



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 050/2019

November 12, 2019

Subject: Report on the overall operation for first 9 months of the year 2019 ended September 30, 2019 and the decrease in the overall operation more than 20 percent

Attention: President  
Stock Exchange of Thailand

Demeter Corporation Public Company Limited (“DCORP” or the “Company”) would like to submit the reviewed financial statements for first 9 months of the year 2019 ended September 30, 2019. Such financial statements comprise of the consolidated financial statements and the separate financial statements as compared with the financial statements for first 9 months of the year 2019 ended September 30, 2019. The Company’s overall performance can be summarized as follows.

DCORP would like to summarize the overview of the consolidated company’s performance of the reviewed financial statements for first 9 months of the year 2019 ended September 30, 2019 as follows:

Company’s Performance (unit: THB million)	2019 (9 Month)	Percentage	2018 (9 Month)	Percentage
Revenue from co-production rights	-	-	0.51	100.00
Revenue from organizing concerts	17.13	89.27	-	-
Sale income	2.06	10.73	-	-
<b>Total income</b>	<b>19.19</b>	<b>100.00</b>	<b>0.61</b>	<b>100.00</b>
Cost of co-production rights	-	-	-	-
Revenue from organizing concerts	(20.74)	(108.08)	-	-
Selling cost	(1.31)	(6.82)	-	-
<b>Total cost</b>	<b>(22.05)</b>	<b>(114.90)</b>	<b>-</b>	<b>-</b>
<b>Gross profit</b>	<b>(2.86)</b>	<b>(14.90)</b>	<b>0.61</b>	<b>100.00</b>
Other income	11.34	59.09	10.80	1,770.49
<b>Profit before expenses</b>	<b>8.48</b>	<b>44.19</b>	<b>11.41</b>	<b>1,870.49</b>
Administrative expenses	(32.04)	(166.96)	(38.23)	(6,267.21)
Provision for impairment of venture capital	-	-	-	-
Doubtful account	(72.99)	(380.36)	(86.97)	(14,257.38)



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Company's Performance (unit: THB million)	2019 (9 Month)	Percentage	2018 (9 Month)	Percentage
Loss from impairment of goodwill	-	-	(51.20)	(8,393.44)
Loss from impairment of general investment	(2.86)	(14.90)	-	-
Loss from impairment of investments in associate	(0.01)	(0.05)	(1.64)	(268.85)
Management benefit expenses	(11.30)	(58.89)	(14.16)	(2,321.31)
Financial cost	(0.12)	(0.63)	(0.14)	(22.95)
Share of loss in associates	(61.85)	(322.30)	(64.23)	(10,529.51)
<b>Total expenses</b>	<b>(181.17)</b>	<b>(944.09)</b>	<b>(286.38)</b>	<b>(46,947.54)</b>
<b>Profit (Loss) before tax</b>	<b>(172.69)</b>	<b>(899.90)</b>	<b>(274.97)</b>	<b>(45,077.05)</b>
Tax	-	-	-	-
<b>Net Profit (loss) for the period</b>	<b>(172.69)</b>	<b>(899.90)</b>	<b>(274.97)</b>	<b>(45,077.05)</b>
<b>Profit (Loss) attributable to owners of the Company</b>	<b>(172.69)</b>	<b>(899.90)</b>	<b>(274.97)</b>	<b>(45,077.05)</b>

Based on the performance of DCORP from the consolidated financial statements of the reviewed financial statements for the first 9 months of the year 2019 ended September 30, 2019, the Company had total revenue of THB 19.19 million, consisting of revenue from concert event of THB 17.13 million and sales revenue of THB 2.06 million, so total revenue increased by THB 18.58 million when compared to the same period of 2018. This was mainly due to the increase of the Company's projects which are concert event and hinoki wood products in 2019.

