



บมจ.0107537002109

บริษัท ดีมีเตอร์ คอร์ปอเรชั่น จำกัด (มหาชน)

Demeter Corporation Public Company Limited

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

โทรศัพท์ 0 2204 2601 โทรสาร 0 2204 2616

191/43 CTI Tower 21st Floor, Ratchadapisek Road, Klongtoey Subdistrict, Klongtoey District, Bangkok, 10110

Tel. 0 2204 2601 Fax. 0 2204 2616

DCORP 198/2016

December 16, 2016

Re: Investment in the Biogas Power Plant Project of Aukkarawat Plant Renewable Energies Co., Ltd.

To: President
The Stock Exchange of Thailand

Enclosure: 1. Information Memorandum regarding the Acquisition of Asset of Demeter Corporation Public Company Limited

The Meeting of the Board of Directors No. 10/2016 of Demeter Corporation Public Company Limited (the “**Company**”) was held on December 16, 2016 at 14.00 p.m. The Company would like to inform that the meeting resolved to approve the investment in the biogas power plant project located in Suphanburi Province (the “**Project**”) as owned and operated by Aukkarawat Plant Renewable Energies Co., Ltd. (“**Aukkarawat**”). The investment transactions are as follows:

1. Acquisition of 25,000 ordinary shares in Aukkarawat from the existing shareholders, equivalent to 50 percent of the registered capital of Aukkarawat, at the purchase price of Baht 4,400 per share, totaling Baht 110,000,000.
2. Investment budget for power plant facility improvement and procurement and installation of machinery of up to Baht 180,000,000.

There is no acquisition transactions regarding the acquisition of asset during 6 months prior to the date of approval of the transactions set out above. Based on calculation of the transaction size, the transactions have a maximum size in aggregate of 27.82%, and therefore the transactions are considered as a type 2 transaction having a value of more than 15% but lower than 50% in accordance with the Acquisition and Disposal Rule. Therefore, the Company has a duty to disclose the information memorandum of such transactions to the Stock Exchange of



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Thailand and to send the information memorandum of such transactions to its shareholders within 21 days after disclosing to the Stock Exchange of Thailand.

In addition, details of the aforementioned transactions are appeared in the information memorandum regarding the acquisition of the asset of the Company (Enclosure 1)

Please be informed accordingly.

Yours Sincerely,

-Anit Osathanugrah-

(Mr. Anit Osathanugrah)

Director and Chief Executive Officer



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Information Memorandum regarding Acquisition of Assets of

Demeter Corporation Public Company Limited

December 16, 2016

The meeting of the Board of Directors of Demeter Corporation Public Company Limited (the “Company”) No.10/2016 dated December 16, 2016 approved 1) the acquisition of shares in Aukkrarawat Plant Renewable Energies Co., Ltd. (the “Share Acquisition Transaction”) and 2) investment budget for power plant facility improvement and procurement and installation of machinery (the “Machinery Procurement Transaction”).

Summary of the transactions is as per details below:

1 Date / Month / Year of the Transactions

1.1 The Share Acquisition Transaction

After obtaining approval from the Board of Directors’ meeting No. 1 0 / 2 0 1 6 held on December 10, 2016, Demeter Corporation Public Company Limited will proceed with the acquisition of 25,000 ordinary shares of Aukkrarawat Plant Renewable Energies Co., Ltd. (“Aukkrarawat”), representing 25 percent of the total registered capital of Aukkrarawat, from existing shareholders at the purchase price of Baht 4,400 per share, totaling Baht 110,000,000. The completion of the transaction is expected to be within July 2017.

1.2 The Machinery Procurement Transaction

The Company expects the entering into agreement in relation to the facility improvement and the procurement and installation of machinery within February 2017.



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2 Parties involved and Relationship with the Company

2.1 The Share Acquisition Transaction

Purchaser : Demeter Corporation Public Company Limited

Seller : 1. Mr. Tidsanu Thanayatorn
2. Ms. Niya Thanayatorn
3. Ms. Laksana Yingyuen
4. Ms. Petcharat Yingyuen
5. Ms. Pakkanat Thanayatorn
6. Mr. Thanapon Thanayatorn

Relationship between the parties : None

2.2 The Machinery Procurement Transaction

Under the approved budget, contractual parties will be appropriately screened, adhering to their capability to comply with the Company's requirements. Meanwhile, the parties must not have a relationship regarded as connected person(s) to the Company.

