



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 024/2019

May 14, 2019

Subject Report on the overall operation for first quarter of the year 2019 ended March 31, 2019 and the decrease in the overall operation more than 20 percent

Attn President
Stock Exchange of Thailand

Demeter Corporation Public Company Limited (“DCORP” or the “Company”) would like to submit the reviewed financial statements for first quarter of the year 2019 ended March 31, 2019. Such financial statements comprise of the consolidated financial statements and the separate financial statements as compared with the financial statements for the first quarter of the year 2018 ended March 31, 2018. 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 first quarter of the year 2019 ended March 31, 2019 as follows:

Company’s Performance (unit: THB million)	2019	Percentage	2018	Percentage
Revenue from co-production rights	-	-	0.21	100.00
Revenue from organizing concerts	5.62	74.73	-	-
Sale income	1.90	25.27	-	-
Total income	7.52	100.00	0.21	100.00
Cost of co-production rights	-	-	-	-
Revenue from organizing concerts	(4.01)	(53.32)	-	-
Selling cost	(1.19)	(15.83)	-	-
Total cost	(5.20)	(69.15)	-	-
Gross profit	2.32	30.85	0.21	100.00
Other income	4.89	65.03	5.73	2,728.57
Profit before expenses	7.21	95.88	5.94	2,828.57
Administrative expenses	(11.97)	(159.18)	(17.01)	(8,100.00)
Doubtful account	(0.99)	(13.16)	-	-
Loss from impairment of investments in associate	(0.01)	(0.13)	-	-



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Company's Performance (unit: THB million)	2019	Percentage	2018	Percentage
Management benefit expenses	(4.51)	(59.97)	(5.21)	(2,480.95)
Financial cost	(0.03)	(0.40)	(0.06)	(28.57)
Share of loss in associates	(15.06)	(200.27)	(11.71)	(5,576.19)
Total expenses	(32.57)	(433.11)	(33.99)	(16,185.71)
Profit (Loss) before tax	(25.36)	(337.23)	(28.05)	(13,357.14)
Tax	-	-	-	-
Net Profit (loss) for the period	(25.36)	(337.23)	(28.05)	(13,357.14)
Profit (Loss) attributable to owners of the Company	(25.36)	(337.23)	(27.73)	(13,204.76)

Based on the performance of DCORP from the consolidated financial statements of the first quarter of the year 2019 ended March 31, 2019, the Company had total revenue of THB 7.52 million, consisting of revenue from concert event of THB 5.62 million and sales revenue of THB 1.90 million, so total revenue increased by THB 7.31 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 5.20 million which consisted of the cost of concert event of THB 4.01 million and selling cost of THB 1.19 million, the Company had gross profit of THB 2.32 million and combined with other income of THB 4.89 million, the Company then had profit before expenses of THB 7.21 million and when deducting the total cost of THB 32.57 million which were administrative expenses of THB 11.97 million, doubtful debt of THB 0.99 million, loss from impairment of investment in associates of THB 0.01 million, management benefit expenses of THB 4.51 million, financial cost of THB 0.03 million and share of losses in associates of THB 15.06 million, the Company therefore had loss before income tax of THB 25.36 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 2.37 million and expenses reduced from administrative expenses of THB 5.04 million, management benefit expenses decreased by THB 0.70 million and financial costs decreased by THB 0.03 million. However, there was an increase in share of losses in associates by THB 3.35 million and doubtful accounts by THB 0.99 million.



