



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 205/2016

December 23, 2016

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

To: President
The Stock Exchange of Thailand

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

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, which can be divided into (a) approximately Baht 20 -40 million for the improvement of biogas digester, (b) approximately Baht 20-40 million for the improvement of biogas cleaning units, (c) approximately Baht 60-90 million for the improvement of power generation system, (d) approximately Baht 15-25 million for the improvement of other necessary system and (e) approximately Baht 8-12 million for the design and project management.



บมจ.0107537002109

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Such investment budget may vary due to the fact that the Company is in the process of procurement and bidding for the facility improvement which will result in obtaining a contractor being appropriate in terms of technicality and pricing.

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 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,

-Cholapan Vongsing-

(Mr. Cholapan Vongsing)

Chief Financial Officer and Acting Chief Executive Officer



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Information Memorandum regarding Acquisition of Assets of

Demeter Corporation Public Company Limited (revised)

December 23, 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 “Facility Improvement 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. 10/2016 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. [The completion of the Share Acquisition Transaction will be divided into three milestones:](#)

First milestone: acquisition of 8,200 shares, representing 16.40% of Aukkrarawat's total issued shares within December 2016;

Second milestone: acquisition of 8,619 shares, representing 17.24% of Aukkrarawat's total issued shares within January 2017; and



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Third milestone: acquisition of 8,181 shares, representing 16.36% of Aukkrawat's total issued shares within July 2017.

1.2 The Facility Improvement Transaction

The Company expects the entering into agreement in relation to the facility improvement and the procurement and installation of machinery within February 2017. During the process of facility improvement, the sale of electricity produced from the existing machinery will remain effective (with a production capacity of approximately 0.6 MW). After the completion of the facility improvement, the Company expects that the sale of electricity will increase with full production capacity of 4.9 MW). However, the operation of the facilities during the improvement process may temporarily be ceased on a necessary basis due to the compliance with safety regulations.

2 Parties involved and Relationship with the Company

2.1 The Share Acquisition Transaction

Purchaser : Demeter Corporation Public Company Limited

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

Relationship between the parties : None



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2.2 The [Facility Improvement 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 in accordance with the [Notification of the Capital Market Supervisory Board No. Tor Jor. 21/2551, Re: Rules on Connected Transaction and the Notification of the Stock Exchange of Thailand \(SET\) Re: Disclosure of Information and the Conducts of the Listed Company Concerning Connected Transaction B.E. 2546.](#)

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.

3.2 The [Facility Improvement Transaction](#)

The purpose of entering into the [Facility Improvement Transaction](#) is to improve the production capacity of the power plant.



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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 Facility Improvement Transaction

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

Remarks: 1/ Calculated from the total assets of the Company ending September 30, 2016 as reviewed by the Certified Public Accountant

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.



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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.

The Aukkrarawat's biogas power plant uses waste water derived from the sugar production of sugar production plants located in the proximity area of the power plant. The supply of waste water is sufficient for the production of the power plant. To sell such waste water to the power plant will help the sugar production plants save their expenses for waste water treatment.



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Address of : 99/1 Moo 8, Tambon Srakrajom, Amphur Dorn Jedee,

Principal Office Suphan Buri Province

Registered Capital : Baht 5,000,000

Paid-up Capital : Baht 5,000,000

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	Pre-transaction		Post-transaction	
		Number of Shares	Percentage	Number of Shares	Percentage
1.	Mr. Tidsanu Thanayatorn	25,000	50	15,625	31.25
2.	Ms. Niya Thanayatorn	5,000	10	3,125	6.25
3.	Ms. Laksana Yingyuen	5,000	10	0	0.00
4.	Ms. Petcharat Yingyuen	5,000	10	0	0.00
5.	Ms. Pakkanat Thanayatorn	5,000	10	3,125	6.25
6.	Mr. Thanapon Thanayatorn	5,000	10	3,125	6.25



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Name of Shareholder		Pre-transaction		Post-transaction	
		Number of Shares	Percentage	Number of Shares	Percentage
7.	Demeter Corporation Public Company Limited	0	0.00	25,000	50.00
Total		50,000	100	50,000	100

Remarks: A par value is Baht 100 per share.