3. General Characteristic of the Transactions and Details of the Acquired Assets

3.1 The Share Acquisition Transaction

The Company shall purchase 25,000 ordinary shares, with a par value of Baht 100 per shares, in Aukkrarawat engaging in the biogas power business, representing 50 percent of the total registered capital of Aukkrarawat from existing shareholders at the purchase price of Baht 4,400 per share, totaling Baht 110,000,000.



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3.2 The Machinery Procurement Transaction

The purpose of entering into the Machinery Procurement Transaction is to improve the production capacity of the power plant.

4. Calculation of Transaction Size

● The Share Acquisition Transaction

Criteria	Calculation	Transaction Size (%)
1. Net tangible asset basis	$(0.50 \times 12,121,085 / 989,560,229) \times 100$ ^{1/}	0.61
2. Net profit basis	- None -	- None -
3. Consideration paid basis	$(110,000,000 / 1,042,354,499) \times 100$ ^{2/}	10.55
4. Issuance of securities basis	- None -	- None -
The highest transaction size		10.55

Remarks: 1/ Calculated from the net tangible assets of Aukkrarawat ending December 31, 2015 and the net tangible assets of the Company ending September 30, 2016 as reviewed by the Certified Public Accountant

2/ Calculated from the total assets of the Company ending September 30, 2016 as reviewed by the Certified Public Accountant

● The Machinery Procurement Transaction

Criteria	Calculation	Transaction Size (%)
1. Net tangible asset basis	$(0.50 \times 12,121,085 / 989,560,229) \times 100$ ^{1/}	0.61
2. Net profit basis	- None -	- None -
3. Consideration paid basis	$(180,000,000 / 1,042,354,499) \times 100$ ^{2/}	17.27
4. Issuance of securities basis	- None -	- None -
The highest transaction size		17.27

Remarks: 1/ Calculated from the net tangible assets of Aukkrarawat ending December 31, 2015 and the net tangible assets of the Company ending September 30, 2016 as reviewed by the Certified Public Accountant

2/ Calculated from the total assets of the Company ending September 30, 2016 as reviewed by the Certified Public Accountant



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From the table above, such transactions has a maximum size in aggregate of 27.82%. The Company does not have any acquisition transaction in the last 6 months and therefore the transactions are considered as a type 2 transaction having a value of more than 15% but lower than 50% in accordance with the Acquisition and Disposal Rule. Therefore, the Company has a duty to disclose the information memorandum of such transactions to the Stock Exchange of Thailand and to send the information memorandum of such transactions to its shareholders within 21 days after disclosing to the Stock Exchange of Thailand.

5. Details of the Acquired Assets

5.1 Share Acquisition Transaction

The acquired asset is the ordinary shares of Aukkrarawat in the amount of 50% of the total shares, the details of which are as follows:

5.1.1 Details of the Business of Aukkrarawat

Background and Nature of Business : Aukkrarawat Plant Renewable Energies Co., Ltd. was established on May 2, 2008 to engage in the business of generating and selling electricity from renewable energy. The company entered into the power purchase agreement (VSPP) with the Provincial Electricity Authority (PEA), having a capacity of 4.9 MW, on May 19, 2009.

Address of Principal Office : 99/1 Moo 8, Tambon Srakrajom, Amphur Dorn Jedee, Suphan Buri Province

Registered Capital : Baht 5,000,000

Paid-up Capital : Baht 5,000,000



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Par Value : Baht 100 per share

5.1.2 Board of Directors

Based on the affidavit of the company as at December 16, 2016, the board of directors of the company comprises 1 director, namely Mr.Tidsanu Thanayatorn.

