



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 011/2019

February 27, 2019

Subject: Report on the overall operation of the year 2018 ended December 31, 2018 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 of the year 2018 ended December 31, 2018. Such financial statements comprise of the consolidated financial statements and the separate financial statements as compared with the financial statements for the same period in the year 2017 ended December 31, 2017. 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 year 2018 ended December 31, 2018 as follows:

Company’s Performance (unit: million Baht)	2018	Percentage	2017	Percentage
Total income and other income	13.75	100.00	59.05	100.00
Costs	-	-	22.39	37.92
Administrative expenses,	47.78	347.49	105.23	178.20
Loss from impairment of intangible assets	-	-	16.87	28.57
Loss from impairment finance costs and share of loss from associates	29.81	216.80	-	-
Doubtful Account	88.24	641.75	-	-
Loss from impairment of goodwill	51.20	372.36	20.73	35.11
Loss from impairment of investment in associate	107.78	783.85	65.33	110.64
Management benefit expenses	18.68	135.86	24.06	40.75
Financial cost	0.69	5.02	0.41	0.69
Share of losses in associates	89.50	650.91	13.00	22.01
Profit (Loss) before tax	(419.93)	(3,054.04)	(208.97)	(353.89)
Tax	-	-	-	-
Net Profit (loss) for the period	(419.93)	(3,054.04)	(208.97)	(353.89)
Profit (Loss) attributable to owners of the Company	(419.61)	(3,051.71)	(206.58)	(349.84)

Based on the performance of DCORP from the consolidated financial statements of the year 2018 ended December 31, 2018, the total income was Baht 13.75 million, comprised of income from programmed co-production of Baht 0.61 million and other incomes of Baht 13.14 million. It



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decreased by Baht 45.30 million, compared with the same period of the year 2017. This was mainly due to the termination of the satellite television co-production agreement before the due date with M.V. Television (Thailand) Co., Ltd. for 16 satellite television channels of DCORP by starting return the channels since the end of 2015 and ended on March 31, 2016. This matched with the decrease of costs of the year 2018.

DCORP had profit before expenses Baht 13.75 million and after deducting the total expenses of Baht 433.68 million, which included administrative expenses of Baht 47.78 million, Doubtful Account of Baht 88.24 million, Loss from impairment of goodwill of Baht 51.20 million, loss from impairment of investment in associate of Baht 107.78 million, management benefit expense of Baht 18.68 million, finance costs of Baht 0.69 million and share of loss from associates of Baht 89.50 million. DCORP's loss before tax was Baht 419.93 million. Loss attributable to non-controlling interests was Baht 0.32 million. DCORP loss remains Baht 419.61 million. Compared with the consolidated financial statements for the same period of the year 2017, DCORP's net loss increased by Baht 213.03 million. This was mainly due to impairment of investment in associate increased by Baht 29.81 million, doubtful account increased by Baht 88.24 million, loss on impairment of goodwill increased by Baht 30.47 million, loss from impairment of investment in associate increased by Baht 42.25 million and share of loss from associates increased by Baht 76.50 million.

DCORP would like to summarize the overview of the separate company's performance of the year 2018 ended December 31, 2018 as follows:

Company's Performance (unit: million Baht)	2018	Percentage	2017	Percentage
Total income and other income	11.14	100.00	47.62	100.00
Costs	-	-	15.19	31.90
Administrative expenses,	43.35	389.14	101.17	212.45
Loss from impairment of investment in associate	-	-	16.87	35.43
Loss from impairment of intangible asset	29.81	267.59	-	-
Doubtful Account	154.53	1,387.16	-	-
Loss from impairment of general investment	51.36	461.04	-	-
Loss from impairment of investments in subsidiaries	-	-	42.56	89.37
Loss from impairment of investment in associates	200.79	1,802.43	-	-
Management benefit expenses	18.68	167.68	21.90	45.99
Financial cost	0.17	1.53	0.41	0.86
Loss before tax	(487.55)	(4,376.57)	(150.48)	(316.00)
Tax	-	-	-	-
Net loss for the period	(487.55)	(4,376.57)	(150.48)	(316.00)

The separate company's performance of the year 2018 ended December 31, 2018, DCORP's net loss was Baht 487.55 million, which the loss increased by Baht 337.07 million compared to the same period in 2017. This was due to the termination of the programmed co-production agreement



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before the due date and no revenue recognition from other business, which was under the consideration of the investment information for the replacement.

