



บมจ.0107537002109

บริษัท ดีมีเตอร์ คอร์ปอเรชั่น จำกัด (มหาชน)

**Demeter Corporation Public Company Limited**

เลขที่ 191/43 อาคารซีทีไอ ทาวเวอร์ ชั้น 21 ถนนรัชดาภิเษก แขวงคลองเตย เขตคลองเตย กรุงเทพฯ 10110

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DCORP 015/2019

April 10, 2019

Subject: Clarification regarding 2018 Financial Statements as inquired by the Stock Exchange of Thailand

Attn.: President

The Stock Exchange of Thailand

- References:
1. The Company's 2018 Annual Financial Statements
  2. Notification of the Securities and Exchange Commission regarding Disclosure and Procedures Required for Acquisition or Disposal of Assets
  3. Notification of the Securities and Exchange Commission regarding Disclosure and Procedures Required for Related Party Transaction
  4. Regulation of the Stock Exchange of Thailand regarding Listing, Disclosure of Information, Report on Securities Holding and Delisting in the MAI B.E. 2015

As Demeter Corporation Public Company Limited (the "Company") submitted the financial statements for the year 2018, which has been reviewed by an authorized auditor to the Stock Exchange of Thailand ("SET") but the auditor did not comment on such financial statements due to limited scope by the situation regarding the operation of the associated company together with other important items that may affect the financial position and operating results of the Company. Therefore, in order to provide investors with complete information for the investment decision of the Company, SET, therefore, requested the Company to clarify additional information through the SET's information dissemination system as follows:

1. The expected value of the return of investment in Hero Experience Company Limited, an associated company, is worth THB 325 million.

As stated in the notes to financial statements No. 11, dated September 15, 2017, the meeting of the Company's Board of Directors approved the investment in The Marvel Experience Thailand Project in Hero Experience Company Limited ("HERO") by purchasing 37.5 percent of ordinary shares (associated companies) with a value of THB 325 million. The expected IRR was not less than 20 percent and the investment amount has already been paid on December 27, 2017. Subsequently, during the year 2018, the Company recognized



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a loss of THB 87 million and an allowance for impairment of THB 201 million, resulting in the remaining investment value of THB 124 million calculated based on equity method. As HERO encountered problems, which was lack of liquidity and the project has not been operated in accordance with the plan. HERO's the meeting of shareholders resolved to terminate the project on January 29, 2019.

The information about HERO's liability indicates that there are many creditors of the debts of THB 59.90 million in total, suing and demanding the payment of the debts, interest and late payment penalties (Recognition of the share of the above losses does not include the record of interest and late payment fees) which HERO has clarified the repayment plan, where the debt repayment is expected after April 2019. In addition, under the loan agreement between Siam Commercial Bank and HERO dated May 23, 2018, the Company has granted its fixed deposit of THB 90 million as collateral for debt repayment. The Extraordinary General Meeting of Shareholders of HERO resolved unanimously to use the collateral to pay the outstanding loan balance to the bank, by having the bank deduct the collateral of THB 3 million per month. At present, HERO is considering new business strategies which is subject to further clarification on the operation plan as well as the conclusion of the lawsuit. Consequently, the expected recoverable amount of investments in associated companies (HERO) and fixed deposit given as collateral depends on the success of the new business strategies.

SET requested the Company to clarify certain issues as follows:

1.1 As many creditors of the debts of THB 59.90 million in total, sued and demanded payment of debts with interest, including late payment penalties, which the Company has not yet recognized the impact from the interest and late payment penalties, and to allow investors to realize the potential impact on the financial position of the Company, SET requested the Company to clarify the amount of interest and late payment penalties that the Company may have to record in the financial statements, and whether or not the Company still have other debts that must be paid, clarify the amount of the payable debt and HERO's repayment plan.

The Company has inquired the management of Hero Experience Company Limited ("Hero Experience") on the status of the creditor and the payment method, Hero Experience's management reported that as of April 5, 2019, Hero Experience has a total of 10 creditors who have sued Hero Experience and demanded it to pay the debt with interest, including late payment penalties. Such debt with interest is divided into principal amount of THB 32.36 million and late payment penalties of THB 1.24 million, totaling THB 33.60 million plus interest rate of 7.5 - 15.0 percent per year of the said amount from the day following the filing date until the debt is paid in full. Hero Experience has completely recorded the debts payable to creditors in the



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financial statements, except for the late payment penalties and interest of 7.5 - 15.0 percent per year. As mentioned above, Hero Experience has appointed the lawyer to be responsible for these lawsuits and assigned the lawyer to negotiate with 4 creditors and inform them of future operating policies, including the Company's payment plan. The lawyers of both parties made an appointment to reconcile according to the policy that had been prior clarified to the creditor on the date specified in the summons.