When deducted with the total cost of THB 22.05 million which consisted of the cost of concert event of THB 20.74 million and selling cost of THB 1.13 million, the Company had gross profit (loss) of THB 2.86 million and combined with other income of THB 11.34 million, the Company then had profit before expenses of THB 8.48 million and when deducting the total cost of THB 181.17 million which were administrative expenses of THB 32.04 million, doubtful debt of THB 72.99 million, Loss from impairment of general investment 2.86 million, loss from impairment of investment in associates of THB 0.01 million, management benefit expenses of THB 11.30 million, financial cost of THB 0.12 million and share of losses in associates of THB 61.85 million, the Company therefore had loss before income tax of THB 172.69 million. When comparing with the consolidated financial statements of the same period of 2018, the net loss attributable to the parent company decreased by THB 102.28 million. This resulted from an increase in income and a decrease in



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expenses which were decreased administrative expenses by THB 6.19 million, provision for impairment of decreased venture capital 29.81 million, decreased doubtful accounts by THB 13.98 million, loss from impairment of goodwill by THB 51.20 million, loss from impairment of investments in associate by THB 1.63 million, decreased management benefit expenses by THB 2.86 million, decreased financial costs by THB 0.02 million and share of loss in associates by THB 2.38 million.

DCORP would like to summarize the overview of the separate company's performance of the the reviewed financial statements for first 9 months of the year 2019 ended September 30, 2019 as follows:

Company's Performance (unit: THB million)	2019 (9 Month)	Percentage	2018 (9 Month)	Percentage
Revenue from co-production rights	-	-	0.61	100.00
Revenue from organizing concerts	17.13	89.27	-	-
Sale income	2.06	10.73	-	-
<b>Total income</b>	<b>19.19</b>	<b>100.00</b>	<b>0.61</b>	<b>100.00</b>
Cost of co-production rights	-	-	-	-
Revenue from organizing concerts	(20.74)	(108.08)	-	-
Selling cost	(1.40)	(7.30)	-	-
<b>Total cost</b>	<b>(22.14)</b>	<b>(115.38)</b>	<b>-</b>	<b>-</b>
<b>Gross profit (loss)</b>	<b>(2.95)</b>	<b>15.38</b>	<b>0.61</b>	<b>100.00</b>
Other income	22.97	119.70	8.96	1,468.85
<b>Profit before expenses</b>	<b>20.02</b>	<b>104.32</b>	<b>9.57</b>	<b>1,568.85</b>
Administrative expenses	(28.39)	(147.94)	(35.10)	(5,754.10)
Provision for impairment of venture capital	-	-	(29.81)	(4,886.89)
Doubtful account	(81.07)	(422.46)	(153.26)	(25,124.59)
Loss from impairment of general investment	(2.86)	(14.90)	(51.36)	(8,419.67)
Loss from impairment of investment in subsidiaries	(22.41)	(116.78)	-	-
Loss from impairment of investments in associate	(107.17)	(558.47)	-	-
Management benefit expenses	(11.30)	(58.89)	(14.16)	(2,321.31)
Financial cost	(0.11)	(0.57)	(0.14)	(22.95)
<b>Total expenses</b>	<b>(253.31)</b>	<b>(1,320.01)</b>	<b>(283.83)</b>	<b>(46,529.51)</b>
<b>Profit (Loss) before tax</b>	<b>(233.29)</b>	<b>(1,215.69)</b>	<b>(274.26)</b>	<b>(44,960.66)</b>



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Company's Performance (unit: THB million)	2019 (9 Month)	Percentage	2018 (9 Month)	Percentage
Tax	-	-	-	-
Net loss for the period	(233.29)	(1,215.69)	(274.26)	(44,960.66)

Regarding to the separate company's performance of the Company for the reviewed financial statements for first 9 months of the year 2019 ended September 30, 2019, the Company had total revenue of THB 19.19 million, consisting of revenue from organizing concert event of THB 17.13 million and sales revenue of THB 2.06 million, increased by THB 18.58 million when compared to the same period of the year 2018. This was mainly due to the increase of the Company's projects which are concert event and hinoki wood products in 2019.

