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MORE CS007/2562

19 April 2019

Subject : Clarification of information of Financial Statement year 2018 as requested by SET
To : The President
The Stock Exchange of Thailand
Reference: 1. Financial Statement of the Company year 2018 and Management discussion and analysis 2018
2. Letter of SET dated 14 September 2016 and 27 September 2017
3. Letter of the Company dated 21 September 2016 and 4 October 2017

More Return Public Co., Ltd. (the Company or MORE) forwarded to the Stock Exchange of Thailand (SET) its annual financial report 2561 audited and with unconditional comments by a certified public accountant. In this respect, the accountant reported on significant matters in auditing the impairment of investment and allowance for doubtful account of assets. Furthermore, there appeared other significant items which may affect the financial status and the mentioned overall operation as per details referred under Item 1. In order that investors can receive the Company's important information to support their investment decision, SET has asked the Company to give additional details for publicizing through SET's system as follows:

1. Impairment of investment, allowance for doubtful account of assets of trade account receivables and other debtors, and allowance for doubtful accounts of assets, loans and accrued interest to subsidiaries

As per report of the accountant on the significant matters in auditing the impairment of investment, allowance for doubtful account of assets of trade account receivables and other debtors, as well as allowance for doubtful accounts of assets, loans and accrued interest to subsidiaries that many of the subsidiaries have continuously had a great number of financial losses for many years, with regard to this, the management is in the process of managing the finances and looking for business and operation so that these subsidiaries will have an improved overall operation in the future, as the mentioned account necessitates the management's discretion which causes some risk concerning the impairment value and the allowance for doubtful accounts.

Moreover, it appears that in 2561, the Company has instalment sale trade account receivables to the value of 43 million baht and an increased short-term loan to the group of companies of 22

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เลขที่ 191 อาคารสีลมคอมเพล็กซ์ ชั้นที่ 21 ห้องเลขที่ บี ถนนสีลม สีลม เขตบางรัก กรุงเทพมหานคร

million baht. Nevertheless, the Company has recorded a reversal of doubtful account of 49 million baht. In this connection, in the past the Company has distributed a large number of its investment and has recorded the entire allowance for doubtful account of the loans to the mentioned companies, and the Company still has the duty in following up the still outstanding accounts according to No. 9 of the Notes to Financial Statement as follows:

Name of Company	Date of BOD approval to dispose	Clause 9 of Note to Financial Statement		Management Analysis
		Balance of debt (Million Baht)	Payment Plan	
Primetime Entertainment Co., Ltd	4 May 2016	32	In the process of negotiation	
Digital Synergy Co.,Ltd.	24 February 2017 and 12 February 2018	4.50	In the process of negotiation	Balance of debt of 4.76 Million Baht
Hollywood (Thailand) Co., Ltd.	12 February 2018	1.60	Within 2019 and the first payment will be within Quarter 1/2019	Balance of debt of 8.43 Million Baht
DNA Sport Co., Ltd.	24 February 2017	0.26	Within 2021 and the first payment will be within January 2019	
	Total	38		

The Stock Exchange requested the Company to clarify as following

1.1 In 2018, the Company has sale income and service income at the total amount of 33 Million Baht but, at the end of 2018, the Company has installment payment of receivable at the amount of 43 Million Baht. The Stock Exchange requested the Company to clarify source of installment payment of receivable and what is factor that the Company consider the payment capacity of such receivable.



Explanation of the Company

The instalment sale trade account receivables occurred from the business of selling equipment for energy-saving system to a contractor group who provides energy-saving system installation service who are operating under More Return Public Co., Ltd. The Company sells equipment for the energy-saving system to Smart Saver Balance Co., Ltd. Payment period is 60 instalments at 0.72 million baht per instalment, starting from January 2562. The Company has specified the instalment payment of 5 years in reference to the instalment sale business and estimated earnings of Smart Saver Balance Co., Ltd.

The Company has considered the payment capability by checking the number of customers of Smart Saver Balance Co., Ltd., estimated earnings produced, and their energy-saving equipment installation projects. Currently, the Company receives payment for the product instalment according to the period specified in the contract continuously, and has the conditions for the right in installation work for P. Power Plan Co., Ltd. (the Company's 99.9% subsidiary company) to carry out the installation of the equipment and supplies for Smart Saver Balance Co., Ltd., such service to be paid each time as per details of the installation work and the installation site at each time.