The management of the Hero Experience has managed the solutions to pay debts to various creditors as follows: as Hero Experience is in the process of reviewing the project plan and expected to finalize the progress of the project improvement after April 2019, Hero Experience will contact the creditors to inform the progress of the operation plan and repayment plan which, if according to plan, the project improvement is expected to be completed and can be reopened in October 2019. Hero Experience will allocate the some of the cash received from each month's operations to pay off debts to creditors and some for operating cash flow. It is expected that the Company will be able to repay all debts to creditors within the fourth quarter of 2020.

1.2 Why does the Company agree to use the fixed deposit of the Company to repay loan? Did the Company use THB 90 million fixed deposit as collateral for the loan agreement of HERO as a guarantee executed together with other shareholders in proportion to the shareholding of HERO and the payment of the loan by deducting such collateral in accordance with the shareholding proportion or not? SET requested the summary of the conditions or agreements in the loan agreement dated 23 May 2018.

In the meeting of the Board of Directors of Hero Experience No. 4/2018 on May 22, 2018, Hero Experience's management proposed the Board of Directors to consider applying for credit limit support to pay for the construction of the project building and related equipment and working capital in the business from Siam Commercial Bank Public Company Limited ("**Siam Commercial Bank**") in the total amount of THB 240 million. Each shareholder of Hero Experience must place securities as collateral for credit facilities in proportion to the shareholding. Collateral for credit facilities for each shareholder consisting of real estate collateral and cash collateral. Hero Experience's management, therefore, signed the loan agreement after the approval for the loan from Siam Commercial Bank was granted, which was made in 2 loan agreements: the loan agreement of THB 90 million, dated 23 May 2018 ("**Loan Agreement No. 1**"), which the Company used the bank deposit of THB 90 million as collateral for repayment according to the shareholding proportion of the Company in Hero Experience of 37.5 percent, and the loan agreement of THB 150 million dated 23 May 2018 ("**Loan Agreement No. 2**") which other shareholders use land and buildings worth THB 124.4 million and bank deposits of THB 25.6 million as collateral for repayment according to the shareholding ratio of other shareholders of 65.5



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percent. In this regard, the 2 loan agreements totaling THB 240 million, with the significant terms or conditions of the loan agreement dated 23 May 2018 as follows:

Details	Conditions
Financial Institution	Siam Commercial Bank Public Company Limited
Loan	240,000,000 THB
Repayment Period	36 months Month 1-6: Payment of interest only Month 7-36: Payment of principal and interest of THB 8,000,000 per month
Front end fee	0.5 percent of THB 240,000,000
Interest rate	MLR-0.5% (6.025% - 0.5% = 5.525%)
Collateral	Demeter Corporation Public Company Limited (37.5%) using bank deposits in the amount of THB 90 million Other shareholders, 65.5%, using land and buildings of THB 124.4 million and bank deposits of THB 25.6 million.
Guarantee	Joint guarantees in the amount of 240,000,000 THB by Khun Surakiat Thiantong, Khun Wit Waitoonkiat and Khun Noppadon Jason Chirasan

However, due to the discontinuation and lack of liquidity of the Hero Experience resulting in Hero Experience cannot repay the principal according to the contract. Therefore, Hero Experience negotiated with Siam Commercial Bank and The Siam Commercial Bank agrees to use the deposit in the fixed deposit account as a business guarantee for the 2 loan agreements in order to deduct the outstanding loan amount of THB 8 million per month, including deposits in the fixed deposit accounts of the Company in order to pay the principal of the loan agreement No. 1 at the rate of THB 3 million per month and deposit in the fixed deposit account of other shareholders to pay the principal of the loan agreement No. 2 at the rate of THB 5 million per month. For this reason, Hero Experience has a duty to pay back to the Company in addition to the amount that Siam Commercial Bank deducts from the Company's fixed deposit account



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1.3 According to the Company letter dated February 16, 2018, the Company clarified the investment case that HERO would not cause damage as in other past investments. The Company's Board of Directors considered the advantages of the project such as Marvel brands as world-renowned brands, official support from the Ministry of Tourism and Sports and the Office of the Board of Investment, project location (Mega Bangna) has the potential for growth of tourists and projected revenue from the project of THB 1,000 million per year, the return of the project within acceptable criteria. However, later within 1 year, the Company set up an impairment of THB 201 million and terminated the project as HERO faced lack of financial liquidity and the project performance could not meet the target as planned. HERO, therefore, is currently considering a new business model.

