	<u>Position</u>	<u>Signature</u>
1. Mr. Sisavath Thiravong	Chief Executive Officer	-Signature-

The Execution of the Accounting Department

<u>Name</u>	<u>Position</u>	<u>Signature</u>
1. Mr. Bounsalong Southidara	Chief Financial Officer	-Signature-

The Execution of the Authorized Person of the Underwriter and Financial Advisor

<u>Name</u>	<u>Position</u>	<u>Signature</u>
1. Mr. Chao Arnuyawat	Managing Director	-Signature-

APPENDIX 1 SUMMARY OF STANDARD CONCESSION AGREEMENTS

Background

The CAs (each a “CA” and collectively “CAs”) for each Existing Generation Asset are entered into between the GOL, represented by the Ministry of Planning and Investment and implemented by the MEM, and the Company. The CAs are made in short form, subject to further negotiation between the parties and with a requirement to enter into a final agreement. As the Existing Generation Assets include both those under construction and those which are in operation, the standard CAs will be in two forms – one for Existing Generation Assets in the Construction Phase and one for those in the Operating Phase.

In this summary certain expressions are used as they are defined in the CAs.

Date

Each CA is effective on the Incorporation date.

Parties

The parties to each CA are the GOL, as Grantor, and the Company, as Grantee.

Recitals

The EDL has established the Company as a public company and will transfer to the Company the Existing Generation Assets. As such, the GOL shall make, grant and issue to the Company all necessary concessions, licenses and permits to implement, design, construct, operate and/or maintain each of the Existing Generation Assets. In addition, in consideration of the Royalties paid, the Company shall be granted Land Use Rights and Water Rights throughout the Concession Period. At the end of the Concession Period (or if the CA is terminated earlier than that), the Company shall be required to transfer and assign to the GOL, all of its right, title and interest in the Project.

Term

The term of each concession commences on signing (for operating Projects) or on COD (for Projects under construction), and expires 30 years later, subject to any extensions and the possibility of earlier termination in the event of certain breaches or certain Force Majeure events (the “**Concession Period**”). The Concession Period may be extended in certain circumstances, including without limitation by mutual agreement or upon written request of the Company for an additional period of 10 years, subject in each case to GOL approval.

Grant of Concession Rights

Under each CA and pursuant to the Resolution of the National Assembly Standing Committee, the GOL grants to the Company, among other things, the exclusive right and licenses to undertake the development, financing, design, construction, and/or operation and maintenance of the relevant Project during the Concession Period, as well as the right to own, operate and maintain all Project Facilities, the right to possess, use and procure benefits from the Project and any other property or assets which the Company has procured, the right to use, utilize and develop the Project Land, the right to direct, dam, divert and use, the waters of the River at the Project Land, the right to sell electricity generated by the Project Facilities to the EDL, and the right to undertake those matters and things as are reasonable necessary to enable the Company to meet and enjoy the power purchase commitments.

Project Phases

Terms and conditions in relation to the rights and obligation of the Parties during each phase of the Project will be reflected in the CA. The relevant phases include the Construction Phase and the Operating Phase. Each shall commence on the Effective Date or the COD (as applicable) and shall continue until expiration of the Concession Period.

Project Land and Land Use Rights

During the Concession Period, subject to the terms of the Land Lease Agreement, the Company has the right to access and use the Project Land, free and clear of any claims, rights and encumbrance. The GOL shall grant to the Company the Land Use Rights without interference from any public or private rights conflicting or incompatible with such rights, including easements, rights of way, right of use or other appropriate rights to land, and the Access Road to and from the Project Land or as required by the Company necessary to permit or facilitate the implementation of the Project. Subject to certain conditions, the Company will be entitled to request the GOL to access, use and/or have possession of additional land.