When deducted with the total cost of THB 22.14 million which consisted of cost of concert project of THB 20.74 million, and cost of sales 1.40 million, the Company therefore had gross profit of THB 2.95 million and combined with other income of total THB 22.97 million, the Company had profit before expenses of THB 20.02 million and when deducting total expenses of total THB 253.31 million which were administrative expenses of THB 28.39 million, doubtful debt of THB 81.07 million, Loss from impairment of general investment 2.86 million, Loss from impairment of investment in subsidiaries 22.41 million, loss from impairment of investment in associates of THB 107.17 million, management benefit expenses of THB 11.30 million and financial cost of THB 0.11 million, the Company then has loss before income tax of THB 233.29 million. When comparing with the separate financial statements of the same period of 2018, the net loss for the period decreased by THB 40.97 million. This was due to an increase in revenue and a decrease in administrative expenses of THB 6.71 million, Provision for impairment of decreased venture capital 29.81 million, a decrease in doubtful accounts of THB 72.19 million, Loss from impairment of decreased general investment 48.50 million, a decrease in the management benefit expenses of THB 2.86 million and a decrease in the financial cost of THB 0.03 million. However, the increasing of expenses lost from impairment of investment in subsidiary companies 22.41 million and loss from impairment of increased investment in associates 107.17 million

#### Progress on court's consideration and legal enforcement of the main debtors

1.1 Media Agency Thai Co., Ltd. is a debtor in the Air Time Management Right Sale Contract.

The debtor failed to follow the contract and the company filed a lawsuit to Thonburi Civil Court with the sued capital of 323,296,077.43 Baht. As of now, the court made judgment on



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16<sup>th</sup> July 2018 that the defendant is to pay 314,995,077.20 Baht together with 12% interest per year of the amount 243,362,657.56 Baht counting from 30<sup>th</sup> June 2018, and to pay 7.5% interest per year of the amount 68,756,301.30 Baht counting from the day of filing the lawsuit (21<sup>st</sup> September 2017) onwards until the payment is completely made to the plaintiff. Also, the defendant is to pay costs instead of the plaintiff including lawyer's fee 10,000 Baht, court fees to be paid as much as the plaintiff won the case. The court has issued legal enforcement letter to seize assets according to the process. At present, it is under investigation process to find the defendant's assets.

1.2 **Muse Group Bangkok Co., Ltd.** is a debtor in the Hiring Contract for Golf European Thailand Classic project. Afterwards, the debtor failed to make payment following the contract. The company filed a lawsuit on 15<sup>th</sup> July 2016 to the Civil Court of Southern Bangkok with total sued capital of 113,574,762.20 Baht. Later, on 27<sup>th</sup> November 2017, the court made judgment for the debtor to pay to the company in the amount of 18,253,248.40 together with 7.5% interest per year counting from 15<sup>th</sup> June 2015 until the payment is complete. However, on 26<sup>th</sup> January 2018, the company appealed against the subordinate court. Then, on 25<sup>th</sup> March 2019, the Civil Court of Southern Bangkok read the judgment of the Appeal Court that "the debtor is to pay xxx Baht together with 7.5% interest per year counting from 14<sup>th</sup> July 2016 onwards until the payment is completely made to the plaintiff. The fees in the appeal court are to be waived." In this case, after the Appeal Court made judgment, the defendant submitted a petition against the judgment of the subordinate court and appeal court, to relieve the legal enforcement process on 26<sup>th</sup> July 2019. Then, on 12<sup>th</sup> September 2019, the company submitted an opposition against the defendant's petition to the Civil Court of Southern Bangkok already.

1.3 **MIC Broadcast Co., Ltd.** This debtor has been sued for 3 times based on different sources of obligation as described below.