SET requested the Company to explain how the Company's Board of Directors considered the information before deciding to stop the project with different circumstances before investing, both in terms of risk and profitability as well as the opinion of the Board of Directors regarding the adequacy of the impairment of investment in HERO. Additionally, how the Company's Board of Directors will treat the damage that has occurred.

Management of Hero Experience has proposed the agenda to stop the project to the Board of Directors meeting to present the agenda to the Extraordinary General Meeting of Hero Experience No. 1/2019 that before the management of Hero Experience decide to propose a way to stop the project, the management have considered various related information carefully. The main reason for discontinuing the project is that the performance is not as expected. As a result, the business has faced a problem of lack of financial liquidity continuously because the tourism industry conditions of the country have been significantly affected especially for Chinese and Russian tourists which are the main target customer group. Due to 2 main factors that affect tourists' confidence which directly affects the performance of the project and make the project significantly differ from before investment:

1. Tourists cruising case in Phuket and tourists assault at the airport caused Chinese tourists to decline from July 2018 onwards
2. The trade war between China and the United States resulting in the global economy slowing down, especially China. The tourism sector is expected to slow down according to the global economic situation and competition from many countries that are more intense causing the growth of almost all nationalities to slow down



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The management of the Hero Experience Have tried to solve the liquidity problems that have occurred continuously, such as adjusting sales strategies, marketing, promotion promotions, discounts for customers, adjusting the selling price to increase sales and etc. Also including reducing various fixed expenses such as adjusting service time, continuous manpower reduction, and adjusting to reduce operating expenses and etc.

However, the management is still unable to solve all the problems of the lack of financial liquidity that has occurred continuously, so in order to suppress the burden of expenses and losses as a result of the current situation that the company is unable to complete the project according to the target, the management proposed to the shareholders meeting of Hero Experience to resolve to stop the project which was passed with 62.5 percent approval votes and 37.5 percent disagreeing vote, which the Company is the minority shareholder in 37.5 percent.

However, the Board of Directors passed a resolution from the Board of Directors Meeting No. 1/2019, disapproving the consideration of the cessation of the project and selling the assets of the Hero Experience with the opinion that consideration of stopping the project and selling the assets of the Hero Experience should proceed carefully in order to minimize negative impact to shareholders including considering ways to revive the project if considering that the project still has the potential to be rehabilitated and continued. However, the Company, including directors appointed by the Company are not involved in the management of the project, therefore, unable to access information or prove the information received from the management of the Hero Experience completely. Therefore, the Company may not consider voting to approve the project stop without considering the information completely. The company as a shareholder of the Hero Experience, therefore, proposed the agenda for the Extraordinary General Meeting of Shareholders of the Hero Experience No. 1/2019 considering about the rehabilitation of the Hero Experience which includes consideration of the possibility of business rehabilitation under the law on rehabilitation. With the opinion that such actions may result in the Hero Experience can continue the project while implementing the rehabilitation plan and in the case of the need to sell the assets of the Hero Experience, the sale will proceed with the rehabilitation plan administrator, which will be in accordance with the law and will not take advantage of any creditor, which may lead to disputes between creditors and Heroes Experience later including the Hero Experience may be able to request a reduction in the amount of debt with some creditors, which will result in the Hero Experience can continue the project



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With regard to the profits that are not in accordance with the plan resulting in the Company having an impairment of investment in Hero Experience. At present, the value of Hero Experience in the financial statements of the Company after the impairment is the value according to the shareholding proportion of 37.5% of Hero Experience, audited by KPMG Phoomchai Audit Ltd., which is one of four largest auditor companies which has the highest standard in the world. The value has no goodwill at all. The Board of Directors of the Company has opinion that the value is sufficient and accurate according to the principle of caution and accounting standards

The Board of Directors acknowledged the status of the operation of The Marvel Experience Thailand Project and be concerned, therefore, assigned the management of the Company representing the Company to be a director in the Hero Experience to take action to solve the current situation as an urgent. By reporting the plan and performance to the Company. Moreover, the company representative also asked the management of the management of Hero Experience to brings a long-term solution plan to the meeting. The company, as a minority shareholder holds 37.5% of the shares, therefore exercising rights through the company representative, who are the director in the Hero Experience, have been asking questions and giving comments to the management of the Hero Experience in the meeting of the board of directors of the hero Experience as always.