DCORP had profit before expenses Baht 11.14 million and after deducting the total expenses of Baht 498.69 million, which included administrative expenses of Baht 43.45 million, loss on impairment of co investment Baht 29.81 million, Doubtful Account of Baht 154.43 million, loss on impairment of general investment of Baht 51.36 million, loss on impairment of investment in associate of Baht 200.79 million management benefit expense of Baht 18.68 million and finance costs of Baht 0.17 million. DCORP's loss before tax was Baht 487.55 million. Compared with the consolidated financial statements for the same period of the year 2017, DCORP's net loss increased by Baht 337.07.72 million. This was mainly due to impairment of investment in associate of Baht 29.81 million, doubtful account of Baht 154.53 million and loss on impairment of general investment of Baht 51.36 million and loss on impairment of investment in associate of Baht 200.79 million.

Progress of major debtors which is in the process of court trial and process of legal execution are as follows;

1. Cases in the process of court trial:

1.1 **Media Agency Thai Co., Ltd.** is in debt to the Company according to the purchase agreement to manage broadcasting time, in which the debtor is unable to comply with the contract. The Company filed a lawsuit to the debtor at Thonburi Civil Court. The total amount of the lawsuit was Baht 3 2 3 , 2 9 6 , 0 7 7 . 4 3 . The court now has a judgment on July 16, 2018 which the defendant to pay Baht 314,995,077.20 with interest at the rate of 12 percent per annum of the principal amount of Baht 243,362,657.56 from 30 June 2017 and pay interest at the rate of 7.5 percent per annum of the principal amount of Baht 68,756,301.30 from the filing date (filed on 21 September 2017) until the settlement to the plaintiff. The defendant shall pay the plaintiff's cost and attorney fees of Baht 10,000, instead of the plaintiff.

1.2 **Muse Group Bangkok Co., Ltd.** is in debt to the Company according to the purchase agreement to run the project "Golf European Thailand Classic". However, the debtor defaulted the refund as stated in the contract, therefore the Company filed a lawsuit on July 15, 2016 at the Southern Bangkok Civil Court. The total amount of the lawsuit was Baht 113,574,762.20. Later, on November 27, 2017, the court ruled that the debtor should repay the Company in the amount of Baht 18,253,248.40 with the interest of 7.5 percent per annum starting from June 15, 2015 until the repayment is complete. However, the Company feels that the court misinterpreted the legal issues and facts. Subsequently, on January 26, 2018 the Company appealed against the original judgment. The court set appointed date for the court hearing. However, on January 30, 2019 the court hearing was postponed until February 28, 2019.

1.3 **MIC Broadcast Co., Ltd.** is in debt to the Company, in which the Company filed a lawsuit against the debtor, totaling three cases, as a result of the total amount of debt. The cases are as follows:

1.3.1 **The first lawsuit filed under the joint production contract** with the Civil Court. Black Case No. 6168/2560. In this case, the court sentenced the defendant to pay Baht 1,028,774.96, with interest at the rate of 7.5 percent per annum of the principal amount of Baht 901,427.57, following the date of filing (filed December 28, 2017). Until the payment is completed.

1.3.2 **The second lawsuit filed under the broadcasting license agreement (Movie Rights)** Baht 20,528,521.12. This case, negotiation was successful among two parties. The court was sentenced by a compromise agreement by the defendant that the first plaintiff's debt is Baht 20,582,521.12 and the second plaintiff's debt is Baht 10,329,384.24. The defendant agreed to pay the plaintiff amount of Baht 8,827,500 per month, not less than Baht 300,000 to complete within 29



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months (end of November 2020). The remaining amount of Baht 11,755,021.12, the first defendant agreed to pay by the end of December 2020.

1.3.3 **The third lawsuit was filed under the broadcasting license (the right to broadcast Edge Sport)** to the Civil Court, Black Case No. 259/2561. The court has a judgment under the compromise agreement. The defendant agrees to pay the plaintiff Baht 44,223,200 divided into two installments of Baht 22,111,600. The first installment in the end of December 2018 and the second payment in June 2019. If the default occurs, it shall be considered as all default which defendant agrees to the plaintiff to pay full debt and interest. Currently, the debtor is at the default under the court ruling, the company lodged a petition before the court to request for an issuance of a writ of execution against the debtor under the procedures.