1.2As the outstanding debt burden of the loan which appeared in the financial budget and the Management's discussion and analysis do not correspond, and also in the past the Company has distributed many investment funds although there are outstanding debt burdens with the Company, it is therefore requested the MORE gives a summary of its outstanding debt burden loans which MORE has distributed and of the group of the present companies, that is, names of company, total loans, principals and outstanding interests, debt payment plan, the means for the mentioned companies to make payment according to plan, as well as the procedures of the board of directors to compensate for the losses incurred to the Company.

Explanation of the Company

As of 31 December 2018, the details of the collection of debtor which are as following;

- **Balance of debt of Primetime Entertainment Co., Ltd. (PTE)**

Unit : Million Baht

Lender	31 December 2018	
	Principal	Interest
DNA Revolution Co., Ltd. (DRV), subsidiary of the Company in portion of 99.99%	31.62	7.05

As at 31 December 2561 there is a loan balance of 31.62 million baht and 7.05 million baht interest, presently waiting for discussion between PTE and a bank in connection with the paying back of this amount so there is certainty of the outstanding loan value and which concerns the group of companies because presently the above mentioned bank is bringing charge against PTE to settle a loan and they are presently on trial at Court and are under proceedings to ask for extending debt payment period. In this respect PTE has negotiated for extension of debt payment until they know the result of the case as well as the exact value of the debt. In respect of the payment plan of PTE, currently they have no payment plan; nevertheless the Company’s board of directors has entrusted the management to speed up the procedure in following up and press for payment as well as give details of development of the proceedings. The management is of the opinion to press charge and take legal proceedings to the end. Presently, the proceedings are being summarized and all information are being gathered for the legal proceedings.

- **Balance of debt of Digital Synergy Co., Ltd. (DGT)**

Unit : Million Baht

Lender	31 December 2018	
	Principal	Interest
DNA Revolution Co., Ltd. (DRV), subsidiary of the Company in portion of 99.99%	0.26	2.00
More Return Public Company Limited (MORE)	4.50	0.43
Total of Loan	4.76	2.43

The Company is requesting payment of all the loans including interests from Digital Synergy Co., Ltd. who was to have paid them back one by one within May 2561; however DGT was unable to make repayment of all the loans as per the original schedule. Subsequently, the Company had negotiated and extended the instalment payment period to finish within the second half of 2561 and should DGT failed to make the payment according and it was not possible to negotiate and make agreement, The Company will proceed to take legal proceedings to the next step. Anyway, on 22 February 2562 DGT send a document to the Company notifying their intention of making a debt compromising agreement, and the conditions for this instalment payment is being agreed upon. It is expected that a summary will be reached by the 2nd trimester of 2562. After receiving the summary, The Company will notify SET as to the outstanding debt which has entirely been reserved as allowance of outstanding debt for both capital and interest.

In this connection, the board of directors has entrusted the management to speed up the procedure in following up and press for payment as well as give details of development of the actions for DGT to make payment for the debt as per agreement. MORE has sent letters to follow



up on DGT actions regarding the debt payment plan and closely made enquiries of the progress with DGT management all this while. In this respect DGT management explained that currently there is lack of liquidity in DGT's working capital as there are only a few customers and that is why they are unable to make payment according to the original debt payment plan. In any case, MORE and DGT are finding a conclusion for the best solution.

- **Balance of debt of Hollywood (Thailand) Co., Ltd.**

Unit : Million Baht

Lender	31 December 2018		
	Principal	Interest	Debtor
DNA Revolution Co., Ltd. (DRV), subsidiary of the Company in portion of 99.99%	1.60	0.27	-
More Return Public Company Limited (MORE)	-	-	8.43

As at 31 December 2561 there are total principal debts and outstanding interests to the tune of 1.87 million baht. In this connection, on 1 January 2562 HLW made an agreement to extend the debt payment with DRV by way of restructuring the net balance of the debt of 1.7 million baht (including interest) and fixing a period in making debt payment by making partial payment within May 2562 of 085 million baht and within September 2562 of 0.85 million baht. MORE accepted this proposal and has made adjustment to reduce the outstanding interest as proposed by HLW. Should HLW default with the payment and a negotiation cannot be agreed upon, MORE will take legal actions. In this connection, the board of directors has entrusted the management to speed up the procedure in following up and give details of development of the actions for HLW to make payment according to plan; that is, when payment is nearly due, MORE will send a letter notifying them to make payment as per the extension agreement.