## 2. Long-term investment in DNANUDGE LIMITED THB 43 million

According to the notes to financial statements No. 13.2 and 21, in the fourth quarter of 2018, the subsidiary purchased 1,000 shares (Par GBP 0.001) at the purchase price of GBP 1,000 per share, totaling THB 43 million in DNANUDGE LIMITED ("DNANUDGE") which is a registered company of United Kingdom, representing 0.67 percent of the paid-up capital of Euro 21.5 million. The subsidiary company pledged the whole number of shares to guarantee liabilities under the loan agreement and share pledge agreement with the lender (A shareholder of the Company). On February 26, 2019, the parties agreed to cancel the purchase and sale of the above shares at the amount of THB 43 million at the interest rate of MLR in which the repayment conditions are as follows:

- (1) Stock price traded with the price traded on the relevant stock exchange for more than THB 50,000 baht; or
- (2) After the expiration of December 31, 2019, whichever occurs first.

SET requested the Company to clarify some issues as follows:



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2.1 Name of the subsidiary that entered the transaction, explain the rationale behind the transaction, Brief information of DNANUDGE (i.e. nature of business, shareholder name and % shares, Board of Directors and Executive list) The opinion of the Company's Board of Directors regarding the subsidiary's investment and subsequently cancel the investment, total investment amount in DNANUDGE, the damage to the company from the cancellation of the investment And the company has an obligation after canceling the transaction or not?

Demeter Innovation Company Limited ("DInnovation") recognizes the importance of health and the importance of health technology. Therefore, Dinnovation conducted the feasibility study to purchase of shares in DNANUDGE LIMITED ("DNANUDGE") which is a developer of genetic code testing services (DNA) by DNANUDGE, which is based in London, United Kingdom. DNANUDGE uses proprietary genetic code (DNA) testing technology along with the uses of food nutrition databases to recommend products that are genetically suitable. The solution comes in the form of applications and wearable devices named DNANUDGE, which is a device that is based on the concept that the current genetic code (DNA) detection is quite complicated and must be done through the lab, but DNANUDGE equipment can detect the genetic code (DNA) from saliva. This will allow the user to check the genetic code (DNA) manually, which the results of the genetic code (DNA) will be used for health benefits. By introducing food that is suitable or not suitable for the health of the owner of the genetic code (DNA), it is done through the application on mobile phones and uses reading through barcodes on food boxes in department stores.

DNANUDGE has two founders, Mr. Christofer Toumazou and Dr. Maria Karvela, who are now DNANUDGE's directors.

(1) Mr. Christofer Toumazou is the inventor and technology entrepreneur who has won many awards. He is interested in the combination of electronic devices and medical techniques. His work has received more than 80 patents in the field of health care technology. One of the outstanding works is Make the Silicon Chip Embedded in the USB. This chip can analyze the genetic information (DNA) within minutes and can be used even in the laboratory by identifying genetic diseases such as diabetes or genetic disease. This can reduce the cost of testing the genetic code (DNA). Thereafter, this solution has won the European Inventor Award. In addition, he is also the first Regius Professor (the position of university professor appointed by the King of the United Kingdom) in engineering and also could raise funds to set up the Institute of Biomedical Engineering in Imperial College London.



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(2) Dr. Maria Karvela is a researcher in Biology and Genetics of Leukemia. She is the creator of a genetic database linked to ingredients in each food product. This database uses DNANUDGE's proprietary algorithm to help users decide which foods correspond to their own genetic code (DNA).