5.1.4 Financial Information

Items	31 December 2015 (audited)	31 December 2014 (audited)	31 December 2013 (audited)
<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



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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
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



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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 amortization	3,674,233.55	4,136,404.02	3,125,115.26
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	-	-	-



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5.2 Facility Improvement 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 in order to enhance the efficiency in gas production and reduce the areas for biogas digester;
- Improvement of biogas cleaning units to increase their useful life and reduce the costs of maintenance in the future;
- 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; and
- Improvement of other system which the Company and the contractor awarded from the bidding process mutually agree that such system, other than the abovementioned system, is necessary to be improved in order to enhance the efficiency in power production.

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.



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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. The value of Aukkrarawat evaluated by the SIMS PROPERTY CONSULTANTS Co., Ltd. (SIMS), independent valuer appointed by the Company equals to Baht 285 million. In negotiation with the seller together with the value of Aukkrarawat, the Company therefore decided to acquire 50% of shares in Aukkrarawat at the total purchase price of Baht 110 million.

In evaluating the value of Aukkrarawat, SIMS used the following assumptions:

- Waste water to be used in the system: 1,100 cubic meters per day
- COD of the waste water: not less than 150,000 per 1 litre (COD or Chemical Oxygen Demand is a measurement of the oxygen required to oxidize soluble and particulate organic matter in water)
- Transportation cost: Baht 75 per 1 cubic meter
- Days of operation: 333 days per year (24 hours/day)
- Increased rate of electricity sale: 1.5% per year (1st – 10th year)
- Increased rate of expenses: 3% per year.

SIMS used discounted cash flow basis for 20-year future cash flow with a discounted rate at 8.5%.



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6.2 The Facility Improvement Transaction

The value for the facility improvement and the procurement and installation of machinery is not exceeding the budget of Baht 180,00,000 (preliminarily valuated by the Company' project counsel), which can be divided into (a) approximately Baht 20 -40 million for the improvement of biogas digester, (b) approximately Baht 20-40 million for the improvement of biogas cleaning units, (c) approximately Baht 60-90 million for the improvement of power generation system, (d) approximately Baht 15-25 million for the improvement of other necessary system and (e) approximately Baht 8-12 million for the design and project management.

Such investment budget may vary due to the fact that the Company is in the process of procurement and bidding for the facility improvement which will result in obtaining a contractor being appropriate in terms of technicality and pricing.

The Company determines value of consideration for the Facility Improvement 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. The machinery currently used in the production process have not functioned continually and effectively (the machinery currently used for generation of electricity is the type of diesel generator), which is not designed to serve the production of electrical power from biogas. In particular, the diesel generator generally operates under 300°C, while biogas will cause the engine works up to 500°C because the heat loss rate is higher. Operation of the engine at such excessive heat is a reason of the high rate of deterioration and



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deficiency of the machinery. In addition, the currently used machinery lacks an efficiency procedure for measurement of Sulfur Gas. As a result of such inefficiency procedure, the quantity of Sulfur Gas passes to the engine of the machine beyond the standard level and results in erode of the machinery; and, consequently, incur the deterioration of the machinery. Such deterioration of the machinery impacts the machinery in term of its capacity for production of electricity. The production of electricity produced by such machinery is lower than the expected capacity in the designed plan. Currently, such machinery can produce electricity only 0.6 MW while its maximum capacity for production of the electricity as specified in the power purchase agreement is equivalent to 4.9 MW. Insufficiency of the machinery impacts to the business operation of Aukkarawat.

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 electricity to the Provincial Electricity Authority in accordance with the maximum capacity allowed under the PPA (the PPA is a VSPP with its maximum capacity for purchase of the electricity does not exceed 4.9 MW. The term of the PPA is 5 years and shall be automatically renewed for a period of 5 years, each time).