Water Rights

During the Concession Period, the GOL shall grant to the Company Water Rights, including without limitation the right to retain all water flows arising from the River, arising from the Catchments Area to the dam constructed for the purpose of the Project, the right to manage the timing and the quantity of retention and of release of all water in the Reservoir, the right to divert water from the Reservoir to the power station for the generation of electricity for the Project's purpose, the rights to release flows from the power station as necessary for the Project, the rights to alter the natural water flows, levels and riverbank profiles of the relevant river(s), and the right to release the water from the Reservoir into the River downstream of the site of the dam.

Lao PDR Approvals

The GOL shall or shall cause the relevant Governmental Authorities to grant and issue to the Company the Lao PDR Approvals and any other Lao PDR Approval required under Lao PDR Law from time to time, without any additional charge, and shall be required to procure the renewal of any Lao PDR Approval previously granted and issued. Subject to certain conditions, if a timely and proper request from the Company for granting and issue and/or renewal of a Lao PDR Approval has not been properly decided and answered prior to the time when the approval is required pursuant to Lao PDR Law, such Lao PDR Approval shall be deemed to have been granted or renewed at the time when required.

Supply and Transmission of Electricity

The GOL shall provide and grant the Company right to use the Transmission Network from the power station to the EDL Delivery Point and supply and transmit the electricity generated by the Project in accordance with the EDL Power Purchase Agreement during the Concession Period free of charge. In addition, the Company shall supply its total install capacity and generated energy by the Power Facilities to EDL, unless mutually agreed otherwise.

Compensation and Taxes

Under the CA and pursuant to the Resolution of the NASC, the Company shall pay to the GOL consideration for the GOL's granting of, among other things, the Land Use Rights and the Water Rights, in the form of Royalties, and Taxes. As such, the Company shall be subject to Taxes applicable under Lao PDR Law, unless exempted under the CA.

Royalties

The Company shall pay to the GOL the Royalties calculated from the Gross Operating Revenues on the sales of electricity generated from the Project in the amount of 1 percent of the sum of all actual payments received by the Company from the EDL under the EDL Power Purchase Agreement during each relevant half year.

Profit Taxes

The Company shall be subject to profit tax at the rate of 10 percent, calculated and payable under normally applicable Lao PDR law.

Value Added Tax

The Company will not be liable to charge or remit Value Added Tax in relation to its sales. It may seek a refund for Value Added Tax paid by it on its business inputs.

Tax on Income Earned by Employees

All employees of the Company shall pay Taxes upon their income earned in Lao PDR for the purpose of the Project in accordance with the Laws of Lao PDR.

Lao PDR Bank Accounts

The Company shall be entitled to open and maintain Lao Kip and Dollar bank accounts as appropriate in the Lao PDR; but if required by Lao PDR Law, only with such banks as shall be approved for that purpose by the Bank of Lao PDR and effect all transactions related to the Project through such accounts, including foreign exchange transactions.

Offshore Accounts

During the Concession Period, the Company may only establish and maintain Offshore Accounts and to effect payments and distributions in Foreign Currency outside Lao PDR in accordance with normal Lao PDR law. Consent of the Bank of Lao PDR is required to establish and operate Offshore Accounts.

Remittance outside of the Lao PDR

During the Concession Period, the Company may, under normal Lao PDR law, remit payments outside the Lao PDR, including (without limitation) to pay:

- (i) Dividends and returns of capital by the Company; and
- (ii) Foreign contractors and suppliers.

Change in Lao PDR Law

If there is any change in Lao PDR Law coming into effect after the date of the CA which adversely affects the economic position of the Company under the CA, the Company shall be entitled to compensation from the GOL sufficient to put the Company into the same economic position as it would have been in if such Changes in Lao PDR Law had not occurred.

If the Company is unable to carry out its obligations under the CA due to such Change in Lao PDR Law, which renders the performance by the Company of its material obligations under the CA illegal under applicable Lao PDR Law, the Company shall be entitled to suspend performance of its obligations under the CA and such Change in Lao PDR Law shall apply as if it was an event of Force Majeure.