As of 31 December 2018, film right account receivable is at the amount of 8.43 Million Baht with term of payment within November 2018 at the amount of 2 Million Baht, December 2018 at the amount of 2 Million Baht and December 2019 at the total outstanding amount. However, on 21 December 2018, HLW has requested to postpone the payment because of payment of customer. The payment of HLW will be started the 1st installment within quarter 1/2019 and all outstanding will be paid within December 2019. The board of director has assigned the Company's management to take the process of collection and report to the board of director accordingly.

- **Balance of debt of DNA Sport Co., Ltd.**

Unit : Million Baht

Lender	31 December 2018	
	Principal	Interest
DNA Revolution Co., Ltd. (DRV), subsidiary of the Company in portion of 99.99%	0.26	-

At the present, DRV has no any balance.

The details of Loan or outstanding debt to the Company as of 31 December 2019 are as followings;

- **Balance of debt of DNA Network and Engineering Co., Ltd. (DNE)**

Unit : Million Baht

Lender	31 December 2018	
	Principal	Interest
More Return Public Company Limited (MORE)	14.50	2.64

As of 31 December 2019, the total balance of principal and interest are 17.14 Million Baht. DNE has no plan of payment because of no operation.

- **Balance of debt of P Power Plant Co., Ltd. (PPP)**

Unit : Million Baht

Lender	31 December 2018	
	Principal	Interest
More Return Public Company Limited (MORE)	2.00	0.01

As of 31 December 2019, the total balance of principal and interest are 2.01 Million Baht. PPP will make payment at amount of 0.5 Million Baht per month. At the present, PPP has made payment partially and will completely make payment within April 2019.

- **Balance of debt of DNA Fresh Air Co., Ltd. (DNF)**

Unit : Million Baht

Lender	31 December 2018	
	Principal	Interest
More Return Public Company Limited (MORE)	51.15	12.85



As of 31 December 2019, the total balance of principal and interest are 64 Million Baht. DNF has no plan of payment because of no operation.

1.3 The opinion of the board regarding the sufficiency of the impairment of investment and the allowance for doubtful accounts of assets, with reasons and supporting information.

Explanation of the Company

As of 31 December 2018, the investment, debtor, loan, Loss on impairment of investment and loss on collection of receivable are as following;

Detail	Amount (Million Baht)			Adequate of Impairment
	Amount	Impairment	Net	
<u>Separate Financial Statement</u>				<ul style="list-style-type: none"> The Board of director has considered to recognize the loss on impairment of investment which be based on net value of cash flow estimation and profit and loss estimation of investment depending on the circumstance of impairment. The Company's management will consider the adequate of impairment every year. The Board of director has considered to recognize the loss of collection of trade receivable/other receivables including principal of loan and interest depending on the capacity of payment under the payment plan and history of collection. The Company's management will consider
Investment in subsidiary	315.00	(195.00)	120.00	
Loan for related parties	67.65	(51.15)	16.50	
Investment in associates	30.00	(30.00)	-	
<u>Consolidated Financial Statement</u>				
Long term investment	22.62	(15.43)	7.19	
Trade and other current account receivables	66.60	(52.33)	14.27	
loans to related parties	37.98	(37.98)	-	

				<p>the adequate of impairment every year.</p> <ul style="list-style-type: none"> • The Board of director opined that the loss of impairment has been reasonable recognized
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2. Money retention in various transactions and investing in open-end fund at a total value of 145 million baht

According to Item 20 and Item 28 of the Notes to Financial Statement, there is information about money retention in various transactions totaling 85 million baht, comprising signature affixing to a memorandum of joint venture agreement with a company for 29 million baht, signature affixing to a memorandum of joint transaction agreement concerning property management and being the representative in selling property in the form of a project to the owner of the property for 12 million baht, signature affixing to a contract giving the right in administering the sale and development of a 20 million baht land, and making a monetary deposit as a security in an order to purchase energy-saving equipment of 24 million baht. Moreover, there appears some information on the investment in an open-end fund of 60 million baht.

The Stock Exchange requested the Company to clarify as following;

2.1 To give summary of the details in making the above memorandums of agreement and contract at least with respect to the timeframe in the procedure of each transaction, proportion of money paid as deposit, compared to the value of the transaction, conditions and timeframe in requesting the return of security deposit in case MORE does not get the opportunity to invest in the project. Also SET invites the opinion of the board of directors with respect to the reasonability of the deposited amount in each project; for instance, whether the proportion is the norm in making business transaction generally in the industry, and whether MORE has a policy in making deposit payment, procedure in making paying and authority to make approval or not and how, and whether there is any follow up so that there is action as per schedule or not, and how.