Shareholders information of DNANUDGE as of August 16, 2018, with a total of 138,000 shares, consisted of the proportion of shareholders as follows:

#	Shareholder Name	No. of Shares	% Shares
1	Christofer Toumazou	61,000	44.20
2	Maria Karvela	21,000	15.22
3	Global TS Company Limited	26,000	18.84
4	AWN Investment Company Limited	18,000	13.04
5	Tang Dynasty PTE LTD	5,000	3.62
6	Freewill INC	3,000	2.17
7	Lago Services Limited	2,000	1.45
8	Symonds Securities LTD	2,000	1.45

The current income status of DNANUDGE is not yet available as it is during the research and development phase. Nevertheless, it is expected to be able to start commercial by the year 2019. DNANUDGE has sold capital increase shares to new investors and various Venture Capital in order to use the funds to produce products and strategize marketing plan. DNANUDGE has future plans to increase capital again by offering new shares to the public for the first time or IPO on the NASDAQ Stock Exchange of the United States in the future.

After the due diligence of the project, DInnovation's Extraordinary General Meeting of Shareholders No. 1/2018 approved the purchase of 1,000 shares of DNANUDGE at a price of GBP 1,000 per share, totaling GBP 1,000,000 or approximately THB 42,600,000. Source of funds comes from a loan from a



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lender with interest of MLR per year according to the rate of Bangkok Bank Limited which is currently equal to 6.25 percent per year. DInnovation has to place collateral as DNANUDGE shares for 1,000 shares to the lender. The method of collateral release can be done in the event that the company returns the loan to the lender in full amount or in the event that the share price of DNANUDGE in the stock market exceeds THB 50,000, calculated according to the average exchange rate of commercial banks in Bangkok which, when the price is reached, the company can release the collateral and sell the DNANUDGE stocks to return the loan.

The Company's Board of Directors Meeting No. 1/2019 on January 18, 2019 resolved to acknowledge the investment of DInnovation in DNANUDGE and requested the management of the Company to recheck the investment conditions of the Company and its subsidiaries. However, the Board of Directors of DInnovation Company Limited No. 2/2019 on February 26, 2019, considered to cancel this investment. This is due to reconsideration of the revenue forecasting detail, DNANUDGE's performance will probably be risky in the future as DNANUDGE is a very new company (Startup Stage). Therefore, there may be risks in future performance which, if the performance is not as expected, this investment will probably cause damage to the Company. Therefore, DInnovation decided to cancel the investment in the project by considering the payment of DNANUDGE shares as repayment of loan under the loan agreement as the payment of DNANUDGE shares by direct lenders as if DInnovation did not loan any money under the loan agreement. DInnovation and the lender agree and acknowledge that DInnovation has no obligation to pay any fees which may incur between DInnovation and the lender.

The Company's Board of Directors Meeting No. 3/2019 on February 26, 2019 acknowledged the cancellation of the investment of DInnovation in DNANUDGE with an agreement between DInnovation and the lender that DInnovation act like DInnovation did not execute such loan agreement. Under the loan agreement, DInnovation and the lender agree and acknowledge that DInnovation has no obligation to pay any expenses. Indeed, agreed be each other that benefits and liability of DNANUDGE shares belong to the lender in which the lender agrees to receive various benefits and liability of DNANUDGE shares.

2.2 Did the purchase of investment and borrowing are considered as the acquisition of assets and / or related transactions and according to the announcement No. 2 and 3? If it is considered an asset acquisition and / or related transaction, did the company follow the criteria? And how?



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The investment is not considered as an asset acquisition transaction. The calculation of the transaction size is as follows:

Basis of transaction size calculation	Calculation Method	Transaction size (percent)
1. Value of the net tangible assets (NTA)	None since the NTA of DNANUDGE is minus	- none -
2. Net operating profits	None since DNANUDGE has no profit	- none -
3. Total value of consideration	$(42,600,000/600,128,966) \times 100$	7.10
4. Value of equity shares issued for the payment of assets	- none -	- none -
Maximum basis		7.10

In addition, DInnovation executed loan agreement with the lender who were not related to the company and DInnovation Therefore, such loan is not a related transaction.

### 3. The group of the Company's ability to conduct businesses sustainably

Consolidated financial statements of the year 2018, the Company has total revenue of only THB 0.61 million and notes to financial statements no. 2, the group has many losses for many consecutive years. By the year 2018, the Company had a loss of THB 419 million and as of 31 December 2018, the Company had a deficit of THB 1,686 million, resulting in significant doubts about the ability of a Group of the Company to continue to operate. However, a group of the Company believes that it will be able to continue its business as it has planned for 12 months from 31 December 2018 as follows:

1. The Company has a plan to call for repayment of loans and accrued interest from subsidiaries for its working capital.
2. The Company proceeds to sell assets in subsidiaries.
3. The Company has a business plan to invest in concerts to utilize profits for working capital.
4. The subsidiary has a business of processing, manufacturing and selling hinoki wood products.