5.1.3 Shareholders

Based on the latest shareholders register, list of the shareholders of the company as of April 29, 2016 is as follows:

	Name of Shareholder	Number of Shares	Percentage
1.	Mr. Tidsanu Thanayatorn	25,000	50
2.	Ms. Niya Thanayatorn	5,000	10
3.	Ms. Laksana Yingyuen	5,000	10
4.	Ms. Petcharat Yingyuen	5,000	10
5.	Ms. Pakkanat Thanayatorn	5,000	10
6.	Mr. Thanapon Thanayatorn	5,000	10
Total		50,000	100

Remarks: A par value is Baht 100 per share.



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5.1.4 Financial Information

Items	31 December 2015	31 December 2014	31 December 2013
<u>Assets</u>			
Cash and deposits at financial institutions	176,872.82	373,864.41	414,418.97
Accounts receivable	3,144,070.53	474,729.92	3,521,413.39
Accounts and notes receivable - net	3,144,070.53	474,729.92	3,521,413.39
Total short- term loans	-	-	2,100,000.00
Other current assets	124,536.76	108,551.89	239,959.13
Total current assets	3,826,440.60	3,057,146.22	6,275,791.49
Property, plant and equipment - net	32,288,482.38	33,662,000.84	27,850,564.20
Other non-current assets	106,000.00	235,131.95	467,395.84
Total non-current assets	32,394,482.38	33,897,132.79	28,317,960.04
Total assets	36,220,922.98	36,954,279.01	34,593,751.53
<u>Liabilities and shareholders' equity</u>			
Liabilities			
Bank overdrafts and short-term loans from financial institutions	1,005,784.89	987,136.42	1,191,409.80
Accounts payable	700,736.00	-	-
Total accounts payable and notes payable	700,736.00	-	-
Other current liabilities	681,971.36	833,965.77	578,847.69



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Total current liabilities	2,388,492.25	3,833,414.19	1,770,257.49
Total long-term loans	21,711,345.52	23,244,890.88	25,254,317.02
Total non-current liabilities	21,711,345.52	23,244,890.88	25,254,317.02
Total Liabilities	24,099,837.77	27,078,305.07	27,024,574.51
<u>Shareholder's equity</u>			
Authorized common stocks	5,000,000.00	5,000,000.00	5,000,000.00
Issued and paid-up common stocks	5,000,000.00	5,000,000.00	5,000,000.00
Retained earnings (deficit)	7,121,085.21	4,875,973.94	2,569,177.02
Total shareholders' equity	12,121,085.21	9,875,973.94	7,569,177.02
Total liabilities and shareholders' equity	36,220,922.98	36,954,279.01	34,593,751.53

Items	31 December 2015	31 December 2014	31 December 2013
Net Sales	18,739,489.70	20,850,109.25	16,325,181.05
Total revenue	18,834,678.39	20,850,126.28	16,325,205.38
Cost of sales /services	-	-	-
Gross profit (loss)	18,739,489.70	20,850,109.25	16,325,181.05
Total operating expenses	15,160,444.84	16,713,722.26	13,200,090.12
Operating income (loss)	3,579,044.86	4,136,386.99	3,125,090.93
Total other income	95,188.69	17.03	24.33
Income (loss) before depreciation and	3,674,233.55	4,136,404.02	3,125,115.26



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amortization			
Income (loss) before interest and income taxes	3,674,233.55	4,136,404.02	3,125,115.26
Interest expenses	1,200,893.90	1,316,382.50	1,606,669.81
Income taxes	228,228.38	513,224.60	250,916.59
Net income (loss)	2,245,111.27	2,306,796.92	1,267,528.86
Earnings (loss) per share	-	-	-
Number of weighted average ordinary shares	-	-	-

5.2 Machinery Procurement Transaction

The company would purchase power generating machine from biogas to increase the power generation capacity of a power plant, which is the main business of Aukkrarawat. To achieve such purpose, the company shall carry out improvement of plant area and procurement and installation of machinery, including:

- Improvement of biogas digester by modifying the existing biogas digester to be a continuous stirred lagoon reactor to order to enhance the efficiency in gas production;
- Improvement of biogas cleaning units to increase their useful life and reduce the costs of maintenance in the future; and
- Improvement of power generation system by investing in an internal combustion biogas generator and expansion of transmission system to enhance the efficiency in power supply that increases the generation capacity to be 4.9 MW.