Clarification of the Company

Details of agreement as following;

<u>Project</u>	<u>Amount</u> <u>(Million Baht)</u>	<u>Duration</u>	<u>Proportion</u>	<u>Details</u>
1. Right of sale and development of land	20.00	<ul style="list-style-type: none">The period of completion of delivery of total land will be within 25 December 2019 in order to the right receiver can be in process of sale and development	-	<ul style="list-style-type: none">Deposit shall not be deemed to be a part of projectDeposit will be returned upon the completion of land development.In case of land owner shall not completely deliver all land of project within 27 December 2019, deposit shall be returned.
2. Purchase Order of energy saving equipment	24.00	<ul style="list-style-type: none">Period of procurement and delivery of 3 months.	50%	<ul style="list-style-type: none">Deposit of the purchasing of the goodsDeposit shall be deemed to be a part of projectIn case of non-delivery within the determined period, deposit will returned.
3. Sale agent of asset owner	12.00	<ul style="list-style-type: none">Period of agreement is 1 years and shall be renew for 1 year each upon the negotiation of the parties.	5%	<ul style="list-style-type: none">Joint cooperation to setting up the projectDeposit shall be deemed to be a part of project.Deposit will be returned upon non-cooperation of asset owner and shall be returned within 15 days after the termination of agreement
4. Deposit of right amount of 10.00 Million Baht and Joint	28.73	<ul style="list-style-type: none">Period of right of 5 yearsPeriod of joint investment of	74%	<ul style="list-style-type: none">Deposit at the amount of 10.00 Million Baht for the right of electricity efficiency development. Deposit

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<u>Project</u>	<u>Amount</u> (Million Baht)	<u>Duration</u>	<u>Proportion</u>	<u>Details</u>
Investment Agreement amount of 18.73 Million Baht		3 years		<p>shall not be deemed to be a part of project.</p> <ul style="list-style-type: none"> • Joint investment at the amount of 18.73 Million Baht with Smart Saver Balance Co., Ltd. for the project of the improvement and development of electricity efficiency (Shared Saving). Such investment amount shall be deemed to be a part of project. • Under join investment agreement, the revenue will be recognized on September 2018 and recognized for 36 months
5. Bualuang Thanatawee Fund	60.00	-	-	



2.2 Requesting the name of the open-end fund, the name of the authorized person with respect to MORE investments, whether the mentioned investment is according to the investment policy of the MORE board of directors or not, and how, as well as the risk and impact preventive measures which may occur due to the investment.

Explanation of the Company

On 9 January 2562 MORE made a list of the purchases of Bangkok Bank “Bualuang Thanatavee Fixed Income Fund” in the amount of 60 million baht. The list of investments had been approved by the meeting of the board of directors of MORE on 26 February 2562 as MORE had cash received as a result of debt payment from DRV at the end of the year and there was no plan for using the money at that time. The management made an analysis of the yield in the investment and found that this was a low-risk Fund with high liquidity, suitable for investment to receive yield within a short period of time; therefore, the investment was carried out while waiting for the approval of the next meeting of the board of directors. Anyway, MORE had invested in the Bualuang Thanatavee Fixed Income Fund on 22 March 2452 and received a total yield of 0.15 million baht

3. Charge against MORE as a Co-Surety to jointly refund money, and MORE offered to refund 25 million baht

In No. 34.4 of the Notes to Financial Statement and Management's discussion and analysis, there appears the information that MORE was charged as second defendant in its capacity of guarantor for Prime Time Entertainment Co., Ltd. (PTE) which was a former subsidiary to refund together the amount of 81 million baht and MORE intends to discuss and make conciliation in order to settle the dispute by offering to settle 25 million baht; this condition has been accepted by the bank's lawyer for further submission to the bank's board of directors for their consideration. In case this is approved, they will proceed to withdraw the legal charge against MORE. The Court's hearing would take place on 21 March 2562. In this respect, SET has continuously followed up with MORE to give additional clarification about the mentioned item since the year 2559 as per details referred to under 2 and 3.