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In addition, on April 26, 2019, the Company's Annual General Meeting of Shareholders will consider the offering of the capital increase shares to resolve the existing shareholders of 1,175 million shares (Par THB 1) offering price of THB 0.5 per share for use as working capital and / or expand potential business in the future. The Company is studying the feasibility of operating a media business and other businesses such as innovation and technology businesses which are expected to generate returns in exponential growth rate, renewable energy business which will help the Company to have better financial liquidity.

SET requested the Company to clarify some issues as follows:

3.1 Summary and Schedule of each business's roadmap that the Company will proceed in the next 12 months from December 31, 2018.

At present, the Company operates its core business as media business, an innovation business and renewable energy business. The Company has changed the image and improved the organization structure to be more efficient in operation.

With respect to its vision, apart from media which is originally its core business through continuously organizing the concerts of well-known artists both domestically and internationally, the Company sets a goal to penetrate and become fully engaging in innovations and technologies as well as energy businesses, viewing that innovation can create a leap forward for the business while energy is a basic infrastructure. The Company is continuing to study new investment projects about innovation and energy. The Company has investment readiness due to no loan obligation. The Company targets to engage in innovative alternative energy business of all types onshore and offshore.

The Directors considered the situation and holds the opinion that business operation in satellite television no longer yield viable return due to the disruption of technology which has significant impact to business structure and increase of cost. With this reason, the directors need to find a solution to mitigate future loss. The most effective way to reduce cost burden is by terminating such business operation to save cost in the future.

The company has financial plans for business operations for the next 12 months from December 31, 2018 as follows:

(1) Plan to call for repayment of loans and accrued interest from subsidiaries for its working capital



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The Company has called for repayment of loans and accrued interest from subsidiaries to secure its working capital as follows:

List of loan in subsidiaries/associates/others	Amount (THB)	Status
1. Short term loans and accrued interests for DInnovation.	75,199,786	Partial repayment on February 12, 2019 in the amount of THB 15,240,456.44.
2. Short term loans and accrued interests for Akkrawat Crop Rotation Energy Company Limited.	470,885	On process.
3. Accrued interest from Hero Experience	990,309	On process.

(2) Plan to sell assets in subsidiaries

List of Assets Sold	Amount (THB)	Status
DInnovation sold land, buildings and stationary (Partial)	16,640,093	Received the payment on January 14, 2019 and April 5, 2019. Such money has been repaid to the Company on February 12, 2019.  Note: Repayment for accrued interest to another subsidiary in the amount of THB 949,120 on February 12, 2019.

DInnovation is the owner of the land and buildings located at No. 1/21, Watcharapol Road, Tha Raeng Subdistrict, Bang Khen District, Bangkok, consisting of 4 and a half storey commercial buildings, 2 booths, 696 square meters and a studio of 320 square meters, located on the title deed No. 191843 and title deed No. 142663. On January 26, 2016, P 5 TV and Production Company Limited ("P 5 TV and Production") entered into a lease agreement for the construction to be used as the location of the company and studio to produce television programs with a 3-year lease term, from January 15, 2016 to January 14, 2019. In the terms



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of the lease agreement, it has determined that the tenant has the right to purchase the leased property at a total price of not less than THB 26,000,000 (excluding VAT) by considering the amount that the lessee has paid to the lessor as part of the purchase price.

After the contract was made, P 5 TV and Production which is the tenant complied with the lease agreement well and there was no outstanding rental fee. On October 1, 2018, the tenant intended to purchase this property regarding to the terms of the lease agreement which determined that the tenant had the right to purchase the leased property at a total price of not less than THB 26,000,000 (excluding VAT) and shall consider the amount that the lessee has paid to the lessor as part of the purchase price At that time, the property of the building was assessed with a value of THB 21,000,000. The management then decided to approve the contract as the selling price of the property was higher than the appraised value at that time. In addition, the lessee did not breach the contract and therefore had the right to buy the leased property. Therefore, DInnovation received the payment from P 5 TV and Production, noted that the remaining amount from the monthly rental payment from the date of the contract was THB 16,637,000.