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DCORP would like to summarize the overview of the separate company's performance of the first quarter of the year 2019 ended March 31, 2019 as follows:

Company's Performance (unit: THB million)	2019	Percentage	2018	Percentage
Revenue from co-production rights	-	-	0.21	100.00
Revenue from organizing concerts	5.62	74.73	-	-
Sale income	1.90	25.27	-	-
Total income	7.52	100.00	0.21	100.00
Cost of co-production rights	-	-	-	-
Revenue from organizing concerts	(4.01)	(53.32)	-	-
Selling cost	(1.39)	(18.49)	-	-
Total cost	(5.40)	(71.81)	-	-
Gross profit	2.12	28.19	0.21	100.00
Other income	16.61	220.88	5.16	2,457.14
Profit before expenses	18.73	249.07	5.37	2,557.14
Administrative expenses	(9.81)	(130.45)	(15.66)	(7,457.14)
Doubtful account	(0.99)	(13.17)	-	-
Loss from impairment of investments in associate	(15.06)	(200.27)	-	-
Management benefit expenses	(4.51)	(59.97)	(5.21)	(2,480.95)
Financial cost	(0.03)	(0.40)	(0.06)	(28.57)
Total expenses	(30.40)	(404.26)	(20.93)	(9,966.66)
Profit (Loss) before tax	(11.67)	(155.19)	(15.56)	(7,409.52)
Tax	-	-	-	-
Net loss for the period	(11.67)	(155.19)	(15.56)	(7,409.52)

Regarding to the separate company's performance of the Company for the first quarter of the year 2019 ended March 31, 2019, the Company had total revenue of THB 7.52 million, consisting of revenue from organizing concert event of THB 5.62 million and sales revenue of THB 1.90 million, increased by THB 7.31 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.



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When deducted with the total cost of THB 5.40 million which consisted of cost of concert project of THB 4.01 million and selling cost of THB 1.39 million, the Company therefore had gross profit of THB 2.12 million and combined with other income of total THB 16.61 million, the Company had profit before expenses of THB 18.73 million and when deducting total expenses of total THB 30.40 million which were administrative expenses of THB 9.81 million, doubtful debt of THB 0.99 million, loss from impairment of investment in associates of THB 15.06 million, management benefit expenses of THB 4.51 million and financial cost of THB 0.03 million, the Company then has loss before income tax of THB 11.67 million. This was due to an increase in revenue and a decrease in administrative expenses of THB 5.85 million, a decrease in the management benefit expenses by THB 0.70 million and a decrease in the financial cost by THB 0.03 million. However, there was loss from impairment of investments in associates increased by THB 15.06 million and doubtful accounts increased by THB 0.99 million.

Progress of major debtors which is in the process of court trial and process of legal execution

1. Cases in the process of court trial:

1.1 **Media Agency Thai Company Limited** 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 THB 323,296,077.43. The court now has a judgment on July 16, 2018 which the defendant to pay THB 314,995,077.20 with interest at the rate of 12 percent per annum of the principal amount of THB 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 THB 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 THB 10,000, instead of the plaintiff. At present, the court has issued a enforcement order to prepare for seizure following the procedure.

1.2 **Muse Group Bangkok Company Limited** 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 THB 113,574,762.20. Later, on November 27, 2017, the court ruled that the debtor should repay the Company in the amount of THB 18,253,248.40 with the interest of 7.5 percent per



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annum starting from June 15, 2015 until the repayment is complete. However, , on January 26, 2018, the Company appealed against the original judgment. On March 25, 2019, the Southern Bangkok Civil Court read the Court of Appeal's judgment stating that "judging the defendant to pay THB 57,201,682.21 plus interest at the rate of 7.5 percent per year from 14 July 2016 onwards until the payment is completed to the plaintiff. The court fees in the appeal are folded."

1.3 MIC Broadcast Company Limited 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 THB 1,028,774.96, with interest at the rate of 7.5 percent per annum of the principal amount of THB 901,427.57, following the date of filing (filed December 28, 2017). Until the payment is completed. At present, the court issued an enforcement order to proceed with the execution of the case.

1.3.2 The second lawsuit filed under the broadcasting license agreement (Movie Rights) THB 20,528,521.12. This case, negotiation was successful among two parties. The court was sentenced by a settlement agreement by the defendant that the first plaintiff's debt is THB 20,528,521.12 and the second plaintiff's debt is THB 10,329,384.24. The defendant agreed to pay the plaintiff amount of THB 8,827,500 per month, not less than THB 300,000 to complete within 29 months (end of November 2020). The remaining amount of THB 11,755,021.12, the first defendant agreed to pay by the end of December 2020. Currently, the defendant has its obligation to comply with the in-court settlement agreement.