SET requested MORE to give details of the procedures of the company before MORE's board of directors will consider to settle the 25 million baht debt, together with the opinion of the board of directors with respect to the reasonability of such procedures, since in the past MORE clarified that MORE refused to settle the debt in its capacity of guarantee, and MORE notified PTE to proceed to contact the bank for settlement of the debt to the Bank as per the contract or to

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negotiate the restructuring of the debt with the bank. Apart from this, does the board of directors have a mean of following up the settlement of debt in the mentioned part from PTE or not, and how?

Explanation of the Company

As at 31 December 2561 MORE has obligation and a balance of the security deposits which the group of companies have with PTE of 77.85 million baht and 18.09 million baht interest, totaling 95.94 million baht. During the 2nd trimester of 2560 MORE received a notification letter from the bank to settle the debt according to the contract of suretyship and notification of foreclosure. MORE acknowledged the restructuring of the allowance, obligation, and debt from suretyship in the amount of 77.85 million baht in the comprehensive profit and loss statement as at 30 June 2560 (Revised) and the statement of financial position as at 31st December 2559 (Revised). Also, during the 2nd trimester of the year 2560 MORE acknowledged an additional estimated bad debt allowance from suretyship of 3.85 million baht which mostly increased from outstanding interest and was shown in the comprehensive profit and loss statement as at 30 June 2560, therefore, as at 30 June 2560 MORE has estimated bad debt allowance from suretyship totaling 81.70 million baht. MORE has proceeded to notify the financial institute to decline debt settlement as per the letter of notification to settle the debt in the capacity of guarantor and requested the bank to use its right of claim for settlement of debt with PTE who is the principal debtor directly.

Nevertheless, on 12 October 2560 the financial institution filed a suit at the Civil court with MORE as the 2nd defendant in the capacity of guarantor for PTE who is the 1st defendant, to jointly refund the amount of 81.70 million baht with outstanding interest until the lawsuit is settled and comes to an end. MORE has the intention to negotiate and conciliate to discuss and reduce the impact from the mentioned item with the financial institute and the date 26 January 2561 was settled on for the conciliation meeting. PTE proposed payment by instalment to the financial institute, but the financial institute had an additional condition that MORE should sign as guarantor to the instalment payment, but the two parties could not conclude the negotiation. Afterwards, on 23 February 2561 MORE submitted a statement of defense and at the moment the record is being sent to the court of appeal for consideration of a problem on the matter of laws. In this respect, the civil court postponed a date so that the ruling can be heard together at the court of appeal on 18 May 2561. The president of the court of appeal revised the file to be an ordinary civil action so the proceedings should be made as an ordinary civil action. Both defendants intended to conciliate and on 6 September 2561 MORE notified of the intention to negotiate and conciliate in order to settle the dispute on the part MORE by proposing to settle the debt of 25 million baht without involving the collateral (Apartment No. 99/89 in Pinklao Condominium and Apartment No. 406/36 in Jomtien Plaza Condotel) in the lawsuit in which the plaintiff brought charge against MORE to settle the debt as per the ruling from another case, and MORE is ready to make payment with 3



months from that day. The plaintiff's lawyer declared that the condition would be accepted for further submission to the plaintiff's board of directors for their consideration. If the proposal was accepted, proceeding would be made to withdraw the legal charge against the 2nd defendant. The parties made a joint declaration to request postponement of the case to carry out the above proceeding. The court approved the postponement to wait for the result of the negotiation for conciliation and made an appointment for examination of the plaintiff's witnesses on 16 November 2561 with an additional hearing to examine all witnesses completely on 12 February 2562, with the ruling to be made on 21 March 2562. MORE will notify SET of any progress in this respect.

However, as PTE were still taking a long time to negotiate which impacted MORE who needed to know what additional interests would occur from the lawsuit, with the result that MORE had to proceed to consider ways to make sure that damage to MORE would be at a minimum. MORE's management therefore proceeded to request conciliation in order to settle the dispute on the part of MORE as notified by the financial institute, and had submitted the mentioned proposal to the meeting of the board of directors on 14 November 2561, where a resolution was passed to empower the executive director to negotiate and come to a settlement with regard to the conditions for paying the debt and obligation with the financial institute. At the end of the negotiation, MORE will proceed to collect the ensuing amount together with expenses incurred in the proceedings from PTE.

Please be informed accordingly.

Yours faithfully,

- *Signature* -

(Mr. Sirisak Piyatassrikul)

Director