1.3.1 **Case 1: Filing a lawsuit based on a Program Co-production Contract towards the Civil Court Black Case No. Por. 6168/2560.** In this case, the court sentenced the defendant to pay 1,028,774.96 Baht together with 7.5% interest per year of the



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capital 901,427.57 Baht counting from the day of filing the lawsuit (28<sup>th</sup> December 2017) onwards until the payment is complete. The court has already issued legal enforcement letter to seize assets according to the process. At present, it is under investigation process to find the defendant's assets.

1.3.2 Case 2: Filing a lawsuit based on a Program Publicizing Right Permission (Movies Right) Contract 20,528,521.12 Baht. In this case, both parties could compromise so the court made judgment based on a compromising contract. The 1<sup>st</sup> defendant admitted owing 20,528,521.12 Baht to the plaintiff. The 2<sup>nd</sup> defendant admitted owing 10,329,384.24 Baht and agreed to pay to the plaintiff in the amount of 8,827,500 Baht by paying at least 300,000 Baht per month for 29 months (until November 2020), and the rest of 11,755,021.12 Baht is to be paid by the 1<sup>st</sup> defendant by December 2020. In this case, the debtors are following the compromising sentence.

1.4 Case 3: Filing a lawsuit based on a Program Publicizing Right Permission (Edge Sport Publicizing Right) Contract towards the Civil Court under the Black Case No. Por.259/2561. In this case, both parties could compromise so the court made judgment based on a compromising contract. The defendant admitted owing to the plaintiff as sued and agreed to pay 44,223,200 Baht by dividing into 2 periods for 22,111,600 Baht per time. The first period will be at the end of December 2018 and the second period starts will be at the end of June 2019. If the debtor fails to pay, it shall be deemed as the failure of payment as a whole and the debtor agrees for the plaintiff to enforce payment in the full amount together with interest. As of now, the debtor failed to pay as sentenced so the court has already issued legal enforcement letter to seize assets according to the process. At present, it is under investigation process to find the defendant's assets.

1.5 IT Professional Co., Ltd. A debtor in a sale contracts of electric and air conditioning system installation services, totaling 2 contracts. The company filed a lawsuit against this debtor on 1<sup>st</sup> November 2018 towards the Civil Court as in the 2 following cases:



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1.5.1 Case 1: Black Case No. 6411/2561 Total sued capital: 27,089,318.75 Baht  
(including interest)

1.5.2 Case 2: Black Case No. 6412/2561 Total sued capital: 63,408,087.02 Baht  
(including interest)

Currently, both cases have not been able to reach conclusion yet so the court is proceeding to consideration process by investigating the plaintiff and defendant further.

1.6 Siam Hin Pradub Co., Ltd. A debtor under the sentence of the Civil Court of Southern Bangkok. The court sentenced the debtor to pay to the company for 73,544,313.75 Baht together with an amount of interest. However, the debtor has not yet managed to pay. Afterwards, the company proceeded to investigate for the debtor's assets to make legal enforcement but the debtor does not have enough assets to cover the debt. Later, the company filed a lawsuit against the debtor in a bankruptcy case towards the Central Bankruptcy Court on 11<sup>th</sup> December 2015. Then, on 7<sup>th</sup> March 2016, the Central Bankruptcy Court sentenced the debtor to go bankrupt. Currently, assets custodian officers have partly seized some of the debtor's assets. On 2<sup>nd</sup> April 2019, the law enforcement officer arranged the sale by auction of some machinery (4<sup>th</sup> time). The maximum bid of an old machine was 345,000 Baht (excluding VAT). Other assets are in the process of seizing and evaluating value for sale by auction further.