In addition, there are other assets pledged for computers, offices and studio equipment at a price of approximately THB 1,500,000 which is currently the devices that DInnovation has not used and created the burden of maintenance. Therefore, the management therefore approved the sale of the above assets at a price not less than the book value. The approval of the sale of such assets is under the authority of the Board of Directors of DInnovation which is in accordance with DInnovation's AOA.

The Company's Board of Directors' Meeting No. 2/2019 on February 12, 2019 acknowledged the recognition of the sale of assets of DInnovation which was in accordance with the conditions specified in the lease agreement and such approval was under the approval of the Board of Directors of DInnovation Which was in accordance with DInnovations' AOA in all respect.

(3) Plan to invest in concerts to utilize profits for working capital

For the media business, the company plans to continuously invest in the concert events. By the Resolution of the Management Committee Meeting No. 45/2018 dated December 6, 2018 to hold the Sticky Fingers Concert in Thailand (Sticky Fingers Live in Bangkok) with the budget not over THB 4,200,000 with the details as follows: (1) Sourcing and contacting the artist to perform the concert. (2) Managing of the concert; for instance, the rental fee of the location where the concert will be held, the expense of the musical instrument including color



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and light systems regarding the concert, the remuneration for the opening band, the accommodation fee for the artists and the relevant parties, the royalty fee of the music, the expense for providing the convenience and the location management fee, etc. The Sticky Fingers Concert in Thailand (Sticky Fingers Live in Bangkok) was scheduled to be performed on February 9, 2019 at Moon Star Studio where could accommodate the audiences around 2,500 people. The concert tickets were stand tickets with the price at THB 2,000 per ticket which was sold since December 10, 2018 via ticketmelon.com. The concert tickets were sold out or in the amount of 100 percent from all concert tickets. The Company recognized the revenue from concert tickets and sponsorship approximately THB 5,610,000 in February 2019.

From a success of Sticky Fingers Concert in Thailand (Sticky Fingers Live in Bangkok), the Company has the plan to enter into the Memorandum of Understanding with Very TV Company Limited (“Very TV”) to sourcing artists to perform concerts in Thailand in the long term. Therefore, The Board of Directors Meeting No. 2/2019 on February 12, 2019 resolved to approve the investment framework for concerts and events in 2019 in conjunction with Very TV in the budget not exceeding THB 35,000,000 and approved in principle for the management of the Company to conduct a Memorandum of Understanding to conduct concerts and events together with regard to legal regulations and good governance to maximize benefits for the Company.

Very TV is operated by Mr. Smitthi Pienlert, who managed the Sticky Fingers Concert in Thailand (Sticky Fingers Live in Bangkok). Very TV is a business operator who operates television and radio medias, and manages concerts for current popular artists; Their concerts have audiences around 90-100 percent of the concert capacity per concert.

By the plan of the concert, the Company and Very TV has planned to arrange concerts in the second half of the year 2019, not less than 4 events. At the moment, the first contract has been signed with sourcing the artist and started selling tickets for the concert, namely Daniel Caesar Live in Bangkok 2019. Daniel Caesar who the company has contacted to perform the concert is a very famous Canadian R&B music artist who won the Grammy Award in 2019. The concert is scheduled to be held on July 25, 2019 at Thunder Dome; Muang Thong Thani where could accommodate the audiences around 6,000 - 8,000 people. The Company is expected to recognize the revenue from selling concert ticket at THB 2,600 per ticket and sponsorship (if any).



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(4) The operation plan of the subsidiary company in the processing, production and distribution of hinoki wood products

DInnovation which is a subsidiary of the company conducted a consumer popularity survey and found out that there is a greater emphasis on health care throughout the world which can be seen from the fact that everyone focuses on various forms of exercise including food consumption or use products that are more focused on health. D-Innovation, therefore, sees that business that is in line with consumer healthcare is a good investment. Therefore, it conducted a study to find products that are good for the health of consumers and found that the products made from Hinoki wood, a soft pine tree, which is very famous in Japan, is a clean product and good for the health of consumers. Hinoki wood has many special properties: it has oil inside the wood which prevents it from becoming a fungus, has no moisture and has a unique fragrance.

From the above reasons, the Resolution of the Extraordinary General Meeting of the Shareholders of D Innovation No. 1/2008 dated September 3, 2018 resolved D Innovation to establish a subsidiary named Hinoki Wood Work Company Limited ("Hinoki WW"), with registered capital of THB 1,000,000, by holding 99.98 percent of shares. Hinoki WW was established on September 13, 2018. As a result, Hinoki WW is an indirect subsidiary of the Company with the business objectives to processing, manufacturing and selling Hinoki wood products. In this regard, this transaction was also approved by the Investment Committee of the Company and thereafter presented and acknowledged by the Board of Directors of the Company during the Board Meeting No. 12/2018 on November 9, 2018.