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6. Total Value of the Consideration

6.1 The Share Acquisition Transaction

The total purchase price for the acquisition of 25,000 ordinary shares in Aukkrarawat is 4,400 per share totaling Baht 110,000,000. Details of the value of the ordinary shares of Aukkrarawat are as follows:

Book Value

The book value of 25,000 ordinary shares of Aukkrarawat with a par value of Baht 100 per shares, representing 50 percent of the total registered capital of Aukkrarawat, as of December 31, 2015 is equal to Baht 242.42 per share, totaling Baht 6,060,500.

6.2 The Machinery Procurement Transaction

The value for the facility improvement and the procurement and installation of machinery is not exceeding the budget of Baht 180,000,000.

The Company determines value of consideration for the Machinery Procurement Transaction on market price basis, benchmarking among a number of bidders to achieve the best offer for each particular purchase and procurement.

7. Expected Benefits from the Transaction

Aukkarawat is the operator of the biogas power plant located in Suphanburi province, and entered into the 4.9MW Power Purchase Agreement (PPA) with the Provincial Electricity Authority. The commercial operation date occurred on June 4, 2010. Since the machinery currently used in the production process have not functioned continually and effectively, therefore, Aukkarawat may not receive expected return and thus lacks of liquidity. Accordingly, the shareholders seek for investors for development and improvement of the power plant to maximize the production capacity in order to sell the



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electricity to the Provincial Electricity Authority in accordance with the maximum capacity allowed under the PPA.

The Company considers that the investment in Aukkarawat and improvement of machinery in the power plant will result in continued and effective production system of up to 4.9MW. Such improvement of the power plant will significantly increase Aukkarawat's revenue from the sale of electricity. In order to achieve the said objectives, the Company will acquire the shares in Aukkarawat concurrently with procurement of the new machinery aiming that such investment will provide reasonable return from the investment. In this regard, the Company anticipates the internal rate of return (IRR) of not less than 15%.

The above expected return derived from the investment transactions will be in the forms of dividends paid based on owning the 50% equity interest and profit from the sale of procured machinery to Aukkarawat.

The Company enters into machinery procurement without co-investment by existing shareholders because such machinery procurement is urgent in order to improve the work efficiency of power plant and profits from machinery procurement and disposition will cause the Company receiving return from investment as expected. In this regard, the Company has considered the risk in the default of payment for machinery by Aukkarawat and mitigated such risk by having relevant agreements requiring Aukkarawat to mortgage all machineries as security of the machinery payment to the Company. Furthermore, the Company will enter into a Shareholders Agreement with the existing shareholders, requiring the Company to have management authority, entitled to nominate major directors. This results in the Company able to control the management and operation of Power Plant. In term of Power Plant management, the Company will procure the executives who are proficient in management of Bio-gas Power Plant to



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operate with new machineries which will results in the continuity of revenue from sales of electricity and such revenue will be further utilized as the payment of machinery for the Company.

However, in case that the machinery could not produce electricity as expected and Aukkarawat does not receive revenue from sales of electricity with full capacity. The Company will consider Aukkarawat's assets in operating Power Plant which includes machinery and the right to sell electricity under the Power Purchase Agreement. Aukkarawat is able to sell such assets including to transfer the right under the Power Purchase Agreement to other investors in order to obtain revenue for making payment of machinery to the Company.

8. Source of Fund

Working capital of the Company of Baht 290,000,000.

9. Opinion of the Company's Board of Directors concerning the Transaction

The Board of Directors of the Company approved the transactions because the investment relating to the Share Acquisition Transaction and the Machinery Procurement Transaction is reasonable and purposed for supporting the investment of the Company in the power business.

10. Opinion of the Audit Committee and/or Directors of the Company, which Differ from the Opinion of the Board of Directors

Neither the Audit Committee members nor any director have any different opinions from those of the Board of Directors.



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The Company hereby certified that the information contained in this report is true and complete in all respects

Yours Sincerely,

-Anit Osathanugrah-

(Mr. Anit Osathanugrah)

Director and Chief Executive Officer