1.7 94 Entertainment Co.,Ltd. A debtor under a Program Co-production Contract who owed co-production costs. Later, on 8<sup>th</sup> December 2016, the company filed a lawsuit towards the Civil Court for the total amount of sued capital of 44,418,907.18 Baht. On 15<sup>th</sup> May 2017, the court made judgment based on a compromising contract (the defendant agreed to pay to the plaintiff in the amount of 39,304,000 Baht within 3 years by paying at least 500,000 Baht per month in the 1<sup>st</sup> year, and at least 700,000 Baht per month in the 2<sup>nd</sup> year, and at least 1,000,000 Baht per month in the 3<sup>rd</sup> year, starting from the first payment within 10<sup>th</sup> August 2017). After the court made judgment as per the compromising contract, the debtor failed to pay accordingly. The court has already issued legal enforcement letter to seize assets



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according to the process. At present, it is under investigation process to find the defendant's assets.

Progress Report of Business Plan for overall operation for first 9 months of the year 2019 ended September 30, 2019

The management has strongly set its goal to grow sustainably. We would like to present the progress of the following projects;

1. Investment in online live streaming business

The Company, through Demeter Innovation Company Limited ("D Innovation") (formerly Demeter Media Company Limited) which is the Company's subsidiary, invested 30 percent in Blue Finix Digital Company Limited ("Blue Finix") which operates business regarding application development on online live streaming platform. The application is now available in both on PC, and iOS systems and Android systems on mobile phones

Nevertheless, Blue Finix was not able to increase the number of customers to achieve the revenue targeted resulting that the business is not in accordance with the plan. The Company considered that such effect may result from the lack of strategic planning and marketing operational plan. Especially, there was a lack of budget allocation and prioritizing, which adversely affect the determination of budget allocation for each marketing tools. Moreover, the current economic circumstances have not positively encouraged the operation as anticipated. At present, Blue Finix has been facing financial liquidity problem. In the Annual General Meeting of the shareholders 1/2018 on April 25, 2018, the executives of Blue Finix has reported in the meeting regarding the loss performance. Therefore, the shareholders have directed the executives of Blue Finix to prepare business recovery plan. Then, the executives of Blue Finix has proposed such plan in the Board of Directors' meeting 3/2018 on May 4, 2018. However, the business recovery plan is still lack of feasibility and details. Nevertheless, to minimize the risk incurred to the Company and the fixed cost paid monthly, the Company and the shareholders of Blue Finix came to the conclusion to dissolve Blue Finix which the shareholders of Blue Finix has had shareholder meeting resolution No. 2 dated September 27, 2018 to approve the dissolution of Blue Fenix. Currently, Blue Finix is under the liquidation process.

2. Investment in the power operator business in Philippines

The meeting of the Board of the Directors of the Company held on January 26, 2017 has resolved to approve the purchase of the ordinary shares of Negros PH Solar Inc. ("NPSI"), in the Philippines, which is the solar power operator, from the existing shareholders of NPSI in the amount of 10,000 ordinary shares,





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representing 40 percent of the total issued shares of NPSI, which is the maximum shareholding percentage allowed under the laws of the Philippines. The shares acquisition transaction was subject to the approval from the meeting of the shareholders and upon certain conditions precedent under the share purchase agreement have been fulfilled. Currently, the status of the project is pending for the construction license approval process of the project, which delays due to change in policy on procedure and the license approval process of the licensing agency, which is the Department of Energy, Ministry of Energy, the Philippines. It is still in the process of reviewing additional documentation from the Ministry of Energy and we have not been able to conclude any progress.

Posting to the Company's Board meeting which came to an agreement that NPSI is not able to complete the set criteria in the agreement, due to not being able to acquire the construction license which is a critical part that will take effect in many aspects of the project which resulted in an unsatisfied view by the Company to further invest in this project. The Company will proceed with recollection of the project deposit from NPSI board members in the amount of USD 600,000 or THB 21,234,000 approximately which this amount, the shareholders of NPSI have forwarded to their (Escrow Agent). The Company received the deposit for the sale shares in the amount of THB 21.23 million from the escrow agent on November 28, 2017.