Supply of Electricity to EDL

The Company has the right to sell all the electricity generated by the Project Facilities to the EDL in accordance with the EDL Power Purchase Agreement.

Force Majeure

For the purpose of the CA, Force Majeure shall mean one or several events or circumstances or the direct and foreseeable consequences of any such one or several events or circumstances, that wholly or partly prevents or unavoidably delay either the GOL or the Company in the performance of its obligations under the CA, but only if and to the extent that such events and circumstances are not within the reasonable control, directly or indirectly, of the affected party and could not have been avoided if the affected party had taken reasonable care and, in the case of the Company, had exercised a standard of care and diligence consistent with Good Operating Practices, as the case may be, subject to certain exceptions.

The CA categorizes Force Majeure into the following events or circumstances:

- (i) Natural events (such as acts of God, severe weather conditions or forces of nature);
- (ii) Sovereign events (such as sabotage, terrorism or acts of war within or affecting the Lao PDR); and
- (iii) Civil and industrial events (such as strikes or other industrial actions, riots, or expropriations).

If a CA is terminated because of a Force Majeure event that is either a “civil and industrial event” or a “sovereign event” that is instigated by the GOL, the GOL must compensate the Company by paying it the net present value of the relevant Project. If a CA is terminated because of some other Force Majeure event, no compensation is payable.

If a Party claims that Force Majeure applies to it, it shall give the other Party notice of the Force Majeure event once it becomes aware of that event or should reasonably have become aware of that event, and the obligations affected. The obligations of the Party validly giving the notice shall be suspended from the time it gives that notice except for obligations to pay money when due. The Party’s failure to comply with those obligations shall not be a Breach of Contract. In addition, the Party affected by Force Majeure shall use reasonable efforts to mitigate the effects of the Force Majeure, and the parties shall consult with each other to develop and implement a plan of remedial and reasonable alternative measures to remove the Force Majeure and to determine the reasonable measures to be implemented to minimize the losses of each Party resulting from Force Majeure.

Termination

Termination of the CA can arise as a consequence of the occurrence of:

- (i) a prolonged Force Majeure;
- (ii) a Company Termination Event which entitles the GOL to terminate the CA;
- (iii) a GOL Termination Event which entitles the Company to terminate the CA; or
- (iv) the expiry of the Concession Period at the end of the natural term of the CA.

The CA provides for the consequences of and compensation upon each type of termination; that is; upon termination of the CA each Party will cease to have any rights or obligations to the other, subject to any outstanding payment obligation arising before termination, and subject to certain rights under the CA continuing.

Transfer of the Project

Whenever termination occurs, the Company must transfer and assign to the GOL (or its nominee), free of charge, all its right, title and interest in the Project subject to fulfillment of any payment obligation of either Party.

Project Insurances

During the Concession Period, the Company shall obtain and maintain in effect such insurance policies and coverage as are required by applicable Law of Lao PDR, the CA, the EDL Power Purchase Agreements and prudent utility practice, including:

- (i) “Workers’ Compensation” insurance that complies with the law of the Lao PDR;
- (ii) “Third party liability” insurance; and
- (iii) subject to the Company discretion on commerciality of the terms on which such insurance is available:
 - (a) “All Risks Property Coverage” insurance against damage to the Project Facilities (on a “replacement cost” basis); and
 - (b) “Business Interruption” insurance.

Liability and Indemnification

Each Party agrees to indemnify and keep indemnified the other Party on demand, and to defend and, hold harmless the other Party from and against all liabilities, loss, damages, expenses and claims of any nature whatsoever by any third party for death, personal injury and for damage to or loss of a CA any property arising out of or in any way connected with the indemnifying party’s default in the performance of the CA or negligent or willful act or omission or breach of statutory duties.

Assignment

The CA shall not be assigned or transferred to a third party without the prior written consent of the other Party.