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 settlement agreement. The defendant agrees to pay the plaintiff THB 44,223,200 divided into two installments of THB 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



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to pay full debt and interest. Currently, the defendant has breached the terms of the settlement agreement, the court thereafter issued the enforcement order.

1.4 **IT Professional Company Limited** has an outstanding debt under two agreements, namely the purchase and sale of electrical, lighting and air conditioning systems and the related installation service agreement. The Company has filed two lawsuits against IT Professional Company Limited on November 1, 2018 with the Civil Court as follows:

1.4.1 **Case I:** Black Case no. 6 4 1 1 / 2 5 6 1 with a total claimed amount of THB 27,089,318.75 (included incurred interests)

1.4.2 **Case II:** Black Case no. 6 4 1 2 / 2 5 6 1 with a total claimed amount of THB 63,408,087.02 (included incurred interests)

At present, as the first settlement process could not be concluded, the court therefore schedules the second settlement process around the end of May 2019.

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

2.1 **Sayam Hin Pradub Company Limited** 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 THB 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. On April 2, 2019, the Executing Officer has enforced the sale of parts of machinery (4th public auction) to the highest bidder at the price of THB 345,000 (excluding VAT). Currently, it is under the process for the seizure and price evaluation of other assets for the next auction.

2.2 **94 Entertainment Company Limited** 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 THB 44,418,907.18. On May 15, 2017, the court issued a judgment under the compromise agreement (defendant agrees to pay the plaintiff THB 39,304,000 within three years; the first



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payment in the first year is to be made no less than THB 500,000 per month, the second payment in the second year is to be made no less than THB 700,000 per month, and the third payment in the third year is to be made no less than THB 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 requested the court to issue an enforcement order and is proceeding with the property investigation.

Progress Report of Business Plan for first quarter of the year 2019 ended March 31, 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 in the liquidation process.



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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 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.



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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 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



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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 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.

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



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

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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 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



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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.

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

For the media business, the Company plans to continuously invest in the concert events. By the Resolution of the Management Committee Meeting No. 45/2018 dated December 6, 2018 to hold the Sticky Fingers Concert in Thailand (Sticky Fingers Live in Bangkok) with the budget not over THB 4,200,000 with the details as follows: (1) Sourcing and contacting the artist to perform the concert. (2) Managing of the concert; for instance, the rental fee of the location where the concert will be held, the expense of the musical instrument including color and light systems regarding the concert, the remuneration for the opening band, the accommodation fee for the artists and the relevant parties, the royalty fee of the music, the expense for providing the convenience and the location management fee, etc. The Sticky Fingers Concert in Thailand (Sticky Fingers Live in Bangkok) was scheduled to be performed on February 9, 2019 at Moon Star Studio where could accommodate the audiences around 2,500 people. The concert tickets were stand tickets with the price at THB 2,000 per ticket which was sold since December 10, 2018 via ticketmelon.com. The concert tickets were sold out or in the amount of 100 percent from all concert tickets. The Company recognized the revenue from concert tickets and sponsorship approximately THB 5,610,000 in February 2019.

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

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

By the plan of the concert, the Company and Very TV has planned to arrange at least four concerts in the second half of the year 2019. At the moment, the first contract has been signed with sourcing the artist and started selling tickets for the concert, namely Daniel Caesar Live in Bangkok 2019. Daniel Caesar who the Company has contacted to perform the concert is a very famous Canadian R&B music artist who won the



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Grammy Award in 2019. The concert is scheduled to be held on July 25, 2019 at Thunder Dome; Muang Thong Thani where could accommodate the audiences around 6,000 - 8,000 people. The Company is expected to recognize the revenue from selling concert ticket at THB 2,600 per ticket and sponsorship (if any).

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 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



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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

- Prachuab Ujjin -

(Mr. Prachuab Ujjin)

Director and Chief Executive Officer