For the two investment items in the total amount of approximately THB 34,102,184.62, the Company paid for such payment on the condition that the Company can demand for a return of the capital investment from NPSI's shareholders if NPSI may not operate the project and if the shareholders of NPSI refuse to return the capital investment, the Company is entitled to file a suit against NPSI's shareholders under the conditions stipulated under the agreement. The cancellation of the investment in NPSI resulted in the Company's entitlement in the full refund of the capital investment. Currently, the Company is under the negotiation for the counterparty to return the capital investment. In this connection, the counterparty agreed to enter into the agreement to return the capital investment which has the payment period for the total amount within August 15, 2018 which is overdue. The Company, therefore, send a notice dated August 23, 2018 demanding for all debt repayment.

The Board of Directors issued the meeting resolution No.12/2018 dated November 9, 2018 to appoint OCAMPO & SURALVO LAW which is a legal advisor in the Philippines to claim against NPSI for the refund of capital investment. Currently, the property investigation process has been completed and it is now on the process of preparing documents and information to enter into the court procedures.

### **3. Investment in the Biogas Power Plant Project**



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

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The Company has executed the Share Purchase Agreement with the existing shareholders of Akkrawat Crop Rotation Energy Company Limited (“Akkrawat”) in the amount of 25,000 shares, representing 50 percent of the total ordinary shares of Akkrawat. The transactions are divided in to 3 stages which currently, the Company has yet entered into the third share purchase transactions, which specified in the share purchase agreement that the Company will have to buy 8,181 shares from its existing shareholders representing 16.36 percent of the total ordinary shares of Akkrawat, the Company has extended the completion of stage 3 investment by changing from within July 31, 2017 to complete within November 30, 2017.

From the Board of Directors’ meeting no. 2/2018 held on February 27, 2018, the Board of Directors has considered additional facts and the study results of the changed cost structure. It was found that the continuation of the project on the basis of the existing guidelines could result in offering no benefit to the Company and the shareholders. Therefore, the management team has conducted studies to find solutions to minimize the effects of this project. The Company has proposed solutions and discovered important issues.

The Meeting of the Board of Directors No. 2/2018 of the Company resolved significant matters regarding the operation of the biogas power plant project of Akkrawat in the same manner may result in an inability to acquire the benefits to Company and for shareholders as when the investment was previously approved. In such case, it is viewed that the Company shall terminate or sell the investment, and the Company shall, then, seek for investors who are interested in the project. At present, the current management, representing the existing shareholders, has been the operator to find investors. Indeed, during this operation, the current management has also made plans to improve the factory and sell electricity as well.

#### **4. Investment in the business of broadcasting the Football Leagues in Philippines**

The Meeting of the Board of Directors No. 18/2017 of DCORP was held on November 7, 2017. The Company would like to inform that the meeting resolved to approve the entry into the joint investment with Triple CH Holdings Company Limited (“Triple CH”), the Company registered under the laws of Samoa which its office locates in the Hong Kong Special Administrative Region of the People’s Republic of China and being the licensee who is authorized to broadcast live Premier League, UEFA Champions League and La Liga in Philippines. For the joint investment between Triple CH and the Company, the Company invests in 35 percent joint cooperation and contribute investment amount of THB 30,000,000 for the purpose of operation of business of broadcasting the Football Leagues in Philippines. In this regard, the Company has entered into the Business Collaboration and Investment Agreement on November 9, 2017 under which the parties agree on the terms and conditions for the joint investment and sharing of profits (on pro rata basis) from the



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business of broadcasting the Football Leagues. The entry into such investment by the Company is considered the ordinary course of business of the Company.

The Company will receive 35 percent of profit generated from the live broadcasting of the Football Leagues after deducting costs and expenses incurred in connection with obtaining the rights to broadcasting the Football Leagues. Further, Triple CH agrees to guarantee its performance under the Business Collaboration and Investment Agreement for the period of 18 months from December 1, 2017 that the profit to be obtained by the Company must not be less than the investment amount paid by the Company.