2. Cases after the verdict which are in the process of legal execution:

2.1 **Sayam Hin Pradub Co., Ltd.** is a debtor under the judgment of the Southern Bangkok Civil Court, in which the court has ordered the debtor to repay the debt of Baht 73,544,313.75 with some interest. However, the debtor did not repay the debt. Therefore, the Company further proceeded legal execution towards the debtor. Nevertheless, the debtor has insufficient asset to repay the debt. Subsequently, the Company filed a bankruptcy lawsuit against the debtor at Central Bankruptcy Court on December 11, 2015. On March 7, 2016, the Central Bankruptcy Court ordered to freeze the defendant's total assets. Later, on November 30, 2017, the Court issued a judgment for the debtor to go bankrupt. Currently, the official receiver has seized some of the debtor's assets and is waiting for the 1st public auction on 29 January 2019. However, on January 29, 2019 the public auction was revoked as the Enforcement Officer did not publish the public auction post on the Legal Execution Department website, the 2nd public auction was subsequently dated on February 18, 2019

2.2 **94 Entertainment Co., Ltd.** is in debt to the Company according to the co-production agreement and has unpaid co-production fee. Subsequently, on December 8, 2016, the Company filed a lawsuit against the debtor at Civil Court with a total amount of Baht 44,418,907.18. On May 15, 2017 the court issued a judgment under the compromise agreement (defendant agrees to pay the plaintiff Baht 39,304,000 within three years; the first payment in the first year is to be made no less than Baht 500,000 per month, the second payment in the second year is to be made no less than Baht 700,000 per month, and the third payment in the third year is to be made no less than Baht 1,000,000 per month, starting from August 10, 2017 and onwards). After the court settled the compromise agreement, the debtor has defaulted to repay the debt. Currently, the Company has issued a legal order to continue the process of execution.

Progress Report of Business Plan for 2018

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 30percent 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

From the investment, at present, the Company has already started to recognize income from June 2017, mainly from the sales of Gift/Item on Angel on Duty Platform and FINIX TV Platform which are, currently, consolidated platforms. With respect to income from Social Portal Media Platform, such income has not arisen.



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After Blue Finix's success in August 2017, the official press conference was held and there were celebrities attended such press conference, e.g. Professor Kata Chinnabanchon, Seksan Sukpimai, Kon-bai-krai-kriad crew members and Miss Supranational, etc. The Company has given support and helped with the coordination. Later, executives of Blue Finix saw the opportunity to be an alliance with Electronics Extreme Co., Ltd., an importer of online games, and ONE HD channel, to jointly use resources to achieve the best business benefits, including the proposal of work expansion plan to the leading media business group in the Republic of Vietnam in October 2017.

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 in 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, 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 Baht 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 Baht 21.23 million from the escrow agent on November 28, 2017.

For the two investment items in the total amount of approximately Baht 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



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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, it is on the legal process.

3. Investment in the Biogas Power Plant Project

The Company has executed the Share Purchase Agreement with the existing shareholders of Aukkrarawat Plants Renewable Energies Co., Ltd. ("Aukkrarawat") in the amount of 25,000 shares, representing 50 percent of the total ordinary shares of Aukkrarawat. 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 Aukkrarawat, the company has extended the completion of stage 3 investment by changing from within July 31, 2017 to complete within November 30, 2017.

Nevertheless, during the project area development, it was found that the neighboring communities around project materially retrieve less waste water from the project. Based on the inspection, it was found that (1) there are new power plant projects in the area and the neighboring community which could retrieve waste water from Aukkrarawat may consider retrieving the waste water from such new projects if it takes less transportation time for them, and (2) the neighboring community receives waste water from similar power plants located in the same area, some of which transport their waste water to the community. Therefore, it is not necessary for the community to retrieve the waste water directly from the project.

Due to such event, the Board of Directors has been informed about the change in the project. The Board of Directors, therefore, has assigned the management of the Company to conduct a study on impacts and possible solutions. Subsequently, the Board of Directors has received the result of the management's study on the chain of water receiving process of the community, and other possibilities for waste water treatment including the transportation of such water waste to the communities, installation of waste water treatment machines, and the increase of water settling area, and then found that these affect the costs of the project. From the study on the information of increased costs, the possible method which least effects the project costs is the transportation of the waste water out of the project, but such method would result in the material increase of costs by around 30 percent.

Currently, the current executives which are the representative of the existing shareholders are responsible for seeking the investors who are interested in the project. During the seeking process, the current executives also parallelly design plan for improvement of factory and electricity sale.