The Company considers that the investment in Aukkkarawat 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 (as explained in the aforementioned paragraph that, currently, due to deterioration of the machinery, Aukkarawat's machinery can produce for sale of the electricity up to 0.6 MW. However, after improvement and installation of the new machinery, the Company expects that the power plant performs



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its maximum capacity and can produce the electricity for sale to the Provincial Electricity Authority in accordance with the PPA equaling to 4.9 MW which is higher than 700% of the current capacity of its electricity production and shall cause increment of revenues generated from sale of the electricity up to 7 times of the current revenue). In order to achieve the said objectives, the Company will acquire the shares in Aukkarawat concurrently with [improvement of the power plant](#) 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 [separated in to 2 parts comprising a return](#) in the forms of dividends paid based on owning the 50% equity interest and [proceeds](#) from the [improvement of the power plant of Aukkarawat](#). In this respect, the Company also be entitled to the management fees for improvement of the power plant, procurement, and installation of the procured machinery from Aukkarawat.

For entering into the transaction concerning improvement of the power plant between the Company and Aukkarawat, the Company engaged expertizes who have experiences in the biomass power plant for providing services in regard to design and development of the power plat, procurement, and installation of the power plant for Aukkarawat. This is to ensure that the electricity produced by the power plant shall achieve its maximum capacity and shall continue produce the electricity at the maximum level.

The procurement, installation and improvement are urgent matters because the inefficiency of the machinery. The improvement of machinery shall cause significantly increase of Aukkarawat's revenue, which is generated from the sale of electricity to the Provincial Electricity Authority under the PPA as the capacity for production of the



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electricity shall increase from 0.6 MW to 4.9 MW. With this respect, the Company views that delay of such improvement shall cause an affect to electricity generated by Aukkarawat's power plant and results in Aukkarawat's revenue; and, lastly, delay of improvement shall impact to the Company's rights to receive benefits returned from its investment. Since the Company will also be entitled to the fees for improvement of the power plant and installation of the procured machinery as well as management fees for improvement and installation of the machinery, therefore the return for investment shall meet the Company's expectation.

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 by way of the right to nominate all directors of Aukkarawat and such authority shall be effective until the purchase price of the procured machinery is fully paid. This results in the Company able to control all managements of Aukkarawat and operation of Power Plant. Such controlling power shall include performance of Aukkarawat's obligations specified in any agreements which Aukkarawat is a party of such agreements including the agreement for improvement of the power plant as well as Aukkarawat's obligation for repayment of the purchase price of the procured machinery. Although, at present, the Company does not a plan for development of a power plant, the Company will develop a renewable power plant in the future. Currently, the Company's executives have experiences in management of the power plan project including a renewable power plant. Besides, the Company also engages expertizes who have experience in management in a renewable energy field as its employees. Consequently, in term of Power Plant management, the Company will procure its executives and its operating



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terms who are proficient in management of Bio-gas Power Plant to 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. As a result of that, the Company therefore decides to enter into a transaction relating to improvement of the machinery as specified in this letter.

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 existing machinery and the procured machinery including other improved assets and the right to sell electricity under the Power Purchase Agreement. Aukkarawat is able to sell the project and 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 whether partially or wholly to the Company.

8. Source of Fund

Working capital of the Company of Baht 290,000,000. As of 30 November 2016, the total amount of cash and short term investment of the Company is approximately Baht 500 million. After the execution of the transaction, the remaining amount of cash and short term investment of the Company will approximately be Baht 210 million. In the event that the Company requires a budget for an investment in the future, the Company, which has no outstanding debt, has credit capacity to catch financing from financial institutions or issue debt instrument. The cash flow derived from the Aukkarawat's power plant may be used as collateral for the aforementioned financing or debt instrument.

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 Facility Improvement



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Transaction is reasonable (by considering the total purchase price of Bath 110 million for 50% of Aukarawat's total shares comparing to the value of Aukkarawat of Bath 285 million evaluated by independent valuer) 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 of the three members of the Audit Committee nor any director have any different opinions from those of the Board of Directors.

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

Yours Sincerely,

-Cholapan Vongsing-

(Mr. Cholapan Vongsing)

Chief Financial Officer and Acting Chief Executive Officer