Triple CH has been granted the right to broadcast Premier League, UEFA Champions League and La Liga in Philippines for the next season 2018/2019. Therefore, on March 8, 2018, the Company has paid the last installment of the capital investment in the amount of THB 10,000,000 to Triple CH according to the conditions in the agreement. Currently, it is on process of seeking for sponsor and the result thereon.

At present, the contract period has ended, but Triple CH has not yet repaid the investment amount in accordance with the terms of the Triple CH guarantee. The company is on the process of legal proceedings to call for repayment.

#### 5. Investment in the Entertainment Attraction Business

The Meeting of the Board of Directors No. 13/2560 of DCORP was held on December 12, 2017. The Company would like to inform that the meeting resolved to approve the change of details of investment in the Project of The Marvel Experience: Theme Entertainment Attraction – TMX (“Project”) of Hero Experience Company Limited (“Hero Experience”), by means of subscription of newly issued shares of Hero Experience and acquisition of shares from the existing shareholder (the “Share Acquisition Transaction”). The Company will acquire shares equivalent to 37.5 percent, and has expended THB 324,999,779.28 in negotiation process in acquiring such shares.

In carrying on TMX Business, core revenues will be generated in 4 categories: 1) Revenue from ticket sales, 2) Revenue from toys and souvenir, 3) Revenue from food and beverages, and 4) Revenue from sponsorship and other barter systems.

However, on January 21, 2019 Hero Experience held the Extraordinary General Meeting No. 1/2019 at which it proposed an agenda for consideration regarding termination of the Project operation due to the fact that Hero Experience has a lack of liquidity problem, and the Project has not been operated in accordance with the plan. The meeting resolved to terminate the Project with 62.5 percent of the votes in



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favor and 37.5 percent of the votes against. The management of Hero Experience has scheduled cessation of the operation of the Project on January 29, 2019.

The Company, as the shareholder of 37.5 percent in Hero Experience, shall carefully co-consider with the major shareholder regarding the management of Hero Experience's assets in order to limit the negative effect on the Company.

The Company has inquired the management of Hero Experience Company 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 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 10 creditors which the negotiation was completed in 10 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, regarding to the board meeting of the Hero Experience No. 2/2562 on 19 April 2019, the management of Hero Experience has reported plans to negotiate with new investors about the operation plan which will be in the form of renting space to sell products and services, including revenue sharing from sales of various tenants and renting space to organize activities for customers who want to organize small to medium sized events the Hero Experience has already allocated the space to support the operation. For the area improvement plan, Hero Experience is still in the process of negotiating with various tenants. In order to align with the business model of each tenant, Hero Experience will contact the creditors to inform the progress of the operation plan aforementioned 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.



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At present, Hero Experience Is in the process of finding new investors and Siam Commercial Bank has deducted some collateral to repay the loan.

#### 6. Organizing foreign artists' concert in Thailand

By organizing concerts in the 1<sup>st</sup> and 2<sup>nd</sup> quarters so far, good feedback and success were achieved.

The company, therefore; has planned to hold a concert in cooperation with NEXT Co., Ltd., in aiming to expand the business in concert organization in Thailand in a long run. On 4<sup>th</sup> October 2019, the Committee Meeting No. 10/2019 could reach a conclusion to approve investment in holding My Boyfriends Concert on 15<sup>th</sup> December 2019 at Impact Arena Muang Thong Thani, which can welcome around 10,000 audience. The income will be from selling tickets and the sponsors supporting the concert.

#### 7. Processing, manufacturing and selling of products from Hinoki wood

Demeter Innovation Company Limited ("D Innovation") 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



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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 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.

Regarding the business operation and progress tracking of the Company, the Company shall conduct in accordance with the laws, regulation and relevant notification of the Securities and Exchange Commission and the SET.

Please be informed accordingly.

Your sincerely,

Demeter Corporation Public Company Limited

- Sureeporn Udompolvanich -

(Ms. Sureeporn Udompolvanich)

Director and Chief Executive Officer