Arbitration

The Parties shall use their best effort to amicably settle any dispute, controversy or claim between them. Any dispute, controversy or claim, which has not been settled by amicable settlement shall be referred to binding arbitration for final determination. Arbitration will be under UNCITRAL Arbitration Rules, conducted in English, and held in Singapore or Thailand.

Governing Law

The CA will be governed and interpreted in accordance with Lao PDR Law.

APPENDIX 2 SUMMARY OF STANDARD POWER PURCHASE AGREEMENTS

Date

Each PPA is dais effective on the Incorporation date.

Parties

The parties to each PPA are EDL, as purchaser, and the Company, as supplier.

Recitals

The Company owns, maintains and operates the Facility, and makes the electrical energy generated by the Facility available to EDL at the Delivery Point. EDL purchases the Net Electrical Output delivered as dispatched by EDL.

At the end of the Term of each PPA, the Company transfers the relevant Facility to or as directed by the GOL, in accordance with the CAs.

Term

The term of each PPA is the same as the term of the CAs in relation to the relevant Facility, subject to earlier termination by agreement, or under provisions allowing termination in the event of certain breaches or certain Force Majeure events. The terms commence on the date of the PPAs for operating Projects, and upon COD for Projects under construction.

Material Terms and Conditions

Complete agreements

The PPAs are made in a short version of the model used by EDL for IPP projects. A period of 12 months is allowed for final PPAs to be negotiated and signed. The final PPAs should be consistent with the signed PPAs, EDL's model agreement and the CAs. If a fully completed document is not agreed in time, the existing PPA continues in force.

The parties will also need to agree operational matters such as Facility Operating Procedures, an operations and maintenance plan and quality assurance plans.

Operation and maintenance

The Company is responsible for operation and maintenance of the Facility (up to the Delivery Point) at its cost and in accordance with Operating Characteristics and procedures established under the PPAs.

EDL is responsible to operate and maintain its grid and transmission systems from the Delivery Point, including its sub-station and metering equipment at that point.

Declarations and Programmes for Dispatch

The Company must give weekly, monthly and yearly declarations for each unit setting out anticipated Capacity available for Dispatch in the period, while EDL must submit monthly and weekly programmes of Dispatch it anticipates seeking. Each party must give the other daily declarations or programmes for Capacity available and Dispatch sought. Dispatch is by instructions issued by EDL in accordance with operating procedures under the PPAs.

The Company can decline to comply with Dispatch instructions if that would be inconsistent with Operating Characteristics or prudent utility practice, or there is some emergency or equipment defect. Each party must have regards to planned Facility or Grid System Outages.

Purchase Commitment

EDL is committed to purchase 90 percent of the total electrical energy declared to be available from each Project in each Contract Year.

Payment

All payments by EDL are to be in Kip, made monthly based on statements and invoices to be submitted by the Company.

Metering

The Company must install and maintain its own meters (operating meter and back up), mirroring those EDL must install and maintain. The PPAs provide for testing of the meters in the event readings differ, and for use of the readings from the meter shown to be more accurate.

Force Majeure

The same Force Majeure provisions apply as under the CAs.

Insurance

The Company must maintain the insurances required under the CAs.

Environmental Liability

The Company is liable for environmental damage arising out of the maintenance and operation of the Facility after the date of the PPAs. EDL is liable for such damage arising before that date, or arising out of the design or construction of a Facility before that date.

Assignment

Neither Party can assign or transfer its interest under the PPA to a third party without the prior written consent of the other Party.

Dispute Resolution

The same arbitration procedures as under the CAs applies also under the PPAs.

Default

Insolvency, failure to operate or maintain the Facility so as to substantially adversely affect EDL's service to its customers, termination of the CA or fundamental breach of the PPA continuing for 120 days after notice entitle EDL to terminate a PPA. Default under one PPA is not automatically a default under the other PPAs.

APPENDIX 3
FINANCIAL STATEMENTS