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 ("Football Leagues") in Philippines. For the joint investment between Triple CH and the Company, the Company invests in 35 percent joint cooperation



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and contribute investment amount of Baht 30,000,000 for the purpose of operation of business of broadcasting the Football Leagues in Philippines (the “**Football Leagues Broadcasting Business**”). 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 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 Baht 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.

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 Co., Ltd. (“**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 Baht 324,999,779.28 in negotiation process in acquiring such shares.

The Company appointed the Sims Property Consultant Co., Ltd. (the “**Sims**”), the independent valuer, to verify financial status and evaluate the assets of Hero Experience. Sims based its evaluation on the Discounted Cash Flow Approach, assuming that the business has been operating for 9 years, which is the duration according to lease agreement of 3 years with possibility to renew the agreement for another 3 years, based on the project’s performance, with 3,000 users daily or 1,200,000 users and expecting to generate at least Baht 1,000,000,000 in revenue annually. The location comprises of 12,935 Square Meters having capacity for up to 10,950 tourists per day. Mega Bangna is now the largest shopping complex in Bangna area. Currently, there are more than 40 Million customers visiting Mega Bangna and the number is increasing continuously at the 10 percent per year. Mega Bangna has a development plan to expand the mall, “Mega City”, to increase parking area, Entertainment, leisure, sport and education zones, and hotel. This will enhance the Project.

The Share Acquisition Transaction is reasonable in which the Company will receive the expected return. The share premium will be the asset of Hero Experience for construction cost and investment in the project. The main expenses are: 1) Construction, equipment and software system for approximately Baht 500,000,000 2) Other expenses during operation for approximately Baht 80,000,000 and 3) Working capital for operation for approximately Baht 20,000,000. The Project has commercially launched in June 2018. In which, Hero Experience has been promoting the Project with marketing promotions continuously in order to increase the number of customers to meet the target.

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.



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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 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 consider with the major shareholder regarding the management of Hero Experience's assets in order to limit the negative effect on the Company.

6. Holding the Sticky Fingers Concert in Thailand (Sticky Fingers Live in Bangkok)

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 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.

Sticky Fingers is Australian rock and reggae band with a large number of people who like and follow through various channels. The famous songs are Australia Street with 14.8 million views, How to Fly with 21.6 million views and Cyclone with 18.3 million views, etc. Therefore, the Company is of the opinion that there will be enough fan club for selling the tickets to reach satisfactory investment returns. The Company has collaborated with Very TV Company Limited ("Very TV"), operated by Mr. Smitthi Pienlert, to manage 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; for instance, Lany, Foster the People and Liam Gallagher with satisfaction feedback from the audiences for the last concerts. Their concerts have audiences around 90-100 percent of the concert capacity per concert and they are planned to be performed in Thailand as well.

The Sticky Fingers Concert in Thailand (Sticky Fingers Live in Bangkok) is scheduled to be performed on February 9, 2019 at Moon Star Studio where can accommodate the audiences around 2,500 people. The concert tickets are stand tickets with the price at THB 2,000 per ticket via ticketmelon.com which the concert was a success. The tickets were sold out.

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

As D Innovation found that consumers focus on various forms of exercise, food consumption and using products that are more focused on health. D Innovation foresees that the health-related business is a highly attractive investment, therefore, conducted a study to find products that are good for the health of consumers. D Innovation found that the products made from Hinoki wood, which is a soft pine tree that is very famous in Japan and a clean product which is good for the health of consumers. Since the Hinoki wood has special properties. It has oil inside its wood which can prevent fungus to grow on the wood surface. It also 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,



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บริษัท ดีมีเตอร์ คอร์ปอเรชั่น จำกัด (มหาชน)

Demeter Corporation Public Company Limited

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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 Hinoki wood to manufacture the products within the budget in the amount of THB 18,000,000. The products are manufactured under the brand named WA. The first product of Hinoki WW is the Hinoki wood cutting board which are manufactured into 5 sizes (S, M, L, XL, XXL). Further, Hinoki WW has also planned to process, manufacture, sell other Hinoki wood products; for instance, chopsticks, shoe rack, dish, etc. In order to reach the target group as much as possible, Hinoki Wood has planned for the distribution via online, offline and its distributors.

Also, from the advertisement via various channels and distribution of the products for market surveying in December 2019, it found that the product got satisfaction feedback.

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.

Sincerely Yours,

Prachuab Ujjin

(Mr. Prachuab Ujjin)

Director and Chief Executive Officer