Hinoki WW has ordered the purchase of Hinoki wood for the production within the investment budget of THB 18 million. The product will be produced under the brand named WA. The first product that the Hinoki Woodwork company produced and sold is a hinoki wood cutting board which has 5 sizes (S, M, L, XL, XXL). In addition, the company has plans to produce, sell other products made from hinoki wood such as chopsticks, shoe racks, saucers, food and etc. to reach widest target group as much as possible. There are plans for distribution channels both online, offline and through distributors.

From public relations on various media channels and selling products to test the market around December 2018, it was found that the product received a satisfactory response. Hinoki Woodwork launched the product, which is a hinoki wood chopping block online. Customers can purchase products online



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via <https://hinokiwoodwork.com/> or <https://www.facebook.com/wahinoki/> or

<https://www.instagram.com/wahinoki>

Currently, Hinoki WW is in the process of creating a plan and designing and develop new products, additional from the original products that have been sold to create options and diversity for consumers. The goal is to present product with high quality, unique, and good for the health of customers.

In addition to the current business that the Company has operated, the Company has a policy to manage assets and copyrights that can generate income. To expand the channels for continuous income generation including finding new business opportunities which the Company aims to create additional value for the organization and the maximum benefit for shareholders, the Company therefore sees opportunities for growth in innovation and renewable energy business. Due to the increasing demand for electricity in the country every year, the government has a policy to continuously promote electricity production from renewable energy in order to reduce the risk of dependence on fossil fuels and reduce pollution from electricity generation. Electric power is an important infrastructure for life and economic development in response to the expansion of the population. The nature of this business is steady income, low risk due to power purchasing contract with government and with clear technology. However, in an era where technology changes and adaptations are constantly changing rapidly. The Company foresee that the overall business operation of the company requires risk management by investing in a wide range of businesses especially in the innovative business that is expected to create high growth for the company such as digital innovation, agricultural innovation, Pharmaceutical Innovation, and etc.

The Company foresees the economic advantages of Thailand from be located in the ASEAN region with the third largest population of the world or about 640 million people, followed by China and India. As the number of households which are consumer will be double in the year 2025. The size of the ASEAN market reflects the number of foreign direct investment (FDI) that has grown continuously or about 12 percent. The level of foreign direct investment of the region is around USD 140 billion. In addition to this, Thailand still has a good Investment Climate ranked by the Ease of Doing Business Index which Thailand is in rank no.27 in 2019, higher than most countries in the region. The company, therefore, aim toward the opportunity to be a partner of innovative and technology business in Thailand and the ASEAN region.

Therefore, the Company will propose the plan to issue the capital increase shares to the Annual General Meeting of Shareholders for the year 2019 on April 26, 2019, which will use the proceeds from



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the issuance and allocation of the newly issued ordinary shares for offering to the existing shareholders in proportion to their shareholding (Rights Offering) as a source of funds for the Company's operations and/or used as working capital to support the operations of the company and/or to support the business expansion of the Company in the future which the company is currently studying the feasibility of conducting the media business and other businesses such as innovative business and future technology that generate returns at a high growth rate including business related to renewable energy. After the issuance and allocation of such additional shares, it will help the Company to have more financial liquidity.

3.2 Please explain how the Board of Directors has established guidelines for investment approval so that it will not cause damage as other past investments. (i.e. Investment in Blue Finix Digital Company Limited, Negro PH Solar Inc., Akkrawat Crop Rotation Energy Company Limited, Hero Experience Company Limited etc.)

The Director will consider projects that the company is interested in investing in by considering to appoint the sub-committees to consider the investment in each project. The consideration of the sub-committee will be filtered from the working group with the feasibility study report and the details of the project scope. In addition, the Company will hire independent consultants for conduction of due diligence of each project in all aspects, and hire project managers with expertise in project implementation. However, the project's performance may change according to the economics conditions and market conditions

Please be informed.

Your sincerely,

Demeter Corporation Public Company Limited

- Prachuab Ujjin -

(Mr. Prachuab Ujjin)

Director and Chief Executive Officer